

## **NOTICE OF THE 37<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Stock Code Number: 9766

June 4, 2009

Dear Shareholder,

You are cordially invited to attend the 37<sup>th</sup> Ordinary General Meeting of Shareholders of KONAMI CORPORATION (the “Company”). The meeting will be held as described hereunder.

If you are unable to attend the meeting, you may exercise your voting rights in one of the following ways specified below. Please exercise your voting rights after reviewing the reference materials for the General Meeting of Shareholders contained herein.

### Voting by mail

To vote by mail, please complete the voting form enclosed indicating “for” or “against” for each agenda item, and return the completed form to us no later than 6:00 p.m. on Thursday, June 25, 2009.

### Voting via the Internet

To vote via the Internet, please read carefully the item entitled “Instructions for the Exercise of Voting Rights” on page 3, and exercise your voting rights. Your vote via the Internet must be received by 6:00 p.m. on Thursday, June 25, 2009.

Sincerely yours,  
Kagemasa Kozuki  
Representative Director  
KONAMI CORPORATION  
7-2, Akasaka 9-chome, Minato-ku, Tokyo

## MEETING AGENDA

1. Date and time: 10:00 a.m., Friday, June 26, 2009
2. Venue: “Arena”, Main Office of Konami Sports Club, 10-1, Higashi Shinagawa 4-chome, Shinagawa-ku, Tokyo
3. Agenda:
  - Reports
    1. Business Report, consolidated financial statements for the 37<sup>th</sup> fiscal year (from April 1, 2008 to March 31, 2009); and on the Reports of the accounting auditor and of the Board of Corporate Auditors regarding consolidated financial statements for the 37<sup>th</sup> fiscal year
    2. Financial Statements for the 37<sup>th</sup> fiscal year
  - Proposals
    - Proposal 1 Amendments to the Articles of Incorporation
    - Proposal 2 Election of seven members to the Board of Directors
    - Proposal 3 Election of one member to the Board of Corporate Auditors
4. Other matters regarding the exercise of voting rights:
  1. If there is no description of “for” or “against” for each agenda item in your voting forms by mail, we will consider it as indicating “for”.
  2. In case any amendments or changes are made to the reference materials for the General Meeting of Shareholders, Business Report, financial statements and consolidated financial statements prior to the date of the meeting, the Company shall notify its shareholders via the Company’s web site (<http://www.konami.co.jp>).

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If attending the meeting in person, please remember to bring the voting form enclosed with these materials and hand it to the receptionist.

[This is an English translation of the Report for the 37<sup>th</sup> Fiscal Year (the “Report”) of the Company provided for your reference and convenience. This translation includes a translation of the auditors’ report of KPMG AZSA & Co., the Company’s accounting auditor, of the financial statements included in the original Japanese language Report.]

## Instructions for the Exercise of Voting Rights

If you are unable to attend the meeting, you may exercise your voting right by following one of the procedures described below. ADR holders cannot vote in this manner. Please contact the ADR Depository if you wish to vote.

### 1. Exercise of your voting rights via the Internet

1) Shareholders may only exercise their voting rights online through the dedicated voting website designated by the Company.

**Voting website URL: <http://www.webdk.net>**

2) Shareholders choosing to exercise their voting rights online need to use the voting code and password specified on the enclosed voting form. Once you have entered the site, please vote for or against the resolution by following the instructions on screen.

3) Online votes may be accepted up to **6:00 p.m. on Thursday, June 25, 2009**. However, shareholders are kindly requested to register online votes as early as possible to facilitate the counting of online votes.

4) If you duplicate your vote, i.e., if you exercise your voting rights both by voting forms and via the Internet, we will consider only the Internet vote to be valid.

5) If you vote a number of times over the Internet, we will consider the final vote to be the valid one.

6) Any connection fees to the Internet providers or time charges (telephone charges, etc.) incurred by shareholders in exercising votes online are to be borne by such shareholders.

### 2. Exercise of voting rights using the electronic voting rights exercise platform

If you are a nominee shareholder such as a trust bank (including a standing proxy) and apply in advance to use the electronic voting platform operated by ICJ, Inc., a joint venture established by TSE and others, you are entitled to use the platform as a method for exercising your voting rights in addition to the aforementioned exercise of your voting rights electronically via the Internet.

#### System requirements for voting by electronic means

The following are systems requirements for accessing voting website.

(1) Internet access.

(2) Shareholders choosing to exercise their voting rights using a PC should note that the site only supports the following browser software: Microsoft® Internet Explorer 5.5 SP2 or above, Netscape® 6.2 or above. The site supports any hardware platform running the software specified above.

(3) Shareholders choosing to exercise their voting rights using a mobile phone should note that a handset model that supports 128-bit SSL (encrypted) communication is required (for security reasons, the site has been designed only to be accessible by mobile phones with 128-bit SSL encryption technology).

(Microsoft® is a registered trademark in the United States and other countries of Microsoft Corporation of the U.S. Netscape® is a registered trademark in the United States and certain other countries of Netscape Communications Corporation.)

(Attached documents)

## **Business Report**

(April 1, 2008 – March 31, 2009)

### **1. Business Performance**

#### **(1) Konami Group Business Conditions and Results**

With the spread of global financial unrest triggered by the U.S. financial crisis, the Japanese economy went into recession, the yen appreciated and personal spending declined during this consolidated fiscal year ended March 31, 2009. These and other factors resulted in a difficult business environment in Japan.

In the entertainment industry that the Company and its subsidiaries (the “Group”) operate in, the amusement arcade market experienced harsh circumstances due to the influence of the credit crunch, etc. Meanwhile, the home video game market showed steady performance, particularly in North America and Europe.

Despite expectations for greater demand and interest in the maintenance and promotion of good health, including efforts to combat metabolic syndrome, deteriorating employment situations and suppression of personal spending have resulted in a tough market environment for the health and fitness industry.

In spite of this backdrop, the Group’s Digital Entertainment segment recorded steady sales of *METAL GEAR SOLID 4 GUNS OF THE PATRIOTS*, which was released simultaneously around the world in June 2008. Card game products also showed favorable sales.

In our Health & Fitness segment, we strove to enhance services supporting good health within and outside of our facilities through the launch of new directly-managed fitness clubs, increase in the number of sports facilities outsourced to the Group, computerization of health management and introduction of new health promotion programs in addition to the upgrade and expansion of our health product lineup.

Finally, in our Gaming & System segment, sales were steady, with a focus on the North American market, in particular the slot machines such as the *K2V* series and *Advantage 5*, as well as the *Konami Casino Management System* and participation agreements (a profit-sharing equipment sales method).

As a result of the foregoing and despite the fact that the Group posted record consolidated net revenues of ¥309,771 million (a year-on-year increase of 4.2%), due to approximately ¥11.1 billion recorded as business structure improvement expenses, such as accelerated depreciation of tangible fixed assets, for the Health & Fitness segment, the Group recorded the consolidated financial results for the year ended March 31, 2009 as follows: operating income was ¥27,361 million (a year-on-year decrease of 19.1%), net income before income taxes was ¥24,719 million (a year-on-year decrease of 24.7%), and net income was ¥10,874 million (a year-on-year decrease of 40.7%).

## Performance by business segment

### Digital Entertainment

*Computer & Video Games business:* *METAL GEAR SOLID 4 GUNS OF THE PATRIOTS*, released simultaneously around the world in June 2008, was named Game of the Year by GameSpot, a major U.S. gaming site, in GameSpot's Best of 2008 roundup of winning titles. The game exhibited its strength as a brand, winning a total of six "game of the year" titles at U.S. and European gaming sites. The *METAL GEAR* series steadily increased its sales, with total units of this series sold surpassing 4.75 million worldwide.

The online distribution of *METAL GEAR SOLID TOUCH*, which recreates the world of *METAL GEAR SOLID 4 GUNS OF THE PATRIOTS* for iPhone/iPod touch, began in Japan, North America and Europe in March 2009. It is proving popular, with captured the No.1 position in the App Store application ranking in Japan on the day of its release. Furthermore, as of March 31, 2009, the online action game *METAL GEAR ONLINE* recorded a cumulative total of 1.3 million accounts worldwide since service launch.

Hideo Kojima, director of the *METAL GEAR* series, won the Lifetime Achievement award at the Game Developers Choice Awards in recognition of the great influence he has had on the digital game industry as a whole through his game development activities over the years.

Meanwhile, a license agreement was concluded with the Union of European Football Associations (UEFA) for *WORLD SOCCER Winning Eleven 2009* (known as *PRO EVOLUTION SOCCER 2009* in the U.S. and Europe), the latest title in the soccer game series. The inclusion of the much-awaited UEFA Champions League mode further enhanced the strength of this product, with 8.48 million units sold for the *Winning Eleven* series overall.

In Japan, *QUIZ MAGIC ACADEMY DS* (the Nintendo DS version of *QUIZ MAGIC ACADEMY* found at amusement arcades) as well as *Enchanted Folk and the School of Wizardry* (a communication game for enjoying campus life at a School of Wizardry) and *GENSOU SUIKODEN TIERKREIS* (a fantasy RPG game) were released to favorable reviews. Strong sales were also seen by the animation title *A penguin's troubles saikyo penguin densetsu!* and standard baseball titles such as *pawapurokun pocket11*, *JIKKYOU PAWAFURU PUROYAKYU 2009* and *JIKKYOU PAWAFURU PUROYAKYU NEXT* contributing to stable revenues.

*Amusement business:* Sales continued to be favorable for games utilizing the *e-AMUSEMENT* service that links amusement arcades nationwide in Japan through its network, including *HORSERIDERS* (a horseracing simulation card game) and *MAH-JONG FIGHT CLUB 7* (the latest title in the *MAH-JONG FIGHT CLUB* series). Furthermore, sales were steady for *BASEBALL HEROES 2008 制覇* (game employing 514 baseball cards, the largest number in the history of the *BASEBALL HEROES* series), *QUIZ MAGIC ACADEMY VI* (the latest title in the online multiplayer quiz series) and *WORLD SOCCER Winning Eleven ARCADE CHAMPIONSHIP 2008* (an arcade version of the popular series that is loaded with 126 European club teams).

Among token-operated games for commercial arcades, *FantasicFever3 TwinkleFairytale* (a large token-operated game machine) achieved favorable sales while *GRANDCROSS PREMIUM* (an extra-large token-operated game machine) and *ETERNAL KNIGHTS 2* (a game that includes dungeon RPG elements), and *WONDERMARCH* and *METEOR SPARK* (both titles from the Tower Pusher series and the first single-pusher machines to utilize the *e-AMUSEMENT* service) enjoyed strong sales. A change in product demand, however, is being seen as the impact of the harsh market environment became obvious from October 2008.

*Card games business:* The *YU-GI-OH TRADING CARD GAME* series continued to mark favorable sales.

In North America, the *DanceDanceRevolution* series and *KARAOKE REVOLUTION American Idol ENCORE 2*, which was sold under multiple platforms, continued to enjoy strong sales. Meanwhile, repeat sales of *DanceDanceRevolution SuperNOVA 2*, *DanceDanceRevolution HOTTEST PARTY* and *KARAOKE REVOLUTION American Idol ENCORE* also progressed well. *Castlevania Order of Ecclesia* for the Nintendo DS platform also saw favorable sales, spurred by the popularity of the *AKUMA JOURNALS DRACULA* (overseas name: *Castlevania*) series.

