

**PATENT ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	CHANGE OF NAME
EFFECTIVE DATE:	06/23/2000
<b>CONVEYING PARTY DATA</b>	
Name	Execution Date
Konami Co., Ltd.	06/23/2000
<b>RECEIVING PARTY DATA</b>	
Name:	Konami Corporation
Street Address:	3-1 Toranomom 4-chome, Minato-ku
City:	Tokyo
State/Country:	JAPAN
<b>PROPERTY NUMBERS Total: 2</b>	
Property Type	Number
Patent Number:	6410835
Patent Number:	6227968
<b>CORRESPONDENCE DATA</b>	
Fax Number:	(214)978-3099
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	2149783007
Email:	brian.c.mccormack@bakernet.com
Correspondent Name:	Brian C. McCormack
Address Line 1:	Baker & McKenzie LLP
Address Line 2:	2001 Ross Avenue, Suite 2300
Address Line 4:	Dallas, TEXAS 75201
ATTORNEY DOCKET NUMBER:	24177171.1
NAME OF SUBMITTER:	Brian C. McCormack

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Total Attachments: 40  
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DECLARATION OF TRANSLATOR

I, *Tetsuro Hoshino*, declare and say:

My address is: *411 Hazawa-cho Kanagawa-ku  
Yokohama, Japan*

I speak and write English and Japanese.

I have prepared the attached translation from Japanese into English of  
Abstract of Commercial Register

I hereby certify that the attached translation is a true, exact, and accurate translation of the aforesaid document.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

*T. Hoshino*  
\_\_\_\_\_  
Signature

*8/28 2000*  
\_\_\_\_\_  
Date

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(Translation of the articles of association of KONAMI CORPORATION)

(front page)

The articles of association  
KONAMI Kabushikigaisha

(first page)

CHAPTER 1 General Provisions

(trade name)

article 1 The Company calls itself KONAMI Kabushikigaisha, while the indication of the Company in English is KONAMI CORPORATION.

(The translation for article 2 ~ article 33 is omitted because they have no relevance with the assignment.)

(last page)

Supplementary Provisions

article 1 The revision of the article 1 shall be implemented from July 1st of 2000.

(back page)

Declaration

The set of this copy was made by the original, and the all the contents of is copy are same as those of original.

August 28, 2000

KONAMI CORPORATION

Representative Director

Kagehiko Kozuki (seal)

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# 定 款

コナミ株式会社

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## 第1章 総 則

(商号)

第1条 当社は、コナミ株式会社と称し、英文ではKONAMI CORPORATIONと表示する。

(目的)

第2条 当社は次の事業を営むことを目的とする。

1. 電子応用機器関連のソフトウェアおよびハードウェアならびに電子部品の研究、制作、製造および販売
2. レコード、テープ、ディスク、フィルム等による録音および録画物の企画、制作および販売
3. 書籍、雑誌等の出版物の企画、制作および販売
4. 玩具の制作、製造および販売
5. キャラクター商品（個性的な名称や特徴を有している人物、動物等の画像を付けたもの）のデザイン
6. 前各号に関連する著作権、商標権、意匠権、興行権、レコード化権、ビデオ化権の取得と管理業務
7. 通信回線を利用したソフトウェアの提供および販売
8. 前各号に関連する輸出入および代理業
9. スポーツ施設、遊技場の経営
10. 清涼飲料水、食料品、酒類、スポーツ用品、衣料品、コンピュータゲーム機器の販売
11. 有価証券の保有および運用
12. 前各号の事業に関連する事業およびこれらに附帯する一切の業務

(本店の所在地)

第3条 当社は本店を東京都港区に置く。

(公告の方法)

第4条 当社の公告は、日本経済新聞に掲載する。

## 第2章 株 式

(発行する株式の総数)

第5条 当社の発行する株式の総数は4億5,000万株とする。ただし、消却が行われた場合には、これに相当する株式数を減じる。

(額面株式1株の金額)

第6条 当社の発行する額面株式1株の金額は50円とする。

(1単位の株式の数)

第7条 当社の1単位の株式の数は100株とする。

(株式の消却)

第8条 当社は、経済情勢、当社の業務又は財産の状況その他の事情を勘案して特に必要があると認めるときは、取締役会の決議により平成12年6月24日以降11,000,000株を限度として、利益をもって株式を買い受けて消却することができる。

(名義書換代理人)

第9条 当社は株式につき名義書換代理人を置く。

2. 名義書換代理人およびその事務取扱場所は、取締役会の決議によって選定し、これを公告する。
3. 当社の株主名簿および実質株主名簿（以下株主名簿等という。）は、名義書換代理人の事務取扱場所に備え置き、株式の名義書換、質権の登録、信託財産の表示、株券の交付、単位未満株式の買取り、届出の受理その他株式に関する事務は名義書換代理人に取扱わせ、当社においてはこれを取扱わない。

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(取締役会の招集および議長)

第20条 当社の取締役会は、法令に別段の定めがある場合を除き、取締役会長または取締役社長が招集し、その議長となる。取締役会長および取締役社長のいずれにも差支えがあるときは、あらかじめ取締役会の定めた順序により他の取締役がこれに代わる。

2. 当社の取締役会の招集通知は、各取締役および各監査役に対して、会日の3日前までに発する。ただし、緊急の必要があるときは、これを短縮することができる。

(取締役会規則)

第21条 当社の取締役会に関する事項は、法令または定款に定めがあるもののほか、取締役会の定める取締役会規則による。

(報酬)

第22条 取締役の報酬は、株主総会において定める。

## 第5章 監査役および監査役会

(監査役の員数)

第23条 当社の監査役は5名以内とする。

(監査役の選任)

第24条 当社の監査役は株主総会において選任する。

2. 当社の監査役の選任決議には、発行済株式総数のうち議決権を有する株式数の3分の1以上に当たる株式を有する株主の出席を要する。

(監査役の任期)

第25条 当社の監査役の任期は、就任後3年内の最終の決算期に関する定時株主総会終結の時までとする。

2. 任期満了前に退任した監査役の補欠として選任された監査役の任期は、前任者の残存期間とする。

(常勤監査役)

第26条 監査役は互選により、常勤監査役を選任する。

(監査役会の招集通知)

第27条 当社の監査役会の招集通知は、各監査役に対して、会日の3日前までに発する。ただし、緊急の必要があるときは、これを短縮することができる。

(監査役会規則)

第28条 当社の監査役会に関する事項は、法令または定款に定めがあるもののほか、監査役会の定める監査役会規則による。

(報酬)

第29条 監査役の報酬は、株主総会において定める。

## 第6章 計 算

(営業年度)

第30条 当社の営業年度は、毎年4月1日から翌年3月31日までとし、営業年度の末日を決算期とする。

(利益配当および中間配当)

第31条 利益配当は、毎決算期の最終の株主名簿等に記載された株主または登録質権者に対し、これを行う。

2. 当社は、取締役会の決議をもって、毎年9月30日現在の最終の株主名簿等に記載された株主または登録質権者に対し、中間配当を行うことができる。

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(転換社債の転換と配当)

第32条 転換社債の転換により発行された株式に対する最初の利益配当および中間配当は、転換の請求が4月1日から9月30日までになされたときは4月1日に、10月1日から翌年3月31日までになされたときは10月1日に、それぞれ転換があったものとみなしてこれを行う。

(除斥期間)

第33条 利益配当金または中間配当金が支払開始の日から満3年を経過してもなお受領されないときは、当会社はその支払義務を免れる。

附 則

第1条 第1条の変更は、平成12年7月1日から実施する。

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上記は原本により作成し  
原本と相違ありません。

平成 12 年 8 月 28 日

コナミ株式会社

代表取締役

上月景彦



NOTICE OF DECISIONS REACHED AT THE 28<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

June 23, 2000

Dear Shareholder,

We are pleased to report that our 28<sup>th</sup> Ordinary General Meeting of Shareholders, held today, included the following reports made and decisions reached.

Sincerely yours,

Kagemasa Kozuki  
Chairman of the Board and CEO  
KONAMI Co., Ltd.  
3-1 Toranomon 4-chome, Minato-ku, Tokyo

**Reports**

Business Report, Balance Sheet and Statement of Income for the 28<sup>th</sup> fiscal year.

The contents of the above materials concerning the Company's performance in the past fiscal year were reported.