In Europe, *DancingStage HOTTEST PARTY* enjoyed healthy sales, while sales of *Silent Hill Homecoming* (the latest title in the *Silent Hill* series) was brisk. In addition to the latest soccer titles, *PRO EVOLUTION SOCCER 2008*, released in the previous fiscal year, maintained its popularity while enjoying steady sales, doing particularly well in its Wii version. Meanwhile, online distribution of *GTI Club+ RALLY COTE D'AZUR*, (a driving game for the PlayStation 3 platform that can be played in an online multiplayer mode) began at PlayStation Stores.

As a result of the above, consolidated net revenues for the year ended March 31, 2009 of this segment amounted to ¥187,628 million (a year-on-year increase of 4.9%).

#### Health & Fitness

*Operation of fitness clubs:* Competition in the opening of new fitness clubs and capture of new members continues to be severely intense in the fitness club industry as those business performances worsen from the impact of the financial unrest experienced since last year, and personal spending remains suppressed due to uncertainty over future income and employment.

Against such a backdrop, the Group strove to enhance the quality of its services, both within and outside its facilities, and products through the opening of new fitness clubs and expansion of its product lineup.

Regarding directly-managed facilities, a total of five new fitness clubs were opened in the following areas: Shin-Nagata (Hyogo Prefecture) in April 2008; Musashi-Kosugi (Kanagawa Prefecture) and Imazato (Osaka Prefecture) in June 2008; and Izumi-Chuo (Osaka Prefecture) and Kawaguchi (Saitama Prefecture) in November 2008. In addition, an existing facility in Kakogawa (Hyogo Prefecture) was moved and renewed with expanded in October 2008. Every effort was made to provide services and facilities, such as an open-air bath, specialized pool for walking, women-only wellness room or spacious

gyms, matching the characteristics of each area.

The *Targeting Waist Program* was introduced simultaneously in August 2008 to all directly-owned fitness clubs throughout Japan. This is a program for providing one-stop support for countering metabolic syndrome from workouts utilizing specialized our original exercise machines to the provision of supplements and health management outside of our facilities. Services that only the Group can offer were provided to members whose awareness of health is becoming stronger.

*Operation of sports facilities outsourced to us:* In the management of sports facilities outsourced to the Group, nine facilities, including Kawaguchi City Totsuka Sports Center (Saitama Prefecture) and Shitsugen no Kaze Arena Kushiro (Hokkaido Prefecture) were added to our portfolio. We made full use of the Group's know-how and track record in the operation of such public facilities and advanced the promotion of the health of community residents.

As a result, the number of facilities managed – either directly or on an outsourced basis – by the Group as of March 31, 2009 was 345 nationwide.

*Health products:* we launched new products including the *AEROWALKER 2200* (a treadmill that condenses the know-how of professional treadmill walkers into one for home use) and *PROTEIN PRO*, a protein drink in jelly form. The new products are enjoying favorable reviews. Furthermore, a major renewal of the *Konami Sports Club* website for mobile phones was made in December 2008. At the same time, we launched a new service that allows users to record the content of their exercise and eating habits and view and analyze such results as the number of calories that need to be burned or nutritional balance. When used in combination with *e-XAX*, the health management service utilizing IT found at Konami Sports Clubs, it becomes possible to automatically record a member's exercise history at a Konami Sports Club at the website. As such, we promoted the enrichment of services, both within and outside our facilities, through the computerization of health management and new product development.

As a result of the above, consolidated net revenues for the year ended March 31, 2009 of this segment amounted to ¥89,965 million (a year-on-year increase of 4.0%).

#### Gaming & System

In the North American market, sales of *Advantage 5* (the Group's first five-reel mechanical slot machine) and the *K2V* (video slot machine) series, which has become a standard item, continued to be brisk. Furthermore, sales through participation agreements (equipment sales in which profits are shared), which ensure stable revenues, as well as sales of the *Konami Casino Management System*, which secure regular income from maintenance and servicing, are also on the rise. The Group is steadily capturing a market share in gaming and systems. We have established a distributor network for the Central and South American market, and full-fledged sales activities have begun in the region.

Meanwhile, demand has decreased in the Australian market due to the economic slowdown, restrictions placed in key states on the number of machines installed, the impact of smoking restrictions in clubs and pubs and tax code revisions. The sale of our slot machines has been affected as well.

With this backdrop, the Group is striving to improve sales and gain new customers within and outside Australia by promotion of the full-fledged adoption of the *Konami Casino Management System* (the first of its kind in Australia for the Group) by major casino groups, sales of the mechanical slot machine *Advantage 5*, on-going injection of new products and enhancement of services to existing customers.

Our gaming machines have been exhibited at various trade shows around the world, including the Global Gaming Expo Asia (June 2008/Macau), South American Gaming Suppliers Expo (October/Argentina), Global Gaming Expo (November/Las Vegas), International Gaming Expo (the largest gaming tradeshow in Europe; January 2009/London) and CMAA Hospitality Gaming Expo (a tradeshow at which facility managers from New South Wales come together; March/Sydney). The *Advantage 5* series and the *Konami Casino Management System*, which are both the center of attention in North America, *K2V* series with new content or new concept free games installed, and the *Podium*, a new-generation cabinet (outer structure) currently under development were shown at the tradeshow and attracted much attention.

As a result of the above, consolidated net revenues for the year ended March 31, 2009 of this segment amounted to ¥18,336 million (a year-on-year decrease of 0.7%).

## **(2) Capital Expenditures and Financing Activities**

Capital expenditures in the consolidated fiscal year ended March 31, 2009 totaled ¥6,812 million. Principal capital investments included investments for production equipment and for the opening and renovation of sports and fitness club facilities.

With respect to financing, funding requirements for the above capital expenditures and so forth were financed by cash and deposits on hand and cash flows from operating activities. In December 2008, the Company redeemed the No. 3 Konami Sports & Life straight corporate bonds (¥5.0 billion) using cash reserves.

In November 2006, the Company established a 5-year commitment line (¥20.0 billion) for the purpose of securing liquidity in hand to flexibly meet financing demands. In the coming years, the Company will continue to endeavor to secure adequate short-term liquidity and credit lines for fund raising to finance dynamic business development.

### (3) Trend of Assets and Business Results

#### 1. Financial and business results of the Konami Group (U.S. GAAP)

(Millions of yen, except per share data)

Years ended March 31	2006	2007	2008	2009
Net revenues	262,137	280,279	297,402	309,771
Operating income (loss)	2,481	28,145	33,839	27,361
Net income (loss)	23,008	16,211	18,345	10,874
Basic net income (loss) per share (yen)	175.86	118.15	133.63	79.30
Total assets	302,637	304,657	319,248	301,670
Total net assets	163,815	174,662	182,759	178,632

Notes: 1. Financial and business results of the Group is prepared in conformity with the accounting principles and procedures and indication methods which are required for the issue of American Depository Receipts (ADR), namely, the U.S. generally accepted in the United States (U.S. GAAP).

2. In the year ended March 31, 2006, tangible fixed assets and other intangible fixed assets of Health & Fitness Business were appraised by an independent appraisal company in the U.S., and resulting in a write off for impairment of assets of ¥19,713 million for which the book value exceeded fair value.

3. In the fiscal year ended March 31, 2009, the Company recorded ¥11,121 million in business structure improvement expenses (e.g. accelerated depreciation of tangible fixed assets) in the Health & Fitness Business.

#### 2. Financial and business results of the Company (Japanese GAAP)

(Millions of yen, except per share data)

Years ended March 31	2006	2007	2008	2009
Operating income	122,591	7,196	25,478	21,456
Ordinary income	19,291	1,278	20,475	15,721
Net income (loss)	16,572	988	17,395	9,454
Basic net income (loss) per share (yen)	124.75	7.16	126.70	68.95
Total assets	202,303	168,423	178,565	180,952
Total net assets	153,339	139,179	149,272	146,136

Note: The Company spun off its digital entertainment business and shifted to a pure holding company system on March 31, 2006. Therefore, the figures indicated for the fiscal year ended March 31, 2007 or after are figures for the holding company.

#### **(4) Issues for the Konami Group**

##### Building a powerful organization capable of responding to rapidly changing global economy

Amid the rapidly decelerating economic conditions, there are concerns over a further downfall in the global economy and other risks that depress the economic environment, and uncertainty about the future continues to prevail. We anticipate that the environment surrounding the business segments of the Group, i.e. Digital Entertainment, Health & Fitness, and Gaming & System, may also be impacted by factors such as the distressed consumer sentiment.

On the other hand, in the markets where the Group operates, considerable progress has been made in developing a network environment as a result of which users have come to share information of every variety, and different communities have emerged to serve ever more diverse tastes.

The Group has clearly separated its management and execution functions by adopting a pure holding company system, in order to evolve into a flexible and speedy organization with ability to adapt to the rapidly changing market environment. In promoting globalization in each segment of our business, we have adopted a system whereby each director assumes ultimate responsibility in each business, in order to ensure more accurate responses to the needs of various markets and to secure our ability to respond more swiftly in each business, effective as of April 2008. We believe that this will enable us to be more flexible and swift in our decision-making and speedier in our business management.

##### Expanding profitability and channeling management resources into growth areas

In the Digital Entertainment business, all hardware manufacturers have now released new gaming platforms for video game consoles, and with their own distinctive features, each of these platforms even compared with previous products, offers a new way to play. As a result, users who formerly had little interest in video games are now attracted to the market which has been pushing the expansion of the user base. Moreover, market expansion is accelerating not only in the U.S. and Europe but also on a global basis. Furthermore, online access is now available on a multitude of platforms, including home gaming platforms, commercial platforms, mobile phones, and PCs, and more and more users these days are looking for a new way to play games, in a way that allows them to make contact with others over a network.

Given the demand for diversity and globalization, the Group will pursue effective selections and concentrations to inject the best management resources.

In our Health & Fitness field, as awareness for good health grows and the amount of leisure time on people's hands increases with the retirement of the baby boomers, we have accelerated the opening of Konami Sports Clubs and expanded the operation of facilities outsourced to us. As the awareness for health increasingly heightens going forward, tastes and lifestyles of people are expected to diversify. To achieve greater business growth under such an environment, we will take aggressive steps to create added value. Specifically, we expect to enhance our proprietary health management system, which assists people in their efforts to get fit by keeping an ongoing record of their exercise history in various

real-life situations at sports clubs, outside the home and in the home and managing data on their health. We will also be keen to provide new services and marketing supplements.

In the casino market where our Gaming & System segment operates, although casino operators in places such as Las Vegas have been impacted by the effects of the global recession, the number of casinos has been increasing yearly as gaming is legalized in more and more countries and regions around the globe. We therefore believe that business opportunities continue to increase for the Group as a manufacturer and vendor of slot machines and as a provider of products through participation agreements and services for casino management systems that can secure stable revenue. We also intend to improve our business results in this field by pursuing options like strategic alliances with other companies.

In addition to our Digital Entertainment segment, Health & Fitness segment and Gaming & System segment, the Group plans to channel optimum management resources to new business fields where growth is expected in the medium to long-term.

**(5) Principal Business** (as of March 31, 2009)

The principal businesses of the Konami Group are as shown below:

1. *Digital Entertainment Business* Production, manufacture and sale of computer & video games, amusement, card games, online and other digital contents and related products
2. *Health & Fitness Business* Management of fitness clubs / production, manufacture and sale of fitness machines and health service products
3. *Gaming & System Business* Production, manufacture, sale and service of gaming machines and Casino Management System for casinos.

## (6) Main Konami Group Offices (as of March 31, 2009)

Holding company

KONAMI CORPORATION Minato-ku, Tokyo

Operating companies in Japan

Konami Digital Entertainment Co., Ltd.	Minato-ku, Tokyo
Konami Sports & Life Co., Ltd.	Minato-ku, Tokyo
KPE, Inc.	Zama, Kanagawa
Konami Real Estate, Inc.	Minato-ku, Tokyo
Internet Revolution Inc.	Minato-ku, Tokyo
HUDSON SOFT CO., LTD.	Minato-ku, Tokyo

Operating companies overseas

Konami Digital Entertainment, Inc.	USA
Konami Gaming, Inc.	USA
Konami Australia Pty Ltd	Australia
Konami Digital Entertainment B.V.	Holland
Konami Digital Entertainment GmbH	Germany
Konami Digital Entertainment Limited	Hong Kong
Konami Software Shanghai, Inc.	Shanghai, China

Note: Locations are of each company's headquarters.

## (7) Employees (as of March 31, 2009)

### 1. Konami Group

Business segment	Number of employees	Change from end of previous term
Digital Entertainment Business	3,193	119
Health & Fitness Business	1,584	(27)
Gaming & System Business	374	19
Other Business	274	53
Entire Company (corporate staff)	207	(4)
Total	5,632	160

Notes: 1. Employees include all persons on the Konami Group payroll.

2. Employees classified as corporate staff for the entire Company are administrative staff not assigned to any particular business segment.

### 2. The Company

Number of employees	Change from end of previous term
79	6

Note: Employees include all persons on the Company payroll.

## (8) Major Subsidiaries (as of March 31, 2009)

### 1. Major subsidiaries

Company	Capital	Equity ratio (%)	Major businesses
Konami Digital Entertainment Co., Ltd.	¥26,000 million	100.0	Planning, production, manufacture and sale of online games, consumer-use video games, amusement machines, toys, card games, content for mobile phones, music CDs and DVDs, books, magazines, etc.
Konami Sports & Life Co., Ltd.	¥11,000 million	100.0	Operation of sports clubs; planning, production, and sales of health and fitness-related products and services
KPE, Inc.	¥1,000 million	100.0	Production, manufacturing and sale of liquid crystal units for pachinko machines
Konami Real Estate, Inc.	¥10,000 million	100.0	Real estate leasing and management
Internet Revolution Inc.	¥1,250 million	(70.0) 70.0	Operation of portal sites
HUDSON SOFT CO., LTD.	¥5,064 million	53.9	Planning, manufacture and sales of content for mobile phones and online games, and software for consumer-use games
Konami Corporation of America	US\$35,500 thousand	100.0	Holding company in the United States
Konami Digital Entertainment, Inc.	US\$23,870 thousand	(100.0) 100.0	Production, manufacture and sales of consumer-use video game software in U.S.A.
Konami Gaming, Inc.	US\$25,000 thousand	(100.0) 100.0	Production, manufacture and sales of gaming machines in U.S.A.
Konami Digital Entertainment B.V.	Eur 9,019 thousand	100.0	Sales of card game products and products for amusement facilities in Europe
Konami Digital Entertainment GmbH	Eur 5,113 thousand	(100.0) 100.0	Production, manufacture and sales of consumer-use video game software in Europe
Konami Digital Entertainment Limited	HK\$19,500 thousand	100.0	Manufacture and sales of products in Asia
Konami Software Shanghai, Inc.	US\$2,000 thousand	100.0	Production of consumer-use video game software in Asia
Konami Australia Pty Ltd	A\$30,000 thousand	100.0	Production, manufacture and sales of gaming machines in Australia

Notes: 1. Percentage of Equity ratio shown in parentheses is indirect ownership percentages, and is included in the percentage indicated in the second line.

2. Konami Digital Entertainment Co., Ltd. established Konami Digital Entertainment Co. in South Korea in May 2008.

3. Konami Sports & Life Co., Ltd. merged in June 2008 with Sportsplex Japan Co., Ltd.

### 2. Scope of consolidation

The Company consolidates 23 companies, including the 14 major subsidiaries listed above, and applies the equity method to one affiliated company.

An overview of our consolidated financial results is as shown in “1. Business Performance, (1) Konami Group Business Conditions and Results.”

**(9) Major Lenders** (as of March 31, 2009)

(Millions of yen)

Lender	Amount of loans
Sumitomo Mitsui Banking Corporation	687
Mizuho Corporate Bank, Ltd.	109

**2. Status of shares of the Company**

Status of Shares (as of March 31, 2009)

1. Number of shares authorized	450,000,000
2. Number of shares issued	143,500,000
3. Number of shareholders	53,786
4. The 10 Largest shareholders	

	Shareholders' investment in the Company	
	Number of shares (Thousands)	Percentage of total (%)
Kozuki Foundation for Sports and Education	14,700	11.01
Kozuki Holding B.V.	13,530	10.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,535	8.64
Japan Trustee Services Bank, Ltd. (Trust Account)	10,465	7.84
Kozuki Capital Corporation	7,036	5.27
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4,400	3.30
Sumitomo Mitsui Banking Corporation	4,135	3.10
JPMorgan Securities Japan Co., Ltd.	2,989	2.24
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,599	1.95
Goldman Sachs and Company Regular Account	1,702	1.28

Note: The above percentages are calculated after the deduction of treasury stocks (10,038,000 shares).

### 3. Officers of the Company

#### (1) Directors and Corporate Auditors (as of March 31, 2009)

Position	Name	Areas of responsibility and primary duties, and the status of representation of other companies
Representative Director	Kagemasa Kozuki	Chairman of the Board, President
Representative Director	Noriaki Yamaguchi	Vice President
Representative Director	Kimihiko Higashio	Vice President
Director	Kagehiko Kozuki	Chairman and Representative Director, Konami Sports & Life Co., Ltd.
Director	Tomokazu Godai	Representative Director and Chairman of the Board, MAYATEC Co., Ltd.
Director	Hiroyuki Mizuno	Director, Hiroshima Prefectural Institute of Industrial Science and Technology (Former Vice President, Matsushita Electric Industrial Co., Ltd. *) * Current Panasonic Corporation
Director	Akira Gemma	Senior Corporate Adviser, SHISEIDO Co., Ltd. (Former Representative Director and President, SHISEIDO Co., Ltd.)
Standing Corporate Auditor	Noboru Onuma	(Former Director, Sumitomo Mitsui Banking Corporation)
Corporate Auditor	Tachio Ohori	(Former Commissioner of Metropolitan Police Department)
Corporate Auditor	Masaru Mizuno	Senior Advisor, Japan Tobacco Inc. (Former Commissioner, National Tax Agency; Former Representative Director and President, Japan Tobacco Inc.)
Corporate Auditor	Shogo Sasabe	Senior Adviser, BANDO CHEMICAL INDUSTRIES LTD. (Former Representative Director and President, BANDO CHEMICAL INDUSTRIES LTD.)

Notes 1. Messrs. Tomokazu Godai, Hiroyuki Mizuno and Akira Gemma, Director, are the external director provided in Item 15 of Article 2 of the Corporate Law.

2. Messrs. Noboru Onuma, Tachio Ohori, Masaru Mizuno and Shogo Sasabe, Corporate Auditor, are the external corporate auditor provided in Item 16 of Article 2 of the Corporate Law.
3. Standing Corporate Auditor Mr. Noboru Onuma has experience fostered over many years in financial institutions and possesses a keen insight in the areas of finance and accounting.
4. Corporate Auditor Mr. Masaru Mizuno served as Commissioner of the National Tax Agency and possesses a keen insight in the areas of finance and accounting.

## (2) Total Amount of Remuneration, etc. Paid to Directors and Corporate Auditors

Category	Number of paid officers	Amount of payment
Director	7	¥561 million
Corporate Auditor	4	¥45 million
Total	11	¥606 million

Note: The Company, at its 35<sup>th</sup> Ordinary General Meeting of Shareholders held on June 28, 2007, reached the resolution to make final payments of retirement allowances in line with the abolishment of the retirement benefits plan for Directors and Corporate Auditors. As of the end of the fiscal year under review, going forward the Company expects to pay ¥1,310 million for four Directors (including ¥6 million for one External Director) and ¥11 million for one External Corporate Auditor.

## (3) External Officers

### 1. Officers concurrently holding the post of the officer of other companies

Category	Name	Name of other companies in which the post of officer is concurrently held	Post of officer which is concurrently held
Director	Tomokazu Godai	Konami Sports & Life Co., Ltd. MAYATEC Co., Ltd.	External Director Representative Director and Chairman of the Board
	Hiroyuki Mizuno	MegaChips Corporation	External Director
	Akira Gemma	Kirin Holdings Company, Limited	External Director
Corporate Auditor	Noboru Onuma	Konami Digital Entertainment Co., Ltd. Konami Sports & Life Co., Ltd.	External Corporate Auditor External Corporate Auditor
	Shogo Sasabe	THE JAPAN WOOL TEXTILE CO., LTD.	External Director

Note: Director Tomokazu Godai concurrently serves as the Representative Director and Chairman of the Board of MAYATEC Co., Ltd., however, there is no important relationship with that company and the Company.

## 2. Major activities in the fiscal year under review

Category	Name	Major activities
Director	Tomokazu Godai	Attended all the 9 meetings of the Board of Directors held during the fiscal year under review and made necessary statements concerning deliberations on propositions, etc.
	Hiroyuki Mizuno	Attended 8 of the 9 meetings of the Board of Directors held during the fiscal year under review and made necessary statements about deliberations on propositions, etc.
	Akira Gemma	Attended all the 9 meetings of the Board of Directors held during the fiscal year under review and made necessary statements concerning deliberations on propositions, etc.
Corporate Auditor	Noboru Onuma	Attended 8 of the 9 meetings of the Board of Directors and all the 10 meetings of the Board of Corporate Auditors which were held during the fiscal year under review and made necessary statements about deliberations on propositions, etc.
	Tachio Ohori	Attended all the 9 meetings of the Board of Directors and all the 10 meetings of the Board of Corporate Auditors which were held during the fiscal year under review and made necessary statements about deliberations on propositions, etc.
	Masaru Mizuno	Attended all the 9 meetings of the Board of Directors and 8 of the 10 meetings of the Board of Corporate Auditors held during the fiscal year under review and made necessary statements about deliberations on propositions, etc.
	Shogo Sasabe	Attended 7 of the 9 meetings of the Board of Directors and 9 of the 10 Board of Corporate Auditors held during the fiscal year under review and made necessary statements about deliberations on propositions, etc.