**Proposals**

- Proposal 1 Acceptance of Proposed Appropriation of Retained Earnings for the 28<sup>th</sup> fiscal year  
The proposal for appropriation of retained earnings was accepted and a dividend of ¥52 per share was approved. That dividend is in addition to the interim dividend of ¥45 per share and brings the total dividend to ¥97 per share, a ¥54 per share increase over the previous fiscal year
- Proposal 2 Changes in Articles of Incorporation  
The amendment was approved as proposed.
- Proposal 3 Election of 15 members to the Board of Directors  
The proposed slate of candidates for members of the Board of Directors was elected; eleven persons were reelected (Kagemasa Kozuki, Kagehiko Kozuki, Noriaki Yamaguchi, Kazumi Kitaue, Fumiaki Tanaka, Akihiko Nagata, Shuji Kido, Toshiro Tateno, Mamoru Ota, Shigeo Kodaira, and Tomokazu Godai) and four persons newly elected (Hidetoshi Inatomi, Takuya Iwasaki, Satoshi Akagi, and Haruhiko Yoshida). Each agreed to serve.
- Proposal 4 Election of 3 Corporate Auditors  
The proposed three persons were elected as corporate auditors (Tetsuro Yamamoto, Minoru Nagaoka, and Masataka Imaizumi); each agreed to serve.
- Proposal 5 Election of Independent Auditor  
The proposed independent auditor, Asahi & Co. was elected and agreed to serve.
- Proposal 6 Retirement allowances for retiring members of the Board of Directors  
The proposal was approved as proposed
- Proposal 7 Retirement allowances for retiring Corporate Auditors  
The proposal was approved as proposed

.....  
The new board of directors, taking office as of the close of this meeting, is as follows:

Chairman of the Board and Chief Executive Officer	Kagemasa Kozuki
Vice Chairman	Kagehiko Kozuki
Director	Noriaki Yamaguchi
Director	Kazumi Kitaue
Director	Fumiaki Tanaka
Director	Akihiko Nagata
Director	Shuji Kido
Director	Toshiro Tateno
Director	Mamoru Ota
Director	Shigeo Kodaira
Director	Hidetoshi Inatomi (newly elected)
Director (external)	Tomokazu Godai
Director (external)	Takuya Iwasaki (newly elected)
Director (external)	Satoshi Akagi (newly elected)
Director (external)	Haruhiko Yoshida (newly elected)
Standing Corporate Auditor	Noboru Onuma
Standing Corporate Auditor	Tetsuro Yamamoto (newly elected)
Corporate Auditor	Minoru Nagaoka (newly elected)
Corporate Auditor	Masataka Koizumi (newly elected)

.....  
**Payment of dividends**

You will find a receipt enclosed for dividends paid, for the dividend of ¥52 per share voted in at the 28<sup>th</sup> Ordinary General Meeting of Shareholders. To designate a bank account to which dividends are to be paid, a dividend statement and confirmation of bank account into which dividends are to be paid are also enclosed.

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# NOTICE OF THE 28<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

June 8, 2000

Dear Shareholder,

You are cordially invited to attend the 28<sup>th</sup> Ordinary General Meeting of Shareholders, which will be held as described hereunder.

If you are unable to attend the meeting in person, you can still exercise your right to vote on the proposals to be presented to the Meeting. If you wish to do so, please review the attached reference materials and indicate your approval or disapproval of each proposal on the ballot included with this letter, then attach your seal and return the ballot to us.

Sincerely yours,

Kagemasa Kozuki  
Chairman of the Board and CEO  
KONAMI Co., Ltd.  
3-1 Toranomon 4-chome, Minato-ku, Tokyo

## MEETING DETAILS

1. Date and Time: 10:00 a.m., Friday, June 23, 2000
2. Location: The Heian no Ma meeting room on the first floor of the main building of the Hotel Okura, 10-4 Toranomon 2-chome, Minato-ku, Tokyo
3. Agenda
  - Reports Business Report, Balance Sheet and Statement of Income for the 28<sup>th</sup> fiscal year
  - Proposals
  - Proposal 1 Acceptance of Proposed Appropriation of Retained Earnings for the 28<sup>th</sup> fiscal year
  - Proposal 2 Changes in Articles of Incorporation as described below in "Reference Materials concerning the Exercise of Voting Rights"
  - Proposal 3 Election of 15 members to the Board of Directors
  - Proposal 4 Election of 3 Corporate Auditors
  - Proposal 5 Election of Independent Auditor
  - Proposal 6 Retirement allowances for retiring members of the Board of Directors
  - Proposal 7 Retirement allowances for retiring Corporate Auditors

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\* If attending the meeting in person, please remember to bring the ballot included with these materials and hand it to the receptionist at the Meeting.

## **2. Business Report**

**(Year ended March 31, 2000)**

### **1. Overview of Operation**

#### **(1) Business and Operation Result and Company Priorities**

In the year under review, government measures to revive the Japanese economy spawned expectations of a rebound in private sector capital investment, although consumer spending remained conspicuously sluggish. Investment in information technology was particularly strong thanks to expanded use of the Internet.

In this environment, although affected by the slump in consumer spending, Konami and other companies in the digital entertainment industry that were able to produce and market products suited to the newest trends and consumer preferences managed to secure superior positions in the marketplace.

Konami has earned the support of a wide range of consumers by creating a diverse line of products by taking full advantage of business division synergies. For example, in the music-simulation game genre - which we pioneered last year by introducing new, widely popular amusement machines in Japan - we adapted existing offerings into new home video games. Also, we promoted new consumer products, including a card game based on one of our popular home video games. As a result, Konami posted record sales of over ¥130 billion.

The past year has seen two rapid developments in the digital entertainment industry. One has been a shift to network-based entertainment, which has led to sharp growth in the distribution of contents via cellular telephones and the Internet. The second has been the development of cross industrial business, thereby stimulating alliances among companies in the music, movies, broadcasting, publishing and toy industries, designed to develop characters through effective media mixes.

The home video game market is now undergoing a generational change in hardware platforms. Last year saw the release of the PlayStation 2, the offspring of the original PlayStation, which has acquired an overwhelming share of the world market. This year will witness the release of Nintendo's Game Boy Advance, and next year Microsoft will launch its X-Box.

Konami is now moving to respond to these rapid environmental changes and to the severe competition among as companies trying to get on the crest of the wave, by forming alliances aimed also at expanding overseas business. Our activities include the conclusion of a cross-licensing contract with Microsoft in May 1999; in October 1999 establishment of joint venture company Mobile21 Co., Ltd., with Nintendo to create a new portable game market; an alliance with radio broadcaster TOKYO FM in the FM broadcasting-based entertainment field in October 1999; a licensing agreement with Disney Interactive for the ESPN name, the world's top sports channel, in November 1999; and a strategic alliance for the production and distribution worldwide of interactive movie games with Universal Interactive Studios of the United States in December 1999.

In activities related to net games, Konami commenced distributing contents aimed at NTT

DoCoMo's iMode system in January 2000. Meanwhile, in line with the multiplatform strategy we have pursued until now, we moved quickly to introduce home video game software for the PlayStation 2.

In another accomplishment, in January 2000 we became the first publicly listed Japanese company to acquire a license for the manufacture of casino slot machines in the state of Nevada, U.S.. At the same time, subsidiary, Konami Gaming, Inc., acquired a license for the manufacture and sale of casino slot machines in Nevada, enabling the Konami Group to participate in earnest in the U.S. casino slot machine market, the world's largest. Moreover, to further promote our strategy of globalization we listed Konami shares on the London Stock Exchange in September 1999, following our listing on the Singapore Exchange Ltd. in November 1997, thereby enhancing our presence overseas.

Amid the dramatic changes in the digital entertainment industry and growing competition between industries and companies, Konami has implemented a bold and aggressive business strategy aimed at expanding its operations on a global scale and stabilizing its business. We have also succeeded in maximizing the synergistic effects produced among our diverse areas of operations in order to solidify our status as the leader in music games. As a result, sales reached a new peak of ¥130.124 billion (up 29.1% year-to-year increase) and ordinary income also set a new record of ¥25.374 billion (up 96.4%). The initial public offering of shares in Konami Computer Entertainment Osaka Co., Ltd. (KCEO, a home-use game software subsidiary) generated ¥7.793 billion in extraordinary income, raising net income for the period to an unprecedented ¥16.236 billion (up 224.3%).