## 3. Outline of the limit liability agreement

The Company entered into the agreement with all external directors and external corporate auditors to limit their liabilities as provided in Paragraph 1 of Article 423 of the Corporate Law subject to a limit which is the total of the amounts provided in all Items of Paragraph 1 of Article 425 of the Corporate Law.

## 4. Total amount of remuneration, etc. paid to external officers

Category	Number of paid officers	Amount of payment
Total amount of remuneration, etc. paid to external officers	7	¥79 million

Note: The above total amount of remuneration, etc. paid to external officers is included in “3. (2) Total Amount of Remuneration, etc. Paid to Directors and Corporate Auditors.”

## 5. Total amount of remuneration, etc. received by external officers from subsidiaries

During the fiscal year under review, external officers received a total of ¥10 million in remuneration, etc. from subsidiaries for which they concurrently serve as officers.

#### **4. Status of Accounting Auditor**

**(1) Name of Accounting Auditor:** KPMG AZSA & Co.

#### **(2) Amount of Remuneration, etc.**

- |   |              |
|---|--------------|
| 1. Amount of remuneration, etc. paid to the accounting auditor during the fiscal year under review                      | ¥231 million |
| 2. Total of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor | ¥349 million |

Notes: 1. The amounts of remuneration, etc. for the audit based on the Corporate Law and the audit based on the Securities and Exchange Law are not clearly divided, and cannot be divided substantially, based on the auditing agreement between the Company and the accounting auditor. Therefore, the total of these amounts is shown in the amount of remuneration, etc. shown in 1. The Company also underwent an audit based on the Sarbanes-Oxley Act (SOX) of the United States, and its total amount stated.

2. Of the important subsidiaries of the Company, Konami Corporation of America, Konami Digital Entertainment B.V. and six companies underwent an audit (limited to audits based on the provisions of the Corporate Law and the Securities and Exchange Law (including foreign laws and ordinances equivalent to these Laws)) by a certified public accountant or an audit firm (including parties with the same qualification as these in foreign countries) other than the accounting auditor of the Company.

#### **(3) Policy on Decision About the Dismissal or Non-reappointment of an Accounting Auditor**

When it is acknowledged that an accounting auditor is subject to one of the Items of Paragraph 1 of Article 340 of the Corporate Law, the Board of Corporate Auditors will dismiss the accounting auditor with the approval of all corporate auditors.

Besides the foregoing, when the conduct of a proper audit is deemed difficult because of the occurrence of an event, etc. damaging the eligibility and independence of an accounting auditor, Directors will present a proposal on the dismissal or non-reappointment of the accounting auditor to the General Meeting of Shareholders with the approval of the Board of Corporate Auditors or at the request of the Board of Corporate Auditors.

## **5. Systems to Ensure Appropriate Operations**

Matters resolved at a meeting of the Board of Directors as a system for the Company to ensure appropriate business operations are as shown below:

### **(1) Systems to ensure that the execution of the duties of directors conform to laws and ordinances and the Articles of Incorporation**

The Company's basic policy is to maintain good relations with all stakeholders, including shareholders, and to make a social contribution as a good corporate citizen. The Company will establish a comprehensive compliance system, and will strengthen that system. In addition, the Compliance Committee will play a leading role in maintaining and strengthening the compliance system. Specifically, we will ensure the appropriateness of the fulfillment of the duties of directors through the establishment of operational procedures and regulations and the reinforcement of evaluation and monitoring systems.

The Company is effectuating measures to prevent scandals through the formulation of a system of internal communication as a checks-and-balance function against illegal activities. In addition, a system is put in place to eliminate anti-social influences as part of legal compliance efforts. The Company has already made excellent progress with respect to the establishment of internal control systems as required under the Sarbanes-Oxley Act (SOX) of the United States since listing on the New York Stock Exchange.

### **(2) Systems to store and control information on the fulfillment of the duties of directors**

With respect to information on the fulfillment of the duties of directors, we have established an information control regulation and a document control regulation, and a system to store and control properly the information by specifying important documents and clarifying the form of storage.

### **(3) Regulation and other systems for the management of the risk of loss**

To identify and control the risks that surround the Company, we have established a risk management regulation. The Risk Management Committee has played a leading role in establishing and strengthening the systems necessary for risk management. With respect to emergency measures, we will establish a system and the Risk Management Committee will deal with emergency measures under the system based on a crisis management regulation which will be established separately.

### **(4) Systems to secure the effective fulfillment of the duties of directors**

The Company will endeavor to secure the effective fulfillment of the duties of directors by establishing a regulation concerning the division of duties and official authority to clarify the details of duties in which each division is in charge and official authority.

### **(5) Systems to ensure that the fulfillment of the duties of employees conforms to laws and ordinances and the Articles of Incorporation**

The Company is committed to compliance in its corporate philosophy, code of conduct and guidelines for the behavior of officers and employees. These are made known to all staff without exception through the

Company's website and information system. The Compliance Committee plays a leading role in strengthening systems for the application of the corporate philosophy, the code of conduct and guidelines for the behavior of officers and employees.

**(6) Systems to ensure the appropriateness of business as a corporate group consisting of a joint stock company, its parent company and its subsidiaries**

As a pure holding company, the Company will manage the operations of the entire Group through means such as the proper exercise of voting rights, to ensure the proper and balanced conduct of business of each company in the Group. In addition, the Company will proceed with the establishment of an internal control system for each company in the Group. All Group companies will act in unison in such areas as information storage management, risk management and compliance, to ensure the establishment of integrated group management. With respect to the audit system by the Board of Corporate Auditors, we have established a group audit system that centers on the holding company, and will seek to strengthen it further.

**(7) When a corporate auditor asks for the assigning of an employee to assist in the duties of the corporate auditor, matters concerning the employee**

When the Board of Corporate Auditors judges that a person is required to assist in the fulfillment of its duties, the Board of Corporate Auditors may ask for a person with sufficient expertise, such as a member of the internal audit office, to assist in the fulfillment of the duties.

**(8) Matters concerning the independence from directors of the employee set out in the preceding Item**

The Board of Corporate Auditors may express opinions about the appointment, etc. of a person requested by the Board of Corporate Auditors for assistance in the fulfillment of duties. A member of the internal audit office to whom assistance is requested should not receive any instruction from directors concerning this assistance.

**(9) System for a director and an employee to report to a corporate auditor and other systems concerning reports to corporate auditors**

We will establish a regulation providing for matters to be reported by a director or employee to the Board of Corporate Auditors so that any important matter influencing the management and business results may be immediately reported to the Board of Corporate Auditors. A system of internal communications is in place to enable the Board of Corporate Auditors to obtain the reports from employees directly.

**(10) Other systems to ensure the effective execution of audits by corporate auditors**

When the Board of Corporate Auditors deems it necessary for the fulfillment of duties, the Board of Corporate Auditors may request experts such as lawyers and certified public accountant to provide opinions and advice.

## **6. Basic Policy on Control of the Company**

The basic policies of the Company concerning managerial control are as follows:

### **(1) Basic policy concerning the existence of individuals who determine the Company's financial and business policy**

Under the corporate philosophy “We, the Konami Group of Companies (‘the Group’), aim to be a business group towards which people have high expectations, through creating and providing people with Valuable Time”, the basic managerial policy of “focus on shareholders” and “maintaining good relationship with stakeholders including shareholders and contribute to society as a corporate citizen” and the specific management policy of “International Standards” “Fair Competition” and “Pursuit of High Profits”, the Group is endeavouring to ensure and improve corporate value and the common interests of shareholders by further aiming to optimize the use of Group management resources and continuously and stably growing and expanding the sources of corporate value of Group companies.

### **(2) Efforts to advance the realization of basic policy**

In order to maintain and develop this basic policy, the Company recognizes the essential nature of strengthening its corporate governance framework and is working towards formulating a system that always complies with the strictest of norms whenever they are established or revised. For the Company and the Group to respond to the quickly changing market environment, a move was made to a holding company structure on March 31, 2006 and commenced a new style of management under a holding company structure with three main business segments: “Digital Entertainment Business”, “Health & Fitness Business” and “Gaming & System Business”. On the one hand, the holding company is in charge of formulating business strategies for the entire Group and checking the conditions of execution of duties at each company, and on the other, the Group companies effectuate operations one step ahead of changes in the times through timely decision making within their area of business. Also, the Company seeks to realize “Further improvement of transparency of management”, “Structure of expeditious management system” and “System of thorough responsibility for revenue”, which are the merits of a holding company system, at a maximum level, and fulfill the social responsibility of the Group as well as enhance the corporate value of the Group and shareholders' value.

Through the above efforts, we would like for the Group's corporate value and shared shareholder interests to be ensured and enhanced and its social responsibilities to be fulfilled.

**(3) Efforts to prevent the control over financial and operational decisions to fall under inappropriate parties based on the basic policy on control of the Company**

***Basic policy with respect to Large-scale Acquisitions***

The Company believes that, since we have decided to have the shares of the Company be available to be sold or purchased through public exchanges, the decision on whether to accept any proposal of a large-scale acquisition of shares in the Company, and accordingly the method of gaining control over the Company, should ultimately be made based on the will of the shareholders. On the other hand, the Company believes that, in order to utilize the accumulated management resources at a maximum level, which is the source of corporate value, construction of the common interests of shareholders and enhancement of the Group's brand value, it is essential to have stable management from a mid-to-long term perspective and sufficient understanding of accumulated management resources. Therefore, we think that if the party controlling the decisions of the Company's financial and business policies lacks sufficient understanding about the Company, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

To enable appropriate judgment on the part of shareholders in response to a Large-scale Acquisition if such were to suddenly occur, we believe that it is very important for shareholders in order to make proper decisions on whether or not to accept a sudden proposal of a large-scale acquisition to ensure the provision of necessary and sufficient information from Board of Directors, as well as time enabling them to make a proper decision which will be achieved by provision of sufficient information by such a large-scale acquirer, and the evaluation and opinion, etc. thereon by the Board of Directors of the Company who have a sufficient understanding of the business characteristics of the Company.

From these points of view, the Company, for the purpose of ensuring and enhancing corporate value and the common interest of shareholders, believes it is necessary for the shareholders of the Company in making a determination that the large-scale acquirer who proposes a large-scale acquisition provide the Board of Directors of the Company with the necessary and sufficient information about such acquisition beforehand, and that there is a certain evaluation period during which the Board of Directors of the Company makes an evaluation before the proposal passes subject to certain rules set forth and disclosed by the Company beforehand.

In light of the foregoing, we believe that in the event that a large-scale acquirer does not comply with the Large-scale Acquisition Rule, or in the exceptional case where there is a possibility that the corporate value or common interest of shareholders of the Company would be significantly impaired even if the large-scale acquirer complies with the Large-scale Acquisition Rule, it is necessary to ensure and enhance corporate value and the common interest of shareholders of the Company by taking an appropriate measure to the extent permitted by laws and regulations and the articles of incorporation when it is inappropriate for such large-scale acquirer to be a person who controls the decisions of the Company's financial and business policies.

Based on the above basic policy, the Company has at its disposal countermeasures to be used with respect to Large-scale Acquisitions of the Company shares (takeover defense measures; hereinafter, the "Plan") as a result of a resolution passed by the 35<sup>th</sup> Ordinary General Meeting of Shareholders held on June 28, 2007 in an effort to ensure and enhance its corporate value and the interests it shares with shareholders.

### ***Outline of the Plan***

The Plan consists of the following: in case that a large-scale acquisition of the Company's shares are conducted, in order to ensure information and the time necessary and sufficient for the shareholders to make an appropriate decision, the Company's Board of Directors may apply the "Large-scale Acquisition Rule" which requires submission of information with respect to the large-scale acquisition and ensures time for evaluation and investigation. In addition, the Large-scale Acquisition Rule requires the Large-scale Acquirer to comply with the rule, and determines the response policy for in case of both compliance and non-compliance of the Large-scale Acquisition Rule by the large-scale acquirer, and if necessary, implements an appropriate countermeasure to protect the Company's corporate value and the common interests of shareholders such as gratis allotment of Stock Acquisition Right with discriminative condition to exercise. In case of non-implementation of countermeasures, a decision of shareholders will be sought after the period stated in the Rule has elapsed.

### ***Targeted Large-scale Acquisition***

The Plan shall be applied if there is an action that falls under (a) or (b) below, or an action or a similar proposal.

- (a) An Acquisition that would result in the holding ratio of share certificates, etc. of a holder amounting to 20% or more of the share certificates, etc. issued by the Company; or
- (b) An acquisition that would result in the owning ratio of share certificates, etc. of share certificates, etc. relating to the acquisition and the owning ratio of share certificates, etc. of a person having a special relationship totaling at least 20% of the share certificates, etc. issued by the Company.

### ***Request for the provision of the Large-scale Acquisition information***

The Company will require any Large-scale Acquirer to submit to the Company's Board of Directors, in a form prescribed by the Company, before effecting the Acquisition, a written undertaking that the Large-scale Acquirer will comply with the procedures established by the Large-scale Acquisition Rule (hereinafter the "Statement of Intention"). Within 10 business days from the receipt of such Statement of Intention, the Board of Directors delivers to the Large-scale Acquirer a list of Large-scale Acquisition information which should be provided initially by the Large-scale Acquirer. If the Company's Board of Directors determines that the information provided is insufficient as Large-scale Acquisition information, it may request the Large-scale Acquirer to provide additional Large-scale Acquisition information.

### ***Deliberation and resolution on the valuation of Acquisition price by the Board of Directors***

In the event the Board of Directors, following as much as possible the recommendations of an independent committee comprising of Outside Directors, Outside Corporate Auditors and influential individuals in society and receiving the advice of independent experts as per need, for a certain set period (in case prices are set only in monetary terms (yen denominated), a period of 60 days from the date the provision of information on the Large-scale Acquisition by the Large-scale Acquirer is complete; for other cases, 90 days), will fully evaluate and review the Large-scale Acquisition information and shall carefully organize and publish the

Company's opinion. Further, the Company's Board of Directors may negotiate the terms of the Acquisition with the Large-scale Acquirer as necessary and may present its own alternative plan to the shareholders. In addition, the Board of Directors shall ultimately decide on whether to implement countermeasures and immediately disclose information pertaining to their details and other items.

***Countermeasure policy in response to the Large-scale Acquisition***

(a) In the case where a Large-scale Acquirer does not comply with the Large-scale Acquisition Rule

In the case where a Large-scale Acquirer does not comply with the Large-scale Acquisition Rule, the Board of Directors may implement appropriate measures stipulated in the Corporation Law and other legal statutes as well as the Articles of Incorporation as countermeasures against the Large-scale Acquisition. Said measures would include the gratis allotment of share acquisition rights.

(b) In the case where a Large-scale Acquirers complies with the Large-scale Acquisition Rule

If a Large-scale Acquirer complies with the Large-scale Acquisition Rule, the Board of Directors will not, in principle, trigger the countermeasures to the Large-scale Acquisition even if it opposes such Acquisition. However, even if the Large-scale Acquirer complies with the Large-scale Acquisition Rule, when the Large-scale Acquisition is deemed to have a material adverse effect on the corporate value of the Company and the common interests of the shareholders, the Company's board of directors may take appropriate exceptional measures to protect the corporate value of the Company and the common interests of the shareholders as countermeasures to such Acquisition.

**(4) Items supporting the concordance of this response policy to the basic policy on control of the Company, its safeguarding of common shareholder interests and its disregard for the position of Company executive officers and the reasons for same**

a. Establishment of the Independent Committee

In order to eliminate arbitrary triggering by the board of directors of the Company and ensure the fairness and reasonableness of the procedures and decisions, the Company will establish the Independent Committee, which will consist of outside directors, outside auditors or outside experts. The Independent Committee, in its capacity as an advisory body to the Board of Directors, verifies whether the Large-scale Acquisition Rule is complied with, deliberates on the details of the Acquisition as well as the countermeasures and advises the Board of Directors on the merits, or lack thereof, of implementing countermeasures.

b. Placing value on the intent of shareholders

The Company will introduce the Plan subject to approval by the shareholders at the Ordinary General Meetings of Shareholders in order to reflect the intent of the shareholders on the Plan.

c. Advice of outside experts

The board of directors, auditors and the Independent Committee of the Company may obtain advice from independent experts such as financial advisors, certified public accountants, lawyers, consultants, etc. at the Company's expense, in order to enhance the fairness and reasonableness of the consideration and decisions by the Board or Directors, Auditors and the Independent Committee.

d. Establishment of reasonable objective requirements

The countermeasures of the Plan are established so that they will not be triggered unless the predetermined reasonable objective requirements have been satisfied, and maximum value will be placed on recommendation of the Independent Committee, to ensure a structure to eliminate arbitrary triggering of countermeasures by the board of directors of the Company.

e. No dead-hand takeover defense measures

The effective period of the Plan is 3 years from the conclusion of the 35<sup>th</sup> Ordinary General Meeting of Shareholders held on June 28, 2007 to the conclusion of the Ordinary General Meeting of Shareholders relating to the fiscal year ending March 2010. However, the Plan may be abolished by the Board of Directors even during the effective period.

From the above, it is determined that the actions provided in (3) are in line with the basic policy outlined in (1), are not detrimental to the common interests of shareholders and do not support the position of the executive officers of the Company.

To view the full version of the Plan, please access the Company's website on the Internet as follows:  
(<http://www.konami.co.jp/en/news/topics/070522/index.pdf>)

## **7. Policy on Decisions About Dividends from Retained Earnings, etc.**

The Company believes that high, stable dividends and improved corporate value are important benefits we can return to our shareholders. We believe that the use of retained earnings to invest in highly promising areas enables a continuous strengthening of the Company's growth potential and its competitive power.

We paid an interim dividend of ¥27 per share on November 28, 2008. Combined with a final dividend of ¥27 per share, we shall distribute an annual dividend of ¥54 per share for the fiscal year under review.

## Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

<b>ASSETS:</b> <b>Current assets</b> <span style="float: right;"><b>¥136,675</b></span>  Cash and cash equivalents <span style="float: right;">53,568</span> Trade notes and accounts receivable, net of allowance for doubtful accounts of ¥470 million at March 31, 2009 <span style="float: right;">30,624</span> Inventories <span style="float: right;">23,512</span> Deferred income taxes, net <span style="float: right;">19,203</span> Prepaid expenses and other current assets <span style="float: right;">9,768</span>  <b>Tangible fixed assets</b> <span style="float: right;"><b>¥60,552</b></span>  <b>Investments and other assets</b> <span style="float: right;"><b>¥104,443</b></span> Investments in marketable securities <span style="float: right;">560</span> Investments in affiliates <span style="float: right;">2,119</span> Identifiable intangible assets <span style="float: right;">35,883</span> Goodwill <span style="float: right;">21,925</span> Lease deposits <span style="float: right;">27,959</span> Deferred income taxes, net <span style="float: right;">3,641</span> Other assets <span style="float: right;">12,356</span>	<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b> <b>Current liabilities</b> <span style="float: right;"><b>¥62,386</b></span> Current portion of long-term debt and capital lease obligations <span style="float: right;">3,627</span> Trade notes and accounts payable <span style="float: right;">17,430</span> Accrued income taxes <span style="float: right;">6,683</span> Accrued expenses <span style="float: right;">17,738</span> Deferred revenue <span style="float: right;">7,586</span> Other current liabilities <span style="float: right;">9,322</span>  <b>Long-term liabilities</b> <span style="float: right;"><b>¥55,745</b></span> Long-term debt and capital lease obligations, less current portion <span style="float: right;">37,739</span> Accrued pension and severance costs <span style="float: right;">2,941</span> Deferred income taxes, net <span style="float: right;">6,564</span> Other long-term liabilities <span style="float: right;">8,501</span>  <b>Total liabilities</b> <span style="float: right;"><b>¥118,131</b></span>  <b>Minority interest in consolidated  subsidiaries</b> <span style="float: right;"><b>¥4,907</b></span> <b>Commitment and contingencies</b>  <b>SHAREHOLDERS' EQUITY:</b> <b>Common stock</b> <span style="float: right;"><b>47,399</b></span> <b>Additional paid-in capital</b> <span style="float: right;"><b>77,090</b></span> <b>Legal reserve</b> <span style="float: right;"><b>284</b></span> <b>Retained earnings</b> <span style="float: right;"><b>76,947</b></span> <b>Accumulated other comprehensive  income</b> <span style="float: right;"><b>98</b></span> <b>Treasury stock</b> <span style="float: right;"><b>(23,186)</b></span> <b>Total shareholders' equity</b> <span style="float: right;"><b>178,632</b></span>
<b>Total assets</b> <span style="float: right;"><b>¥301,670</b></span>	<b>Total liabilities and shareholders'  equity</b> <span style="float: right;"><b>¥ 301,670</b></span>

**Consolidated Statements of Income**  
**(Year ended March 31, 2009)**

(Millions of yen)

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<b>Net revenues</b>	<b>¥309,771</b>
<b>Costs and expenses</b>	<b>282,410</b>
Costs of products sold and services rendered	212,636
Selling, general and administrative expenses	58,653
Business structure improvement expenses	11,121
<b>Operating income</b>	<b>27,361</b>
<b>Other income (expenses)</b>	<b>(2,642)</b>
Interest income	459
Interest expense	(1,468)
Foreign currency exchange gain (loss), net	(1,641)
Other, net	8
<b>Income before income taxes, minority interest and equity in net income of affiliated companies</b>	<b>24,719</b>
<b>Income taxes</b>	<b>10,715</b>
<b>Income before minority interest and equity in net income of affiliated companies</b>	<b>14,004</b>
Minority interest in income of consolidated subsidiaries	640
Equity in net income (loss) of affiliated companies	(2,490)
<b>Net income</b>	<b>¥10,874</b>

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**Consolidated Statements of Shareholders' Equity**  
**(Year ended March 31, 2009)**

(Millions of yen)