### **Performance by Division**

In the year under review, the CS Division (Consumer-Use Software) again released a wide range of new products in the domestic and overseas markets. Notable among these were Dance Dance Revolution and Dance Dance Revolution 2ndReMIX for the PlayStation, which were adapted from our highly popular amusement machines. Other products included YU-GI-OH! DUEL MONSTERS II ~DARK DUEL STORIES~ for the Game Boy Color, which sparked a boom by mixing the media of magazines and card games, and YU-GI-OH! SHIN DUEL MONSTERS ~FUINSARASHIKIOKU~ for the PlayStation, which contributed significantly to sales growth. In addition, two products-JIKKYO POWERFUL PRO BASEBALL '99 KAIMAKUBAN and INTERNATIONAL SUPERSTAR SOCCER PRO EVOLUTION for the PlayStation-met with high acclaim from users and solidified Konami's reputation as the leader in sports games. Other major titles included MUSCLE RANKING VOL. 1, TOKIMEKI MEMORIAL 2, GUITAR FREAKS and JIKKYO POWERFUL PRO BASEBALL '99 KETTEIBAN for the PlayStation. Overseas titles included METALGEAR SOLID VR MISSIONS and SILENT HILL. As a result, sales of the Consumer-Use Software Division grew 4.8%, to a record ¥55.884 billion.

In the AM Division (Amusement Machines), the dance-simulation series Dance Dance Revolution continued to attract the high acclaim it gained last year, becoming a hit not only in Japan but also in Korea and other Asian countries. Konami also introduced variations of its music-simulation game DRUM MANIA and GUITAR FREAKS series to solidify its status as the leader in music-simulation games

in the amusement machine market. In addition, SILENT SCOPE, a new type of gun-shooting game, became a worldwide hit, while peripheral devices for consumer-use software, such as a special controller for Dance Dance Revolution manufactured in collaboration with the CS Division and D.D.R. KARAOKE MIX, manufactured through a tie-up with Daiichi Koshu Co., Ltd., contributed to sales growth. As a result, sales of this division grew 143.8%, to a record ¥22.842 billion.

In the GM Division (Gaming Machines), the beatmania disc jockey-simulation series, the music-simulation KEYBOARD MANIA game and Pop'n Music series scored hits, as did GI-LEADING SIRE, with its training-simulation function, in the medal game machines field. Also, the large and mid-sized medal machines TWINKLE DOME and DRAGON PALACE REACH TENGOKU sold well. Additionally, sales of components for video slot machines for the Australian market increased. As a result, sales in this division totaled ¥13.398 billion, up 0.1% from the previous year.

In the PS Division (Pachinko Systems), Konami's products designed to maximize the entertainment value of games achieved high acclaim and favorable sales. The division reported a 7.9% advance in sales, to a record ¥11.589 billion.

In our CP Division (Creative Products), YU-GI-OH! OFFICIAL CARD GAME DUEL MONSTERS sparked a major boom due to the synergy produced with magazines and the CS Division. As a result of an effective campaign of special events and other activities, sales were stronger than those of the previous year. Sales of this division hit a record of ¥26.350 billion, up 187.6% from the previous year.

In addition, sales of other divisions amounted to ¥59 million.

As of March 31, 2000, the operations of manufacturing software with LCD units for pachinko machines were transferred from the PS Division to the AM Division, the operations of manufacturing Pachinko slot Machines were transferred from the same division to the GM Division. Furthermore, as of March 31, 2000, the operations of manufacturing the disc jockey-simulation and music-simulation game machines were transferred from the GM Division to the AM Division.

### **Capital Investment and Financing**

Capital investments during the term in review totaled ¥1.24 billion, primarily for costs of production equipment for divisional use in game development, local networks and the Company's backbone network. All investments were fully funded by the Company.

On the financial front, cash flow reflected continued strong growth of the Company's business. Loans and other interest-bearing debt were reduced from ¥22.309 billion to ¥11.796 billion. These reductions were accounted for primarily by redemption of ¥5 billion worth of privately placed bonds and conversion of convertible bonds worth ¥5.367 billion to common stock. Also, in March 2000, lines of credit worth ¥12 billion were secured from four banks, including Sakura Bank, with an eye to ensure a stable framework for future financing. Cash on hand increased substantially, from ¥19.53 billion at the beginning of the year to ¥48.578 billion at the end of the year.

## Company Priorities

Although Konami has grown into a leading company in the digital entertainment industry, it plans to move to a higher level by maximizing the business partnerships actively developed in fiscal 2000 and by placing greater emphasis on overseas operations. We will also pursue development on a global scale, positioning our overseas casino slot machine operations as a new pillar of the Konami Group.

In April 2000, to improve the effectiveness of our domestic sales network we reevaluated our regional structure and reduced the number of sales dealers from 13 to 11. Furthermore, in a move to gain an early foothold in the electronic commerce field, in April 2000 we started the business on the internet through the Konami Style.com Japan, Inc. We plan to meet our customers' diverse preferences by using our existing sales network, with its close regional ties, and Internet distribution, while complementing each other mutually.

In summary, given the Company's proven record of being able to anticipate trends and expand its business over a wide front, we feel confident to solicit our shareholders for their continued support.

## (2) Trends in Operating Results and Assets

### Years ended March 31,

	1996	1997	1998	1999	2000
Net sales (millions of yen)	¥ 43,109	¥53,235	¥71,984	¥100,779	¥130,124
Net income (millions of yen)	3,156	6,004	5,002	5,006	16,236
Net income per share (yen)	95.34	172.89	140.28	143.15	290.26
Total assets (millions of yen)	69,853	73,852	84,736	103,527	120,899
Total shareholders' equity (millions of yen)	30,112	42,972	45,927	51,705	71,154

Note: Net income per share was calculated based on the average total number of shares outstanding during the fiscal year.

## 2. Corporate Data

(As of March 31, 2000)

### (1) Principal Business

The Company's principal business and principal products are listed below.

#### *CS Division (Consumer-Use Software):*

Software for PlayStation, Nintendo 64, Game Boy and Dreamcast;

Software for download by cellular phone

#### *AM Division (Amusement Machines):*

Coin-operated game machines for amusement operations

Dance-simulation, music-simulation game machines

Disc jockey-simulation game machines (previous GM Division, Note 1)

LCD units for Pachinko machine manufacturers (previous PS Division, Note 2)

**GM Division (Gaming Machines):**

Token-operated game machines for amusement operations

Components for video slot machines for Casino

Pachinko slot machines (previous PS Division, Note 2)

**CP Division (Creative Products):**

Card games; character goods; portable games; procurement and distribution of home use game software created by other companies

Notes: 1. As of March 31, 2000, the operations of manufacturing the disc jockey-simulation and music-simulation game machines of GM Division were transferred to the AM Division.

2. As of March 31, 2000, the operations of manufacturing the software with LCD units of the PS Divisions were transferred to the AM Division, and the operations of manufacturing pachinko slot machines of this division were transferred to the GM Division.

**(2) Main Offices**

Head Office (Tokyo)	Minato-ku, Tokyo
Kobe Building (Kobe)	Chuo-ku, Kobe
CS Division's Head Office	Minato-ku, Tokyo
AM Division's Head Office	Shinjuku-ku, Tokyo
AM Division's Kobe Office	Nishi-ku, Kobe
GM Division's Head Office	Zama-shi, Kanagawa
CP Division's Head Office	Shibuya-ku, Tokyo

Note 1: On December 27, 1999, the Company moved its registered headquarters from Chuo-ku in Kobe to Minato-ku in Tokyo.

Note 2: On January 18, 2000, division names were changed as follows.

New name	Former name
CS Division	Consumer-Use Software Division
AM Division	Amusement Machines Division
GM Division	Gaming Machines Division
CP Division	Creative Products Division
Sales Division (Eigyō Honbu)	Sales Division (Hanbai Honbu)
International Business Division	International Division

Note 3: On March 31, 2000, the AM Division moved its headquarters from Nishi-ku in Kobe to Shinjuku-ku in Tokyo. The former AM Division's Head Office was renamed to the AM Division's Kobe Office.

Note 4: On March 31, 2000, according to the abolishment of the PS Division, its functions were transferred to the AM Division and the GM Division.



**(3) Status of Shares**

1. Number of shares authorized	129,700,000 shares
2. Number of shares issued and outstanding	56,868,783 shares
<b>Additional shares issued during the current fiscal year under review</b>	
• Shares issued due to the stock split on May 20, 1999	18,034,687 shares
• Shares issued through conversion of convertible bonds	2,671,059 shares
• Shares issued through exercise of warrants	93,663 shares

Note: A stock split by way of a free share distribution at the rate of 1 share for each outstanding share, resolved by the Board of Directors on February 8, 2000, was implemented on May 19, 2000, to shareholders of record on March 31, 2000. This action resulted in an increase of 56,868,783 shares.