	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Accumulated Other		Total Shareholders' Equity
					Comprehensive Income (Loss)	Treasury Stock	
<b>Balance at March 31, 2008</b>	¥ 47,399	¥ 77,078	¥ 284	¥ 73,492	¥ 2,579	¥ (18,073)	¥ 182,759
Reissuance of treasury stock		(0)				463	463
Stock-based compensation		12					12
Net income				10,874			10,874
Cash dividends, ¥ 54.0 per share				(7,419)			(7,419)
Foreign currency translation adjustments					(2,078)		(2,078)
Net unrealized losses on available-for-sale securities					(59)		(59)
Pension liability adjustment					(344)		(344)
Purchase of treasury stock						(5,576)	(5,576)
<b>Balance at March 31, 2009</b>	¥ 47,399	¥ 77,090	¥ 284	¥ 76,947	¥ 98	¥ (23,186)	¥ 178,632

## **Assumptions underlying preparation of consolidated financial statements**

### **Scope of Consolidation**

1. Number of consolidated subsidiaries: 23
2. Name of principal consolidated subsidiaries
  - Konami Digital Entertainment Co., Ltd.
  - Konami Sports & Life Co., Ltd.
  - KPE, Inc.
  - Konami Real Estate, Inc.
  - Internet Revolution Inc.
  - HUDSON SOFT CO., LTD.
  - Konami Corporation of America
  - Konami Digital Entertainment, Inc.
  - Konami Gaming, Inc.
  - Konami Digital Entertainment B.V.
  - Konami Digital Entertainment GmbH
  - Konami Digital Entertainment Limited
  - Konami Software Shanghai, Inc.
  - Konami Australia Pty Ltd

### **Application of the Equity Method**

1. Number of equity-method affiliates: 1
2. Name of the equity-method affiliate: Resort Solution Co., Ltd.

### **Summary of Significant Accounting Policies**

1. Basis of presentation for consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with the terminology, format and preparation method used in the accounting principles generally accepted in the United States of America (“U.S. GAAP”), in compliance with Article 120, Paragraph 1 of the Corporate Accounting Rules. However, in compliance with such article, certain disclosure that is required on the basis of U.S. GAAP is omitted.
2. Methods and standards for the valuation of assets
  - (1) Securities

Marketable securities and securities held for trading purposes are stated at fair value when readily determinable. Held-to-maturity debt securities are stated at amortized cost after adjustment for any premium or discount. Realized gains and losses from the sale of available-for-sale securities are determined based on the average cost method.

## (2) Inventories

Resalable products, finished products, work-in-process, raw materials and supplies are stated at the lower of cost or market. Cost is determined by the identified-cost method for software, and by averaging for all other items.

## 3. Depreciation methods

Tangible fixed assets are depreciated mainly using the declining balance method while in-house software is amortized mainly using the straight-line method.

## 4. Accounting standards for reserves

### Allowance for doubtful accounts

Generally, allowance for doubtful accounts is calculated based on the actual ratio of bad debt losses incurred. For specific accounts with higher possibility of bad debt loss, the allowance is determined by respective judgment.

## 5. Goodwill and identifiable intangible assets

Goodwill represents the difference between the cost of acquired companies and amounts allocated to the estimated fair value of their net assets. Identifiable intangible assets represent intangible assets related to trademarks, membership lists, gaming licenses, existing technologies and franchise contracts, etc. acquired in connection with acquisitions of subsidiaries. In accordance with SFAS No.142 "*Goodwill and Other Intangible Assets*," reviews are conducted at least once annually to identify any impairment against fair value for goodwill and intangible assets subject to amortization with indefinite useful lives, and a test for any impairment loss is conducted at the end of each consolidated fiscal period. Intangible assets subject to amortization with definite useful lives are amortized over a period of 7–15 years corresponding to the estimated useful life.

## 6. Impairment or disposal of long-lived assets

In accordance with SFAS No.144 "*Accounting for the Impairment or Disposal of Long-Lived Assets*," the Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the carrying amount of assets exceeds the estimated future cash flows (undiscounted) for the assets, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

## 7. Accrued pension and severance costs

Accrued pension and severance costs are accounted for in conformity with SFAS No.87 "*Employers' Accounting for Pensions*" and SFAS No.158 "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*". For some plans, as they are defined benefit plan by multiple businesses, it is required that the expense based on the amounts of necessary contributions for each period be recognized as the net pension expenses.

## 8. Stock-based compensation

Stock-based compensation is accounted for in conformity with SFAS No.123R "*Accounting for Share-Based Payment*."

## 9. Consumption tax

Consumption tax is excluded from the stated amount of revenue and expenses.

## 10. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

### Changes in Significant Accounting Policies

1. Effective from the fiscal year under review, the Company has adopted SFAS No. 157, “*Fair Value Measurements*.” SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and specifies disclosures about fair value measurement. The adoption of SFAS No. 157 did not have a significant impact on our consolidated results of operations and financial condition.
2. Effective from the fiscal year under review, the Company has adopted SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115*.” SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The entity shall report unrealized gains and losses on items for which the fair value option has been elected. The adoption of SFAS No. 159 did not have a material impact on our consolidated results of operations and financial position, since the Company did not elect the fair value option for any assets or liabilities.

### Notes to Consolidated Balance Sheet

1. Accumulated depreciation of tangible fixed assets ¥79,386 million
2. Accumulated other comprehensive income

A breakdown of accumulated other comprehensive income as of March 31, 2009 is as follows.

Foreign currency translation adjustments	¥188 million
Net unrealized gains on available-for-sale securities	¥9 million
Pension liability adjustment	¥ (99) million
Accumulated other comprehensive income	¥98 million

## Notes to Consolidated Statement of Shareholders' Equity

### 1. Type and number of shares issued at the end of the consolidated fiscal year under review

Common stock: 143,500,000 shares

### 2. Dividends

#### (1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2008	Common stock	3,708	27.00	March 31, 2008	June 6, 2008
Board of Directors meeting held on November 6, 2008	Common stock	3,711	27.00	September 30, 2008	November 28, 2008
Total		7,419			

#### (2) Of dividends whose record date belongs to the consolidated fiscal year under review, those dividends whose effective date is in the subsequent fiscal year

Resolution	Type of shares	Fund of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 14, 2009	Common stock	Retained earnings	3,603	27.00	March 31, 2009	June 5, 2009
Total			3,603			

### 3. Type and number of shares subject to stock acquisition rights at the end of the consolidated fiscal year under review (excluding those stock acquisition rights the initial date of the exercise period of which has not yet arrived)

Common stock: 741,968 shares

## Notes to Per Share Data

Net assets per share: ¥1,338.46

Basic net income per share: ¥79.30

## Notes to Significant Subsequent Events

There is no applicable item.

**Balance Sheet**  
**(As of March 31, 2009)**

(Millions of yen)

<b>ASSETS:</b>		<b>LIABILITIES:</b>	
<b>Current assets</b>	<b>¥64,706</b>	<b>Current liabilities</b>	<b>¥17,934</b>
Cash and cash equivalents	33,495	Short-term borrowings	15,204
Trade accounts receivable	3,833	Current portion of long-term debt	592
Prepaid expenses	201	Other accounts payable	671
Deferred income taxes, net	146	Accrued expenses	341
Short-term loans	24,477	Income taxes payable	1,098
Income tax receivable	2,342	Deposits received	26
Other	214		
Allowance for doubtful accounts	(5)	<b>Long-term liabilities</b>	<b>¥16,881</b>
		Straight bonds	15,000
<b>Fixed assets</b>	<b>¥116,246</b>	Long-term borrowings	554
<b>Tangible fixed assets</b>	<b>442</b>	Accrued pension and severance costs	6
Buildings improvement	156	Other	1,321
Transportation equipment	18		
Tools and fixtures	268	<b>Total liabilities</b>	<b>¥34,816</b>
<b>Intangible fixed assets</b>	<b>7</b>		
In-house software	3	<b>NET ASSETS:</b>	
Trademark	3	<b>Shareholders' equity</b>	<b>¥146,127</b>
Other	0	<b>Common stock</b>	<b>47,398</b>
<b>Investments and other assets</b>	<b>115,797</b>	<b>Capital surplus</b>	<b>43,240</b>
Investment securities	855	Additional paid-in capital	36,893
Investments in subsidiaries and affiliates	112,120	Other capital surplus	6,347
Long-term loans	2,130	<b>Retained earnings</b>	<b>77,843</b>
Long-term prepaid expenses	8	Legal reserve	283
Deferred income taxes, net	65	Other retained earnings	77,559
Lease deposit	563	Special reserves	55,794
Other	54	Retained earnings brought forward	21,764
Allowance for doubtful accounts	(0)	<b>Treasury Stock</b>	<b>(22,354)</b>
		<b>Difference of appreciation and conversion</b>	<b>¥8</b>
		<b>Net unrealized gains on available-for-sale securities</b>	<b>8</b>
		<b>Total net assets</b>	<b>¥146,136</b>
<b>Total assets</b>	<b>¥180,952</b>	<b>Total liabilities and net assets</b>	<b>¥180,952</b>

**Statement of Income**  
**(Year ended March 31, 2009)**

(Millions of yen)

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<b>I</b>	<b>Operating revenues</b>	<b>¥21,456</b>
	Management fee revenue	6,999
	Dividend income	14,457
<b>II</b>	<b>Costs and expenses</b>	<b>5,700</b>
	Selling, general and administrative expenses	5,700
	<b>Operating income</b>	<b>15,755</b>
<b>III</b>	<b>Non-operating income</b>	<b>380</b>
	Interest income	342
	Other	37
<b>IV</b>	<b>Non-operating expense</b>	<b>413</b>
	Interest expenses	115
	Bond interest expenses	242
	Foreign exchange loss	29
	Other	26
	<b>Ordinary income</b>	<b>15,721</b>
<b>V</b>	<b>Extraordinary gain</b>	<b>17</b>
	Gain on reversal of allowance for doubtful accounts	17
<b>VI</b>	<b>Extraordinary losses</b>	<b>4,225</b>
	Loss on disposal of fixed assets	1
	Loss on impairment of equity securities	3,874
	Loss on sale of shares of an affiliated company	349
	<b>Income before income taxes</b>	<b>11,513</b>
	<b>Income taxes</b>	<b>2,058</b>
	Current	1,473
	Deferred	585
	<b>Net income</b>	<b>9,454</b>

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**Statement of Changes in Shareholders' Equity**  
**(Year ended March 31, 2009)**

(Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total Shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings		
						Special reserves	Retained earnings brought forward			
Balance at March 31, 2008	¥47,398	¥36,893	¥6,347	¥43,240	¥283	¥52,094	¥23,429	¥75,807	¥(17,241)	¥149,205
Changes during the year										
Cash dividends							(7,419)	(7,419)		(7,419)
Other reserves						3,700	(3,700)	-		-
Net income							9,454	9,454		9,454
Purchase of treasury stock									(5,582)	(5,582)
Reissuance of treasury stock			(0)	(0)					469	469
Net change of items other than Shareholders' equity										
Total changes during the year	-	-	(0)	(0)	-	3,700	(1,664)	2,035	(5,113)	(3,078)
Balance at March 31, 2009	¥47,398	¥36,893	¥6,347	¥43,240	¥283	¥55,794	¥21,764	¥77,843	¥(22,354)	¥146,127

	Difference of appreciation and conversion		Total net assets
	Net unrealized gains on available-for-sale securities	Total difference of appreciation and conversion	
Balance at March 31, 2008	¥67	¥67	¥149,272
Changes during the year			
Cash dividends			(7,419)
Other reserves			-
Net income			9,454
Purchase of treasury stock			(5,582)
Reissuance of treasury stock			469
Net change of items other than Shareholders' equity	(58)	(58)	(58)
Total changes during the year	(58)	(58)	(3,136)
Balance at March 31, 2009	¥8	¥8	¥146,136

## Summary of Significant Accounting Policies

### 1. Methods and standards for the valuation of assets

#### Securities

Shares in subsidiaries and affiliates: Stated at cost based on the moving average method.

#### Other investment securities:

Quoted securities: The market value method is applied, based on the market value as of the fiscal year-end. The entire positive or negative valuation difference with the acquisition price is booked directly as net assets, and the cost of securities sold is calculated using the moving average method.

Unquoted securities: Valued at cost using the moving average method.

### 2. Depreciation and amortization methods of fixed assets

Tangible fixed assets: Depreciated mainly using the declining balance method.

Intangible fixed assets: Amortized mainly using the straight-line method. For in-house software, amortization is computed using the straight-line method based on the estimated useful life of 5 years.

Long-term prepaid expenses: Amortized mainly using the straight-line method.

### 3. Accounting standards for reserves

#### (1) Allowance for doubtful accounts

Generally, allowance for doubtful accounts is calculated based on the actual ratio of bad debt losses incurred. For specific accounts with higher possibility of bad debt loss, the allowance is determined by respective judgment.

#### (2) Accrued pension and severance costs

Provided based on the estimated amount of the projected benefit obligation and the plan assets at the year-end. Unrecognized net transition asset is credited to expense over 13 years on a straight-line basis. Unrecognized actuarial net gain or loss will be amortized from the following fiscal year within the average remaining service period of 3 years on a straight-line basis.

### 4. Consumption tax

Consumption tax is excluded from the stated amount of revenue and expenses.

### 5. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

## Changes in Significant Accounting Policies

### Accounting for lease transactions

With respect to finance lease transactions not involving the transfer of ownership, the Company had traditionally applied accounting standards corresponding to the method for rental and lease transactions. Effective the fiscal year under review however, the Company adopts the “*Accounting Standard for Lease Transactions*” (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “*Guidance on Accounting Standard for Lease Transactions*” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee; revised March 30, 2007]).

For lease transactions contracted on or before March 31, 2008, the method corresponding to the traditional standards for rental and lease transactions are applied.

The impact of this change is immaterial.

## Changes in Method of Presentation

### Accounting for lease transactions

“Other accounts receivables” which had been reported as an item of accounts up till the previous fiscal year (outstanding balance of ¥8 million as of the end of the fiscal year under review) is included in “Other” under Current assets for the fiscal year under review because the amount is of less importance.

## Notes to Balance Sheet

### 1. Monetary assets and liabilities in relation to subsidiaries and affiliates

	(Millions of yen)
Short-term assets	28,314
Short-term liabilities	15,720
Long-term assets	2,646
Long-term liabilities	350
2. Accumulated depreciation of tangible fixed assets	425

## Notes to Statement of Income

### 1. Transactions with subsidiaries and affiliates

	(Millions of yen)
Operating revenues	21,449
Selling, general and administrative expenses	2,000
Non-operating transactions	1,276

## Notes to Statement of Changes in Shareholders' Equity

Type and number of treasury shares at the end of the fiscal year under review

(Thousand shares)

	Number of shares as of March 31, 2008	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2009
Common stock	6,178	4,028	168	10,038
Total	6,178	4,028	168	10,038

### Overview of Causes for the Change

Major items in the increase in the number of shares are as follows:

Increase due to the purchase of treasury stock based on the Board of Directors' resolution:	4,000,000 shares
Increase due to the purchase of shares constituting less than one unit:	28,000 shares

Major items in the decrease in the number of shares are as follows:

Decrease due to the exercise of stock options:	165,000 shares
Decrease due to the sale of shares constituting less than one unit:	2,000 shares

### Notes to Tax Effect Accounting

Breakdown by major cause for the occurrence of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets	
Investments and other	2,220
Long-term other accounts payable	537
Accrued expenses, etc.	195
Others	<u>32</u>
Deferred tax assets subtotal	2,986
Valuation allowance	<u>(2,768)</u>
Total deferred tax assets	217
Deferred tax liabilities	
Net unrealized losses on available-for-sale securities	<u>(5)</u>
Total deferred tax liabilities	<u>(5)</u>
Net deferred tax assets	<u>211</u>

### Notes to Fixed Assets Used on Lease

Other than fixed assets written in the balance sheet, some office machines are used based on an agreement for a finance lease other than those that are deemed to transfer ownership of the leased property to the lessee.

## Notes to Transactions with Related Parties

### Subsidiaries and affiliates, etc.

Attributes	Company name	Percentage of voting rights	Relationship with the related party	Transactions	Amount of transactions (Millions of yen)	Account title	Ending balance (Millions of yen)
Subsidiary	Konami Digital Entertainment Co., Ltd.	Direct 100%	Interlocking of directors	Receipt of business management fees	3,882	Trade accounts receivable	1,964
				Lending and borrowing of funds	13,843	Short-term borrowings	13,843
				Interest income	3		
	Konami Sports & Life Co., Ltd.	Direct 100%	Interlocking of directors	Lending of funds	20,143	Short-time loans	20,143
				Interest income	171		
				Sale of the shares of affiliated company	709	-	-
				Loss on sale of the shares of affiliated company	349		
	Konami Real Estate, Inc.	Direct 100%	Interlocking of directors	Payment of office rent	1,408	Prepaid expenses	125
						Lease deposit	516
				Lending of funds	2,695	Short-term loans	565
	KPE, Inc.	Direct 100%	-	Interest income	38	Long-term loans	2,130
				Lending of funds	1,846	Short-term loans	1,846
Konami Corporation of America	Direct 100%	Interlocking of directors	Interest income	50			
			Lending of funds	1,326	Short-term loans	1,326	

Note: Transaction terms and the policy, etc. of deciding transaction terms

1. The receipt of business management fees is determined through negotiations, considering the running costs, etc. of the Company as a pure holding company.
2. The sale price of the shares of affiliated company is determined by agreements executed taking into consideration for valuations based on Basic Instructions on Valuation of Assets.
3. The lending and borrowing of funds include funds that the Company provides to companies in the Konami Group through the cash management system, and their net ending balance is posted. The interest rates are determined based on the market interest rates and others.
4. Payment of office rent, etc. is determined based on actual prices in the neighboring areas.
5. Consumption taxes are not included in the amount of transactions but are included in the ending balance.

### Notes to Per Share Data

Net assets per share: ¥1,094.97

Net income per share: ¥68.95

### Notes to Significant Subsequent Events

There is no applicable item.

## Independent Auditors' Report

May 12, 2009

The Board of Directors  
KONAMI CORPORATION:

KPMG AZSA & Co.

Masafumi Tanabu (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Hiroto Yamane (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Shareholders' Equity, and notes to the consolidated financial statements of KONAMI CORPORATION for the consolidated fiscal year beginning on April 1, 2008 and ending on March 31, 2009, in accordance with Paragraph 4, Article 444 of the Corporate Law. Responsibility for preparation of these financial statements lies with the Company's management. Our responsibility is to express an opinion on these financial statements from an independent perspective.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that an Accounting Auditor obtain reasonable assurance that consolidated financial statements contain no material misstatements. An audit includes an assessment, on a test basis, of the overall presentation of consolidated financial statements, including accounting principles used, application of those principles, and estimates made by management. We believe that, as a result of our audits, we have obtained a reasonable basis upon which to express our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of KONAMI CORPORATION and its consolidated subsidiaries for the related consolidated fiscal year, in conformity with accounting principles generally accepted in the United States under Paragraph 1, Article 120 of the Corporate Accounting Rules of Japan (refer to Note of "Basic significant matters 1 regarding preparation of consolidated financial statements" of the notes to consolidated financial statements).

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

## Independent Auditors' Report

May 12, 2009

The Board of Directors  
KONAMI CORPORATION:

KPMG AZSA & Co.

Masafumi Tanabu (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Hiroto Yamane (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated Balance Sheet, Statement of Income, Statement of Changes in Shareholders' Equity, notes to the non-consolidated financial statements, and detailed statements of KONAMI CORPORATION for the 37<sup>th</sup> business year beginning on April 1, 2008 and ending on March 31, 2009, in accordance with Item 1, Paragraph 2, Article 436 of the Corporate Law. Responsibility for preparation of these financial statements and detailed statements lies with the Company's management. Our responsibility is to express an opinion on these financial statements from an independent perspective.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that an Accounting Auditor obtain reasonable assurance that non-consolidated financial statements and detailed statements contain no material misstatements. An audit includes an assessment, on a test basis, of the overall presentation of non-consolidated financial statements and detailed statements, including accounting principles used, application of those principles, and estimates made by management. We believe that, as a result of our audits, we have obtained a reasonable basis upon which to express our opinion.

In our opinion, the non-consolidated financial statements and detailed statements referred to above present fairly, in all material respects, the financial position and results of operations of KONAMI CORPORATION for the business year under review, in conformity with accounting principles generally accepted in Japan.

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

## AUDIT REPORT

Regarding the performance of duties by the Directors for the 37<sup>th</sup> fiscal year from April 1, 2008 to March 31, 2009, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

### 1. Auditing Methods and Details of Such Methods

The Board of Corporate Auditors established auditing policies, auditing plans, and other relevant matters for the fiscal year under review, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the accounting auditors regarding performance of their duties, and sought explanations as necessary.

Each Corporate Auditor followed the auditing standards of corporate auditors, auditing policies and auditing plans for the fiscal year under review, allocation of duties, and other relevant matters established by the Board of Corporate Auditors, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions. In addition, we confirmed the details of the resolution of the Board of Directors related to the establishment of the systems to ensure appropriate operations including systems to ensure that the execution of the duties of Directors conform to laws and regulations and the Articles of Incorporation (internal control system), and verified the condition of the systems put in place in accordance with the aforesaid resolution. The basic policy on control of the Company and actions stipulated in Article 127, Item 2 of the Ordinance for Enforcement of the Corporate Law described in the Business Report was examined taking into consideration the status of deliberations by the Board of Directors.

With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors, and other relevant personnel of the subsidiaries, received business reports from subsidiaries, and visited their offices and studied their operations and financial positions as necessary.

Furthermore, we monitored and verified whether the accounting auditors maintained their independence and implemented appropriate audits, and we received reports from the accounting auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the accounting auditors that “the system for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Corporate Accounting Rules) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other

relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supporting schedules, non-consolidated financial statements and their supporting schedules, as well as consolidated financial statements related to the fiscal year under review.