3. Number of shareholders 34,127

**4. The ten largest shareholders**

	<u>Shareholders' Investment in the Company</u>		<u>The Company's Investment in Major Shareholders</u>	
	<u>Number of Shares (thousands)</u>	<u>Percentage of Total (%)</u>	<u>Number of Shares (thousands)</u>	<u>Percentage of Total (%)</u>
Kozuki Holding B.V.	6,765	11.89	-	-
Kozuki Capital Ltd.	3,920	6.89	-	-
Kozuki Foundation for Higher Education	3,657	6.43	-	-
The Sumitomo Trust & Banking Co., Ltd. (Trust Account)	3,099	5.44	-	-
Kozuki Foundation for Information Technology Education	3,000	5.27	-	-
Mitsubishi Trust & Banking Co., Ltd. (Trust Account)	2,483	4.36	-	-
The Sakura Bank, Ltd.	2,286	4.02	-	-
UBS AG London Asia Equities	1,103	1.94	-	-
The Toyo Trust & Banking Co., Ltd. (Trust Account)	852	1.49	-	-
The Chuo Trust and Banking Co., Ltd. (Trust Account)	758	1.33	-	-

**(4) Acquisition, Disposition, Sales, and Holdings of Treasury Stocks**

Acquisition, dispositions, and holdings of treasury stocks to be transferred to members of the Board of Directors and other employees through the Company's stock option plan.

Holdings as of the end of the previous fiscal year	Common stock	110,000 shares
Increase in shares resulting from stock split	Common stock	55,000 shares
Disposition of shares	Common stock	150,000 shares
	Amount of shares sold	¥520,641 thousand
Holdings as of the end of the current fiscal year	Common stock	15,000 shares

Note 1: Of the 150,000 shares of disposition, 9,150 shares were sold when stock-option rights were lost by the individuals in question.

Note 2: The 15,000 shares held at the end of the current fiscal year increased to 30,000 shares following the stock split on May 19, 2000. The additional 15,000 shares will be allocated to members of the Board of Directors and other employees at the rate of 1 share for each outstanding share, based on their current status in the stock option plan.

**(5) Employees**

	Number of Employees	Change from End of Previous Term	Average Age (years)	Average Length of Service (years)
Male	765	97	30.6	4.8
Female	173	14	26.9	3.4
Total or average	938	111	29.9	4.5

Note: The number of employees described above does not include contract or temporary employees.

**(6) Group Status****1. Major subsidiaries**

Company	Capital	Ownership Percentage	Major Businesses
* Konami Computer Entertainment Tokyo Co., Ltd.	¥453 million	(1) 85	Research & development and production of consumer-use software
Konami Computer Entertainment Osaka Co., Ltd.	¥1,213 million	65	Research & development and production of consumer-use software
Konami Computer Entertainment Japan Co., Ltd.	¥390 million	79	Research & development and production of consumer-use software
* Konami Computer Entertainment Sapporo Co., Ltd.	¥300 million	(18) 100	Research & development and production of consumer-use software
* Konami Computer Entertainment Yokohama Co., Ltd.	¥300 million	(18) 100	Research & development and production of consumer-use software
* Konami Music Entertainment Co., Ltd.	¥60 million	(100) 100	Music production, publishing, and advertising agency businesses
* Konami Computer Entertainment School Co., Ltd.	¥245 million	(100) 100	Fostering and training of digital creators
* Konami Amusement Operation Co., Ltd.	¥1,500 million	(100) 100	Amusement facilities operation
* Konami Style.com Japan, Inc.	¥300 million	(100) 100	E-commerce business
Konami Kosan Co., Ltd.	¥480 million	100	Real estate leasing, management and nonlife insurance agency business
* Konami Service Co., Ltd.	¥100 million	(100) 100	Transport, repair and maintenance of game machines
Konami Capital Co., Ltd.	¥450 million	100	Financial services
* Konami of America, Inc.	US\$ 5,500 thousand	(100) 100	Consumer software sales in North America
* Konami Amusement of America, Inc.	US\$ 4,993 thousand	(100) 100	Research & development, production and sale of products for amusement facilities in North America
* Konami Gaming, Inc.	US\$1,700 thousand	(100) 100	Production and sale of casino equipment in the State of Nevada
* Konami of Europe GmbH.	DM3,000 thousand	(100) 100	Consumer software sales in Europe

Company	Capital	Ownership Percentage	Major Businesses
* Konami Amusement of Europe Ltd.	Stg. £ 4,000 thousand	(100) 100	Sale of products for amusement facilities in Europe
* Konami (Hong Kong) Ltd.	HK\$1,500 thousand	(100) 100	Sales in Asia

Note: Ownership percentages indicated in parentheses ( ) include indirect share ownership.

2. New developments in corporate consolidation

None

3. Consolidated results

The Konami Group has 31 subsidiaries including the 18 major subsidiaries listed above and an affiliated company accounted for by the equity method. Consolidated sales in the current fiscal year were ¥146.666 billion, an increase of 29.3% from the previous fiscal year. Consolidated net income was ¥18.344 billion, up 259.4% over the previous fiscal year.

(7) Lenders, Loans and Shares Held by Lenders

Lenders	Loans	Number and percentage of shares held by lenders	
The Sumitomo Bank, Ltd.	¥318 million (US\$ 3,000 thousand)	732 thousand shares	1.28%
The Industrial Bank of Japan, Ltd.	¥1,000 million	-	-
The Sanwa Bank, Ltd.	¥477 million (US\$4,500 thousand)	16 thousand shares	0.03%

**(8) Directors and Corporate Auditors**

Position	Name	Area of responsibility and primary duties
Representative Director, Chairman of the Board and CEO	Kagemasa Kozuki	
Representative Director and Vice Chairman	Kagehiko Kozuki	
Managing Director	Noriaki Yamaguchi	General Manager of Finance and Accounting Division
Managing Director	Kazumi Kitase	General Manager of CS Division
Managing Director	Fumiki Tanaka	General Manager of AM Division
Managing Director	Shuji Kido	General Manager of GM Division
Managing Director	Akihiko Nagata	General Manager of CP Division
Managing Director	Toshiro Tateo	General Manager of Corporate Planning Division
Managing Director	Mamoru Ota	General Manager of Sales Division
Managing Director	Shigeo Kodaira	General Manager of International Business Division
Director	Tomokazu Godai	President of Maya Tec Co., Ltd.
Director	Yukio Goto	Professor of Shikoku University
Director	Yoshinobu Tasaki	Professor of Osaka University of Commerce
Director	Kiyoshi Miyauchi	
Standing Corporate Auditor	Noboru Onuma	
Corporate Auditor	Shosuke Kawasaki	Professor of Teikyo University
Corporate Auditor	Shigeo Ishii	Certified public accountant
Corporate Auditor	Mutsuko Yoshioka	Attorney at Law

**Notes:**

1. Noboru Onuma, Shosuke Kawasaki, Shigeo Ishii, and Mutsuko Yoshioka are external corporate auditors, appointed under the special provisions of Article 18 Section 1 of the "Law Concerning Special Measures under the Commercial Code with respect to Audit, etc. of Corporations (Kabushiki-Kaisha)" of Japan.
2. Changes in the board of directors and corporate auditors during the current fiscal year.
  - (1) Standing Corporate Auditor Mr. Sokichi Toyoaki retired from his position due to the expiration of his term, as of the end of the 27<sup>th</sup> Ordinary General Meeting of Shareholders held on June 25, 1999.
  - (2) Mr. Noboru Onuma was elected as a Corporate Auditor at the 27<sup>th</sup> Ordinary General Meeting of Shareholders held on June 25, 1999, and subsequently appointed Standing Corporate Auditor at the corporate auditors meeting that followed the General Meeting of Shareholders .