## 2. Results of Audit

### (1) Results of audit of Business Report

- (a) In our opinion, the Business Report and its supporting schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.
- (b) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- (c) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the performance of duties of the Directors regarding the internal control system.
- (d) With regard to the basic policy on control of the Company provided in the Business Report, we have found no item worthy of special mention. We recognize that the actions stipulated in Article 127, Item 2 of the Ordinance for Enforcement of the Corporate Law mentioned in the Business Report are in line with the basic policy, are not detrimental to the common interests of shareholders and do not support the position of the executive officers of the Company.

### (2) Results of audit of non-consolidated financial statements and their supporting schedules

In our opinion, the methods and results of audit employed and rendered by KPMG AZSA & Co., accounting auditors, are fair and reasonable.

### (3) Results of audit of consolidated financial statements

In our opinion, the methods and results of audit employed and rendered by KPMG AZSA & Co., accounting auditors, are fair and reasonable.

May 13, 2009

Board of Corporate Auditors  
KONAMI CORPORATION

Standing Corporate Auditor	Noboru Onuma	(Seal)
Corporate Auditor	Tachio Otori	(Seal)
Corporate Auditor	Masaru Mizuno	(Seal)
Corporate Auditor	Shogo Sasabe	(Seal)

Note: Corporate Auditors Messrs. Noboru Onuma, Tachio Otori, Masaru Mizuno and Shogo Sasabe are external corporate auditors as provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporate Law.

## Reference Materials Concerning the Exercise of Voting Rights

### Proposal 1: Amendments to the Articles of Incorporation

#### 1. Reasons for amendments

With the enforcement of the Law for Partial Amendments to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities (Law No. 88 of 2004) (hereinafter, the “Settlement Streamlining Law”) on January 5, 2009, stock certificates of listed companies were fully migrated to the book-entry stock system (stock dematerialization).

In conjunction with the enforcement, the Company proposes to make necessary amendments such as the deletion of provisions regarding stock certificates, beneficial shareholders and the register of beneficial shareholders that are no longer needed in the Articles of Incorporation. Furthermore, given that the register of lost share certificates must be prepared and retained up till the day on which a year will have passed from the day following the date of enforcement of the Settlement Streamlining Law as provided in Article 221 of the Corporate Law, supplementary provisions shall be established accordingly.

#### 2. Particulars of the amendments

The Company proposes that the current Articles of Incorporation be amended as follows:

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Issuance of Share Certificates)</u></p> <p><u>Article 7 The Company shall issue share certificates for its shares.</u></p> <p>Article <u>8</u> (Omitted)</p> <p><u>(Number of Shares Constituting One Unit and Non-Issuance of Share Certificates Constituting Less than One Unit)</u></p> <p>Article <u>9</u></p> <p><u>1. The number of shares of the Company which constitute one (1) unit shall be one hundred (100).</u></p> <p><u>2. The Company shall not issue any share certificates for shares constituting less than one (1) unit (“Shares Constituting Less than One Unit”); unless otherwise provided for in the Share Handling Regulations.</u></p>	<p>(Deleted)</p> <p>Article <u>7</u> (Unchanged)</p> <p>(Number of Shares Constituting One Unit)</p> <p>Article <u>8</u> The number of shares of the Company which constitute one (1) unit shall be one hundred (100).</p> <p>(Deleted)</p>

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>(Rights concerning Shares Constituting Less than One Unit)</p> <p>Article <u>10</u> Shareholders of the Company holding Shares Constituting Less than One Unit (<u>including beneficial shareholders, hereinafter the same</u>) cannot exercise their rights as shareholders other than as enumerated below:</p> <ol style="list-style-type: none"> <li>(1) rights provided for in each item of Article 189, Paragraph 2 of the Corporate Law;</li> <li>(2) rights provided for in Article 166, Paragraph 1 of the Corporate Law;</li> <li>(3) rights of shareholders to subscribe for shares or stock acquisition rights in accordance with the number of shares they hold; and</li> <li>(4) rights to make a request provided for in Article 11 hereof.</li> </ol> <p>Article <u>11</u> (Omitted)</p> <p>(Administrator of Shareholders' Register)</p> <p>Article <u>12</u></p> <ol style="list-style-type: none"> <li>1. The Company shall appoint an administrator of the shareholders' register.</li> <li>2. The administrator of the shareholders' register and its handling office shall be designated by resolution of the Board of Directors, and public notice thereof shall be given.</li> <li>3. The preparation and retention of the register of shareholders (<u>including register of beneficial shareholders, hereinafter the same</u>), ledger of stock acquisition rights <u>and register of lost share certificates</u> of the Company or any other business related thereto shall be entrusted to the administrator of shareholders' register and shall not be handled by the Company.</li> </ol> <p>(Share Handling Rules)</p> <p>Article <u>13</u> The handling business relating to shares of the Company <u>and fees thereof</u> shall be subject to the provisions of the Share Handling Regulations determined by the Board of Directors as well as laws and regulations and these Articles of Incorporation.</p> <p>Article <u>14</u> -<u>40</u> (Omitted)</p>	<p>(Rights concerning Shares Constituting Less than One Unit)</p> <p>Article <u>9</u> Shareholders of the Company holding Shares Constituting Less than One Unit cannot exercise their rights as shareholders other than as enumerated below:</p> <ol style="list-style-type: none"> <li>(1) rights provided for in each item of Article 189, Paragraph 2 of the Corporate Law;</li> <li>(2) rights provided for in Article 166, Paragraph 1 of the Corporate Law;</li> <li>(3) rights of shareholders to subscribe for shares or stock acquisition rights in accordance with the number of shares they hold; and</li> <li>(4) rights to make a request provided for in Article 11 hereof.</li> </ol> <p>Article <u>10</u> (Unchanged)</p> <p>(Administrator of Shareholders' Register)</p> <p>Article <u>11</u></p> <ol style="list-style-type: none"> <li>1. The Company shall appoint an administrator of the shareholders' register.</li> <li>2. The administrator of the shareholders' register and its handling office shall be designated by resolution of the Board of Directors, and public notice thereof shall be given.</li> <li>3. The preparation and retention of the register of shareholders <u>and</u> ledger of stock acquisition rights of the Company or any other business related thereto shall be entrusted to the administrator of shareholders' register and shall not be handled by the Company.</li> </ol> <p>(Share Handling Rules)</p> <p>Article <u>12</u> The handling business relating to shares of the Company shall be subject to the provisions of the Share Handling Regulations determined by the Board of Directors as well as laws and regulations and these Articles of Incorporation.</p> <p>Article <u>13</u> -<u>39</u> (Unchanged)</p>

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
(New)	<u>Supplementary Provisions</u>
(New)	<u>Article 1 The preparation and retention of the register of lost share certificates of the Company or any other business related thereto shall be entrusted to the administrator of shareholders' register and shall not be handled by the Company.</u>
(New)	<u>Article 2 The preceding Article and this Article shall be deleted on January 6, 2010.</u>

## Proposal 2: Election of seven members to the Board of Directors

Because the terms of office for all seven Directors expire at the conclusion of this General Meeting of Shareholders, this proposal requests the election of seven Directors.

Candidates for the new Board are as follows:

	Name (Date of birth)	Resume, representation at other companies, etc. and position and responsibility in the Company	Shares of the Company's stock owned
1	Kagemasa Kozuki (Nov. 12, 1940)	Mar. 1969 Founded Konami Industries Mar. 1973 Established Konami Industries Co., Ltd. (now KONAMI CORPORATION) Jun. 1987 Representative Director and Chairman of the Board Jun. 1994 Representative Director and Chairman of the Board, President (to present)	113,934
2	Noriaki Yamaguchi (Jan. 26, 1944)	Jun. 1994 Joined the Company Jun. 1994 Managing Director in charge of International Business Division Jul. 1995 Managing Director in charge of Administration Division Feb. 1996 Managing Director in charge of Finance and Accounting Division Jun. 2000 Director and Executive Corporate Officer Finance and Accounting Division Jun. 2001 Representative Director and Executive Corporate Officer Finance and Accounting Division Jan. 2003 Representative Director and Executive Corporate Officer, Vice President Apr. 2007 Representative Director, Vice-President (to present)	56,495
3	Kimihiko Higashio (Sep. 24, 1959)	Dec. 1997 Joined the Company Jan. 2000 Executive Corporate Officer (Kansai Region Representative) May 2003 Executive Corporate Officer (Division President, Human Resources) Jun. 2005 Director and Division President, Human Resources May 2008 Representative Director, Vice-President (to present)	23,385
4	Takuya Kozuki (May. 19, 1971)	Nov. 1997 Director and Vice-President, Konami Computer Entertainment America, Inc. Oct. 2001 Director and President, Konami Corporation of America Oct. 2002 Director and Chairman, Konami Computer Entertainment Hawaii, Inc. and Director and Chairman, Konami Corporation of America	13,430
5	Tomokazu Godai (Oct. 6, 1939)	May 1992 Director of the Company (to present)  Representation of other companies, etc. • Representative Director and Chairman of the Board, MAYATEC Co., Ltd.	9,368
6	Hiroyuki Mizuno (Apr. 20, 1929)	Jun. 1990 Vice President, Matsushita Electric Industrial Co., Ltd. (current Panasonic Corporation) Aug. 1994 Adjunct Professor, Stanford University Jun. 2001 Director of the Company (to present)  Representation of other companies, etc. • Director, Hiroshima Prefectural Institute of Industrial Science and Technology	9,898

	Name (Date of birth)	Resume, representation at other companies, etc. and position and responsibility in the Company	Shares of the Company's stock owned
7	Akira Gemma (Aug. 1, 1934)	Jun. 1997 Representative Director and President, SHISEDO Co., Ltd. Jun. 2001 Representative Director and Corporate Officer, Chairman of the Board Jun. 2003 Senior Corporate Adviser (to present) Jun. 2004 Director of the Company (to present)	8,000

Notes: 1. No special conflicts of interest exist between the Company and the proposed candidates for director.

2. Messrs. Tomokazu Godai, Hiroyuki Mizuno and Akira Gemma are the candidates for external directors.

3. Matters concerning the candidates for external directors are as follows:

(1) Reasons for appointing them as the candidates for external directors

We have decided to appoint these persons as candidates for external directors based on our judgment that each would make a significant contribution to the management of the Company as external directors, given their considerable experience, achievements and insight as managers of business corporations and given that they are in an objective position, independent of the executive management of the Company.

(2) Number of years since assuming the post of external director of the Company (until the conclusion of this General Meeting of Shareholders)

Tomokazu Godai: 17 years

Hiroyuki Mizuno: 8 years

Akira Gemma: 5 years

(3) Overview of the Limited Liability Contract

The Company has entered into a limited liability contract with Messrs. Tomokazu Godai, Hiroyuki Mizuno and Akira Gemma with respect to their liabilities provided for in Article 423, Paragraph 1 of the Corporate Law. Under this contract, the liabilities of three persons shall be limited to the aggregate total of the amounts stipulated in Article 425, Paragraph 1 of the said law. If these three persons are elected, the Company will renew the contract with each of them.