**3. Important Events Following the End of the Current Fiscal Year**

None

**Balance Sheet**  
(As of March 31, 2000)

(Millions of yen)

<b>ASSETS:</b>		<b>LIABILITIES:</b>	
<b>Current assets</b>	<b>¥ 94,523</b>	<b>Current liabilities</b>	<b>¥ 36,740</b>
Cash and deposits in banks	48,578	Trade notes payable	11,491
Trade notes receivable	3	Trade accounts payable	6,881
Trade accounts receivable	25,723	Short-term loans payable	796
Marketable securities	1	Current portion of long-term debt	1,000
Finished products	2,187	Accounts payable - other	3,722
Raw materials and supplies	789	Income taxes payable	9,751
Work in process	1,808	Accrued expenses	2,430
Advances	1,850	Allowance for bonuses	519
Prepaid expenses	1,007	Other	148
Accounts receivable - other	112		
Short-term loans receivable	10,902	<b>Long-term liabilities</b>	<b>12,964</b>
Deferred income taxes	1,438	Straight corporate bonds	10,000
Other	303	Liabilities for directors' and corporate	
Allowance for doubtful receivables	-186	auditors' retirement benefits	1,486
		Allowance for loss incurred by subsidiary	1,430
<b>Fixed assets</b>	<b>26,337</b>	Long-term deposits	47
Tangible fixed assets	10,216	<b>Total liabilities</b>	<b>49,704</b>
Buildings	5,427		
Structures	154	<b>SHAREHOLDERS' EQUITY:</b>	
Machinery and equipments	9	Common stock	15,793
Vehicles	31	Statutory reserve	16,678
Tools and fixtures	1,105	Additional paid-in capital	15,516
Land	3,488	Legal reserve	1,162
Intangible fixed assets	1,199	Retained earnings	38,682
In-house software	1,170	Appropriated retained earnings	22,803
Telephone line rights	20	Reserve for deferred gain on sale of	
Other	8	fixed asset	225
Investments and other assets	14,920	General reserve	22,578
Investment securities	390	Unappropriated retained earnings	15,878
Investments in subsidiaries	11,696	(Net income)	(16,236)
Treasury stock	30	<b>Total shareholders' equity</b>	<b>71,154</b>
Long-term loans receivable	55		
Long-term prepaid expenses	4		
Lease deposits	1,998		
Deferred income taxes	499		
Other	245		
Allowance for doubtful receivables	-0		
<b>Total assets</b>	<b>¥ 120,859</b>	<b>Total liabilities and shareholders' equity</b>	<b>¥ 120,859</b>

**Statement of Income**  
**(Year ended March 31, 2000)**

(Millions of yen)

<b>I</b>	<b>Net sales</b>	<b>¥ 130,124</b>
<b>II</b>	<b>Costs and expenses</b>	<b>104,510</b>
	Cost of sales	87,719
	Selling, general and administrative expenses	16,790
	<b>Operating income</b>	<b>25,613</b>
<b>III</b>	<b>Non-operating income</b>	<b>1,372</b>
	Interest and dividend income	263
	Gain on sale of marketable securities	634
	Gain on sale of treasury stocks	213
	Rent income	114
	Other	146
<b>IV</b>	<b>Non-operating expenses</b>	<b>1,610</b>
	Interest expenses	100
	Bond interest expenses	384
	Loss on redemption of corporate bond	100
	Foreign exchange losses - net	615
	Other	408
	<b>Ordinary income</b>	<b>25,374</b>
<b>V</b>	<b>Extraordinary income</b>	<b>8,769</b>
	Reversal of allowance for doubtful receivables	88
	Gain on sale of fixed assets	56
	Gain on sale of intellectual property rights	831
	Gain on sale of investment in subsidiaries	7,793
<b>VI</b>	<b>Extraordinary losses</b>	<b>4,861</b>
	Loss on sale or disposal of fixed assets	4,759
	Loss on sale of investment in subsidiaries	101
<hr/>		
	<b>Income before income taxes</b>	<b>29,282</b>
	Income, inhabitant and enterprise taxes	13,609
	Deferred income taxes	-564
	<b>Net income</b>	<b>16,236</b>
	 Unappropriated retained earnings at beginning of year	 914
	Adjustment of retained earnings for adoption of tax effect accounting	1,373
	Reversal of reserve for deferred gain on sale of fixed asset reduction following adoption of tax effect accounting	163
	Interim cash dividends	2,553
	Transfer to legal reserve following adoption of interim cash dividends	255
	<b>Unappropriated retained earnings at end of year</b>	<b>¥ 15,878</b>

## **1. Summary of Significant Accounting Policies**

### **(1) Methods and standards for evaluation of securities**

- Securities listed on stock exchanges ..... Lower of cost or market, based on moving average method (adding back the credited reserve amount in full to the income in the following period).
- Other securities . . . At cost, based on moving average method

### **(2) Methods and standards for evaluation of inventories**

- Finished products, raw materials and work in process . . . At cost, determined by the average method, except for developed work in process stated at cost determined by the specific identification method

### **(3) Depreciation of fixed assets**

- Tangible fixed assets . . . Declining-balance method, based on corporate tax law.
- Intangible fixed assets . . . Straight-line method, based on corporate tax law. However, for in-house software, straight-line method based on estimated useful lives (5-year period)
- Long-term prepaid expenses . . . Straight-line method

### **(4) Lease transactions**

- Finance lease transactions other than those in which ownership of leased equipment is transferred to lessee are based on accounting methods for operating lease transactions.

### **(5) Deferred charges**

- Research and developments cost . . . Charged to income as incurred
- Stock issuance cost . . . Charged to income as incurred

### **(6) Reserves**

- Allowance for doubtful receivables . . . The Company provides an allowance for doubtful accounts at estimated amounts of probable bad debt plus the maximum amount permitted to be charged to income under corporate tax law and regulations.
- Allowance for bonuses . . .The Company provides allowances for bonuses to employees, based on estimated bonuses for the following fiscal year.
- Liabilities for directors' and corporate auditors' retirement benefits . . . Liabilities for directors' and corporate auditors' retirement benefits are provided for amounts of accrued benefits for them as would be required if all such individuals retired at each balance sheet date, as specified in Article 287 Section 2 of the Commercial Code.
- Allowance for loss incurred by a subsidiary . . .The company provides a provision for loss incurred by a subsidiary at amounts determined after consideration of the financial position of the subsidiary, as specified in Article 287 Section 2 of the Commercial Code.

### **(7) Consumption Tax**

- Based on net sales exclusive of taxes.



## 2. Notes to Balance Sheet

### (1) Monetary assets and liabilities in relation to subsidiaries

(Millions of yen)

Short-term assets	¥21,134
Short-term liabilities	1,751
Long-term assets	721
Long-term liabilities	45

### (2) Treasury stock

Marketable securities include ¥1 million of treasury stock acquired through purchase of securities in lots smaller than one unit.

### (3) Accumulated depreciation of tangible fixed assets ¥ 5,760 million

### (4) Major assets and liabilities in foreign currencies

(Millions of yen)

Trade accounts receivable	¥1,385	(A.\$ 6,792 thousand, Eur 4,289 thousand, etc.)
Short-term loans receivable	902	(U.S.\$ 8,500 thousand)
Investments in subsidiaries	6,011	(U.S.\$ 42,700 thousand, NLG 1,000 thousand, etc.)
Trade accounts payable	171	(U.S.\$ 1,546 thousand)
Short-term loans payable	796	(U.S.\$ 7,500 thousand)
Accounts payable-other	167	(U.S.\$ 1,150 thousand, etc.)

### (5) Major leased assets

In addition to tangible fixed assets shown on the balance sheet, computers used for research, development, and production and some office equipment are leased.

### (6) In-house software

In accordance with the transitional treatment of the new accounting standard for "Research and Development Costs, and Software Costs" adopted effective April 1, 1999, the in-house software costs are amortized using the straight-line method based on an estimated useful life of five years. Such costs disclosed as long-term prepaid expenses in prior years' balance sheets are reclassified to intangible fixed assets in the current balance sheet in accordance with the new standard.

### (7) Guarantees ¥7,519 million

### (8) Net income per share ¥290.26

### 3. Notes to Statement of Income

#### (1) Transactions with subsidiaries

	(Millions of yen)
Sales	¥31,636
Purchases	16,500
Selling, general and administrative expenses	2,432
Non-operating transactions	5,473

#### (2) Adoption of accounting for deferred income taxes

Effective April 1, 1999, accounting for deferred income taxes has been adopted. The effect of adoption of the new accounting standard was to increase net income and unappropriated retained earnings for the current fiscal year by ¥564 million and ¥2,101 million, respectively.

**Proposed Appropriation of Retained Earnings**  
**(Year ended March 31, 2000)**

	<b>(Yen)</b>
<b>Unappropriated retained earnings at end of year</b>	<b>¥ 15,878,820,459</b>
<b>Reversal of reserve for deferred gain on sale of fixed asset</b>	<b>6,387,302</b>
<b>Total</b>	<b>15,885,207,761</b>
<b>To be appropriated as follows.</b>	
<b>Transfer to legal reserve</b>	<b>312,638,829</b>
<b>Cash dividends</b>	<b>2,956,388,292</b>
<b>( ¥52.0 per share)</b>	
<b>Directors' bonuses</b>	<b>170,000,000</b>
<b>General reserve</b>	<b>10,446,000,000</b>
<b>Unappropriated retained earnings to be carried forward to next year</b>	<b>¥2,000,180,640</b>

**Notes:**

1. On December 10, 1999, interim cash dividends amounting to of ¥2,553,832,935 (¥45.0 per share) were paid.
2. Cash dividends excluded dividends on 15,162 shares of treasury stock.
3. Bonuses paid to corporate auditors are not included in directors' bonuses.
4. Reserves following reversal for deferred gain on sale of fixed asset based on the Special Tax Measures Law took into account deferred income taxes.

**INDEPENDENT AUDITORS' REPORT**

May 11, 2000

Mr. Kagemasa Kozuki  
Representative Director, Chairman of the Board and CEO  
Konami Co., Ltd.

**Tohmetzu & Co.**  
Representative Partner,  
Engagement Partner,  
Certified Public Accountant:  
Mitsuo Fujishiro

Engagement Partner,  
Certified Public Accountant:  
Masanobu Nishioke

Pursuant to Article 2 of the "Law Concerning Special Measures under the Commercial Code with respect to Audit, etc. of Corporations (Kabushiki-Kaisha)" of Japan, we have examined the balance sheet, the statement of income, the business report (with respect to accounting matters only), the proposed appropriations of retained earnings and the supplementary schedules (with respect to accounting matters only) of Konami Co., Ltd. for the 28th fiscal year from April 1, 1999 to March 31, 2000. The accounting matters included in the business report and supplementary schedules referred to above are based on the Company's books of account.

Our examination was made in accordance with auditing standards generally accepted in Japan and was performed based on such auditing procedures as normally required, which include auditing procedures applied to subsidiaries as considered necessary.

As a result of our examination, in our opinion,

- (1) The balance sheet and the statement of income present fairly the financial position and the results of operations of the Company in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation,
- (2) The business report (with respect to accounting matters only) presents fairly the Company's affairs in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation,
- (3) The proposed appropriations of retained earnings are in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation, and

**(4) The supplementary schedules (with respect to accounting matters only) present fairly the information required to be set forth therein under the Commercial Code of Japan.**

**Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.**

**The above represents a translation, for convenience only, of the original report issued in the Japanese language and the "Supplementary Schedules" referred to in this report are not included in the attached financial documents.**

## THE BOARD OF CORPORATE AUDITORS' REPORT

We, the Board of Corporate Auditors, have received reports from each of the corporate auditors on the conduct of business activities by the directors of the Company during the 28<sup>th</sup> term, which extended from April 1, 1999 to March 31, 2000 and on the methods and results of the audit covering such term. After meeting and discussing these matters, we report as follows:

### 1. Outline of Auditing Procedures by the Corporate Auditors

Based on the policies established by the Board of Corporate Auditors and in accordance with the allocation of responsibilities among the corporate auditors, each of the corporate auditors attended meetings of the Board of Directors and other important meetings, heard business reports from the directors, inspected important documents, including approval documents, carried out investigations of business operations and Company assets in the head office and major branches, and, as appropriate, obtained operating reports from subsidiaries and investigated the business operations and assets of principal subsidiaries. In addition, we received reports and explanations from Tohmatsu & Co., the independent auditors and reviewed the financial statements and schedules.

In addition to the above-mentioned auditing procedures, with respect to such matters as the engagement of a director in a competing business, the conduct of transactions causing a conflict of interest between a director and the Company, the provision of benefits by the Company without consideration, the conduct of irregular transactions with subsidiaries or shareholders of the Company, and acquisitions and disposal of own shares by the Company, we employed such methods as requiring reports from directors and others and made detailed inspections of such matters.

### 2. Conclusions of the Audit

- (1) We affirm that the methods and the conclusions of the audit by Tohmatsu & Co., the independent auditors are proper.
- (2) We affirm that the business report fairly presents the situation of the Company in compliance with the provisions of applicable laws, regulations and the Articles of Incorporation.
- (3) That the proposition relating to the appropriation of retained earnings has nothing to be pointed out considering the state of property of the Company and other circumstances;
- (4) That the accompanying detailed statements fairly present the matters to be stated therein and contain nothing to be pointed out; and
- (5) We affirm that there are no wrongful acts or grave facts of violation of applicable laws, regulations or the Articles of Incorporation of the Company in the director's performance of their duties and based on the aforementioned investigation of subsidiaries, there are no items that must be mentioned regarding the directors' performance of their duties.

We also affirm that the directors have made no violations related to such matters as their engagement in a competing business, the conduct of transactions causing a conflict of interest with the Company, the provision of benefits by the Company without consideration, the conduct of irregular transactions with subsidiaries or shareholders of the Company, and acquisitions or disposals of own shares by the Company.

May 15, 2000

Board of Corporate Auditors  
Konami Co., Ltd.

Noboru Onuma (Seal)  
Standing Statutory Corporate Auditor

Shosuke Kawasaki (Seal)  
Statutory Corporate Auditor

Shigeo Ishii (Seal)  
Statutory Corporate Auditor

Mutsuko Yoshioka (Seal)  
Statutory Corporate Auditor

**Note: Statutory Corporate Auditors Messrs. Noboru Onuma , Shosuke Kawasaki, Shigeo Ishii and Mutsuko Yoshioka are outside statutory corporate auditors as provided for in Article 18.1 of the "Law Concerning Special Measures under the Commercial Code with respect to Audit, etc. of Corporations (Kabushiki-Kaisha)" of Japan.**

## Reference Materials Concerning the Exercise of Voting Rights

1. Total number of shares held by shareholders with voting rights 113,648,300

### 2. Proposals and related items

#### Proposal 1: Acceptance of Proposed Appropriation of Retained Earnings for the 28th fiscal year.

Details of this proposal appear on page 17 of the appended materials.

In line with the Company's basic policy of returning profits to its shareholders, 30% of consolidated net income for the term is to be distributed as dividends.

Based on the policy concerning dividends described above, the dividend for the current term is proposed to be ¥52 per share.

When this dividend is added to the interim dividend, the total dividend for the year is ¥97 per share (increased by ¥54 per share from the previous term).

#### Proposal 2: Changes in the Articles of Incorporation

##### 1. Reasons for changes

- (1) A change in the English version of the trade name currently specified in Article 1 is required to bring the name in line with the Company's efforts to expand its business globally. A supplementary provision is required to allow this change to take effect on July 1, 2000. Once the change has taken effect, the supplementary provision will be voided.
- (2) In preparation for the issue of new shares required to support the Company's expansion, the total number of authorized shares specified in Article 5 must be increased. Following the stock split on May 19, 2000, the total number of shares is currently 113,737,566.
- (3) The conversion of convertible bonds, the exercise of rights to receive new shares attached to warrants, and the recent stock split have increased the total number of shares issued, requiring a change in the number of treasury shares that can be purchased and retired at the discretion of the board of directors, as currently specified in Article 8.
- (4) For greater convenience of the shareholders, amendments to Articles 11 and 12 are required to change the current system of closing the list of shareholders to one which allows shareholders to exercise their rights as of the specified date at the regular shareholders meetings or on other occasions as necessary.
- (5) To allow greater management flexibility, amendments to Article 19 remove limitations on titles assigned to members of the board of directors who are officers of the company.



2. Context of changes

Details of the changes mentioned above are as follows.

(Underlining indicates portions changed)

Current Articles	Amended Articles
<p>(Trade Name) Article 1.</p>	<p>(Trade Name) Article 1.</p>
<p>The name of the Company is Konami Kabushiki Kaisha, being expressed as "KONAMI CO., LTD." in English.</p>	<p>The name of the Company is Konami Kabushiki Kaisha, being expressed as "KONAMI <u>CORPORATION</u>" in English.</p>
<p>(Total Number of Shares to be Issued) Article 5.</p>	<p>(Total Number of Shares to be Issued) Article 5.</p>
<p>Total number of the shares authorized to be issued by the Company shall be <u>one hundred twenty nine million and seven hundred thousand (129,700,000)</u>; provided, however, that the number shall be, in circumstances where any shares have been cancelled, reduced by a number of the shares so cancelled.</p>	<p>Total number of the shares authorized to be issued by the Company shall be <u>four hundred fifty million (450,000,000)</u>; provided, however, that the number shall be, in circumstances where any shares have been cancelled, reduced by a number of the shares so cancelled.</p>
<p>(Cancellation of the Shares) Article 8.</p>	<p>(Eliminate)</p>
<p><u>The Company may, if it determines in the light of the state of the economy, the condition of the business or properties of the Company or other situations that it is very necessary to do so, purchase with its profit and cancel not more than five million five hundred fifty-one thousand four hundred twenty-nine (5,551,429) shares by resolution of the Board of Directors on or after 26th June, 1999.</u></p>	<p>(Eliminate)</p>
<p>(New Text)</p>	<p>(Cancellation of the shares)</p>
<p>(New Text)</p>	<p>Article 8. _____  The Company may, if it determines in the light of the state of the economy, the condition of the business or properties of the Company or other situations that it is very necessary to do so, purchase with its profit and cancel not more than eleven million (11,000,000) shares by resolution of the Board of Directors on or after 24th June, 2000.</p>
<p>(Suspension of Shareholders' Register and Record Date) Article 11.</p>	<p>(Record Date) Article 11.</p>
<p>1. The Company shall suspend an entry of any change in the Shareholders' Register for</p>	<p>1. <u>The Company shall deem the shareholders with voting right, who are listed</u></p>

the period commencing on April 1 and ending on April 30 of each year.

2. In addition, the Company may, upon giving prior public notice, ~~suspend an entry of any change in the Shareholders' Register or fix~~ a record date for a certain period whenever necessary by a resolution of the Board of Directors.

(Convocation)  
Article 12.

1. An ordinary general meeting of the shareholders of the Company shall be convened within three (3) months after the day following each account settlement date of each year and an extraordinary general meeting of the shareholders shall be convened whenever necessary.

~~2. The shareholders (including the beneficial shareholders: The same shall apply hereafter.) of the Company who are entitled to exercise their rights at an ordinary general meeting of the shareholders provided in the preceding paragraph shall be those who are listed on the final Shareholders' Registers as of March 31, and in case of extraordinary general meeting as of the date determined by a resolution of the Board of Directors.~~

(Representative Directors and Directors with Title)  
Article 19.

1. Representative Directors shall be appointed by a resolution of the Board of Directors.

~~2. One (1) Chairman and Director, one (1) President and Director, one (1) Vice Chairman and Director and one (1) or more Executive Vice President and Director(s), Senior Managing Director(s) and Managing Director(s) may be appointed by a resolution of the Board of Directors.~~

on the Shareholders' Register and beneficial Shareholders' Register as of March 31 of each year (including the beneficial shareholders: the same shall apply hereafter.) to be entitled to exercise their voting rights at the general meeting of the shareholders for such fiscal year.

2. In addition, the Company may, upon giving prior public notice, fix a record date for a certain period whenever necessary by a resolution of the Board of Directors.

(Convocation)  
Article 12.

An ordinary general meeting of the shareholders of the Company shall be convened within three (3) months after the day following each account settlement date of each year and an extraordinary general meeting of the shareholders shall be convened whenever necessary.

(Eliminate)

(Representative Directors and Directors with Title)  
Article 19.

~~Directors and President and other directors with title who shall represent the Company shall be appointed by the Board of the Directors.~~

(Eliminate)

(New Text)

Supplementary Provision

Article 1

Changes in Article 1 shall be effective from July 1, 2000.

**Proposal 3: Election of 15 members to the Board of Directors**

The terms of the current 14 members of the board of directors expire at the end of this year's Ordinary General Meeting of Shareholders. To strengthen the management team, one member will be added to the new board, for a total of 15 members. Candidates for the new board are as follows:

	<b>Name (Date of Birth)</b>	<b>Resume &amp; representation of other companies</b>	<b>Shares of the Company's stock owned</b>
1	<b>Kagemasa Kozuki (Nov. 12, 1940)</b>	<p>March 1969 Founded Konami Industries (private enterprise)</p> <p>March 1973 Established Konami Industries Co., Ltd. (now Konami Co., Ltd.) with the paid-in capital of ¥1 million</p> <p>March 1974 Assumed the office of Representative Director and President</p> <p>June 1987 Representative Director and Chairman of the Board</p> <p>June 1996 Representative Director, Chairman of the Board and CEO (to present)</p> <p>Representation of other companies</p> <ul style="list-style-type: none"> <li>• Representative Director and Chairman of the Board, Konami Australia Pty. Ltd.</li> </ul>	<b>55,856</b>
2	<b>Kagehiko Kozuki (March 7, 1944)</b>	<p>Dec. 1983 Joined the company as Manager of Production division</p> <p>May 1984 Director</p> <p>August 1990 Managing Director</p> <p>May 1991 Senior Managing Director</p> <p>June 1997 Vice Chairman</p> <p>March 1998 Representative Director and Vice Chairman (to present)</p> <p>Representation of other companies</p> <ul style="list-style-type: none"> <li>• Representative Director and President, Konami Corporation of Europe B.V.</li> <li>• Representative Director and President, Konami Asia (Singapore) Pte. Ltd.</li> </ul>	<b>26,204</b>
3	<b>Noriaki Yamaguchi (Jan. 26, 1944)</b>	<p>June 1994 Joined the company as Advisor</p> <p>June 1994 Managing Director in charge of International Division</p> <p>July 1995 Managing Director in charge of Administration Division</p> <p>Feb. 1996 Managing Director in charge of Finance and Accounting Division (to present)</p> <p>Representation of other companies</p> <ul style="list-style-type: none"> <li>• Representative Director and President, Konami Capital Co., Ltd.</li> </ul>	<b>7,500</b>

	Name (Date of Birth)	Resume & representation of other companies	Shares of the Company's stock owned
4	Kazumi Kikue (Feb. 20, 1957)	<p>April 1981 Joined the company</p> <p>March 1992 Supervising Manager of the 7<sup>th</sup> Development Division</p> <p>April 1993 Manager of the Tokyo Development Center</p> <p>June 1996 Director</p> <p>Jan. 1997 Director in charge of Consumer-Use Software Division</p> <p>March 1998 Managing Director in charge of Consumer-Use Software Division</p> <p>Jan. 2000 Managing Director in charge of CS Division (to present)</p> <p>Representation of other companies</p> <ul style="list-style-type: none"> <li>• Representative Director and President, Konami Computer Entertainment Yokohama Co., Ltd.</li> <li>• Representative Director and President, Konami Computer Entertainment School Co., Ltd.</li> </ul>	24,900
5	Fumiaki Tanaka (March 10, 1961)	<p>April 1981 Joined the company</p> <p>Sept. 1993 Manager of Seishin Development Center</p> <p>May 1996 Manager of Amusement Machines Division</p> <p>June 1996 Director in charge of Amusement Machines Division</p> <p>Dec. 1996 Director in charge of Amusement Machines and Pachinko Systems Divisions</p> <p>March 1998 Managing Director in charge of Amusement Machines and Pachinko Systems Divisions</p> <p>Jan. 2000 Managing Director in charge of AM and PS Divisions</p> <p>March 2000 Managing Director in charge of AM Division (to present)</p>	33,100
6	Akshiko Nagata (Jan. 19, 1959)	<p>April 1981 Joined the company</p> <p>Dec. 1994 Manager of Development Division</p> <p>June 1996 Director in charge of Business and CP Divisions</p> <p>May 1997 Director in charge of CP Division</p> <p>March 1998 Managing Director in charge of CP Division</p> <p>Dec. 1998 Managing Director in charge of Creative Products Division</p> <p>Jan. 2000 Managing Director in charge of CP Division (to present)</p> <p>Representation of other companies</p> <ul style="list-style-type: none"> <li>• Representative Director and President, Konami Music Entertainment Co., Ltd.</li> </ul>	38,300

	Name (Date of Birth)	Resume & representation of other companies	Shares of the Company's stock owned
7	Shuji Kido (Oct. 9, 1947)	Oct. 1986 Joined the company Feb. 1993 Manager of the 4 <sup>th</sup> Development Division July 1993 Manager of Kanagawa Development Center May 1996 Manager of Gaming Machines Division June 1996 Director in charge of Gaming Machines Division March 1998 Managing Director in charge of Gaming Machines Division Jan. 2000 Managing Director in charge of GM Division (to present)	3,500
8	Toshiro Tateno (Aug. 12, 1957)	April 1994 Joined the company Feb. 1995 Manager of Management Planning Department Feb. 1996 Manager of Planning Division June 1996 Director in charge of Planning Division March 1998 Managing Director in charge of Planning Division Nov. 1999 Managing Director in charge of Corporate Planning Division (to present)	3,400
9	Mamoru Ota (Mar. 2, 1959)	April 1995 Joined the company April 1996 Manager of Management Planning Department Feb. 1997 Manager of Sales Division June 1997 Director in charge of Sales Division March 1998 Managing Director in charge of Sales Division (Hanbai Honbu) Jan. 2000 Managing Director in charge of Sales Division (Elgyo Honbu) (to present)  Other company's representation • Representative Director and President, Konami Parlor Entertainment Co., Ltd. • Representative Director and President, Konami Amusement Operation Co., Ltd. • Representative Director and President, Konami Style. com Japan, Ltd.	2,300
10	Shigeo Kodaira (Jan. 1, 1959)	June 1997 Joined the company as Director and Vice Manager of International Division Sept. 1997 Director in charge of International Division March 1998 Managing Director in charge of International Division Jan. 2000 Managing Director in charge of International Business Division (to present)	2,200

	Name (Date of Birth)	Resume & representation of other companies	Shares of the Company's stock owned
* 11	Hidetoshi Inatomi (Feb. 2, 1951)	Dec. 1998 Joined the company as Manager of Administration Department Jan. 2000 Senior Corporate Officer in charge of Business Solutions Division (to present) Representation of other companies • Representative Director and President, Konami Career Management Co., Ltd.	900
12	Tomokazu Godai (Oct. 6, 1939)	May 1992 Director (to present) Representation of other companies • Representative Director and President, Maya Tec Co., Ltd. • Representative Director and President, Santetsu Giken Co. Ltd.	5,300
* 13	Takuya Iwasaki (Nov. 29, 1928)	Dec. 1986 President, Nikko Securities Co., Ltd. June 1996 Chairman of the Board, Nikko Securities Co., Ltd. Oct. 1997 Advisor, Nikko Securities Co., Ltd. (to present).	0
* 14	Satoshi Akagi (Jan. 1, 1928)	April 1983 Deputy Superintendent of Education, Education Committee in Hyogo Prefecture March 2000 Director, Kozaki Foundation for Information Technology Education (to present)	0
* 15	Haruhiko Yoshida (Mar. 29, 1940)	June 1995 General Manager of Account Management Division 4, Dentsu Inc. May 1997 President, Dentsu East Japan Inc. April 2000 General Manager of Sales Division, Delphys Inc. (to present)	200

**Notes:**

1. There are no special conflicts of interest between any of the candidates and the Company.
2. New candidates are indicated with an asterisk (\*).

#### Proposal 4: Election of 3 Corporate Auditors

The terms of office of corporate auditors Shosuke Kawasaki, Shigeo Ishii, and Mutsuko Yoshioka come to an end at the conclusion of this Ordinary General Meeting of Shareholders, at which point all will step down. The following are candidates to replace them as corporate auditors. Tetsuro Yamamoto, Minoru Nagaoka, and Masataka Imaizumi are also candidates for external auditor as defined and required under Article 18:1 of the Law Concerning Special Exceptions to the Commercial Code Concerning Audit of Joint-Stock Companies.

	Name (Date of Birth)	Resume & representation of other companies	Shares of the Company's stock owned
* 1	Tetsuro Yamamoto (Dec. 23, 1948)	May 1997 Branch Manager, Shinbashi Ekimae Branch, Tokyo Mitsubishi Bank, Ltd. April 1999 Director, Tokyo Mitsubishi Bank, Ltd. July 1999 Director, Tokyo Mitsubishi Securities, Ltd. (to present)	0
* 2	Minoru Nagaoka (May 16, 1924)	July 1979 Administrative Vice Minister, Ministry of Finance Nov. 1988 Chairman of the Board of Directors, Tokyo Stock Exchange, Ltd. Oct. 1994 Member, National Public Safety Commission July 1999 Chairman of the Board of Directors, Capital Markets Research Institute (to present)	0
* 3	Masataka Imaizumi (Mar. 3, 1926)	1965 Chief of Kochi Prefectural Police 1980 Superintendent-General of the Metropolitan Police 1995 Chairman of the Board of Directors, Japan Traffic Safety Association (to present)	0

#### Notes:

1. There are no special conflicts of interest between any of the candidates and the Company.
2. New candidates are indicated with an asterisk (\*).



**Proposal 5: Election of Independent Auditor**

The term of office of independent auditor Tohmatsu & Co. comes to an end at the conclusion of this general meeting, at which point it will step down. The following is the candidate to replace it as independent auditor. The Board of Corporate Auditors has agreed the candidate company to serve if elected.

<b>Name:</b>	<b>Asahi &amp; Co.</b>								
<b>Headquarters:</b>	<b>Asahi Center Building 1-2 Tsukudo-cho, Shinjuku-ku, Tokyo</b>								
<b>Office Locations:</b>	<b>Sapporo, Sendai, Yamagata, Toyama, Nagano, Niigata, Takasaki, Mito, Chiba, Yokohama, Nagoya, Gifu, Shizuoka, Kyoto, Nara, Osaka, Wakayama, Kobe, Okayama, Hiroshima, Yonago, Matsue, Tokuyama, Shimonoseki, Takamatsu, Fukuoka, Ooita, and Nagasaki</b>								
<b>History</b>	<p>July 1969 Asahi &amp; Co. was established.</p> <p>December 1974 Shiwa Company was established.</p> <p>April 1978 Inoue Saito Eiwa Audit Corporation was established.</p> <p>July 1985 Asahi &amp; Co. merged with Shinwa Company and became Asahi Shiwa &amp; Co.</p> <p>October 1993 Asahi Shiwa &amp; Co. merged with Inoue Saito Eiwa Audit Corporation and became Asahi &amp; Co.</p>								
<b>Headcount: (As of March 31, 2000)</b>	<table> <tr> <td>CPA</td> <td>1,191</td> </tr> <tr> <td>Junior CPA</td> <td>604</td> </tr> <tr> <td>Other</td> <td>516</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,311</b></td> </tr> </table> <p><b>Number of Audit Clients: 3,846</b></p> <p><b>Amount of Capital: ¥1,242 million</b></p>	CPA	1,191	Junior CPA	604	Other	516	<b>Total</b>	<b>2,311</b>
CPA	1,191								
Junior CPA	604								
Other	516								
<b>Total</b>	<b>2,311</b>								

### **Proposal 6: Retirement allowances for retiring members of the Board of Directors**

The terms of office of directors Yukio Goto, Yoshinobu Tasaki, and Kiyoshi Miyauchi come to an end at the conclusion of this general meeting. In recognition of their contributions, the Company would like to award them retirement allowances within the scope provided for in our Regulations Concerning Retirement Allowances for Directors. We ask that the specific amount, timing of its payment, method, and other details be left to the discretion of the Board of Directors.

The following are brief resumes of the retiring directors:

<b>Name</b>	<b>Resume</b>
<b>Yukio Goto</b>	<b>June 1997 Director (to present)</b>
<b>Yoshinobu Tasaki</b>	<b>June 1997 Director (to present)</b>
<b>Kiyoshi Miyauchi</b>	<b>June 1998 Managing Director (to present) Dec. 1999 Director (to present)</b>

### **Proposal 7: Retirement allowances for retiring Corporate Auditors**

The terms of office of corporate auditors Shosuke Kawasaki, Shigeo Ishii, and Mutsuko Yoshioka come to an end at the conclusion of this general meeting. In recognition of their contributions, the Company would like to award them retirement allowances within the scope provided for in our Regulations Concerning Retirement Allowances for Corporate Auditors. We ask that the specific amount, timing of its payment, method, and other details be left to the discretion of the Board of Directors.

The following are brief resumes of the retiring corporate auditors:

<b>Name</b>	<b>Resume</b>
<b>Shosuke Kawasaki</b>	<b>June 1994 Corporate Auditor (to present)</b>
<b>Shigeo Ishii</b>	<b>June 1994 Corporate Auditor (to present)</b>
<b>Mutsuko Yoshioka</b>	<b>June 1994 Corporate Auditor (to present)</b>