



Summary of the Company's 26th annual general meeting of shareholders is as follows.

\* Please note that this material is provided for the purpose of providing a summary of the 26th annual general meeting of shareholders on our website only, and as such its format and content differ from the legal record of the general meeting of shareholders.

Date and Time: Saturday, June 24, 2006, 10:00 a.m. through 11:20 a.m. (80 minutes)

Location: Century Room, Century Hyatt Hotel  
(2-7-2 Nishi Shinjuku, Shinjuku-ku, Tokyo)

Number of shareholders attending: 590

## Meeting Agenda:

### Reports

1. Business Report, Non-consolidated Balance Sheet, and Non-consolidated Statements of Income for the 26th Term (April 1, 2005 through March 31, 2006; the "Term")
2. Consolidated Balance Sheet, Consolidated Statements of Income, and Audit Reports on Consolidated Financial Statements for the 26th Term (April 1, 2005 through March 31, 2006) by Independent Auditors and the Board of Corporate Auditors

### Matters for Resolution

Proposal 1: Approval of the proposal for the appropriation of retained earnings for the 26th Term

Proposal 2: Partial amendments to the Articles of Incorporation

For details regarding the proposed amendments, please see the attached “Reference Documents for Exercising Voting Rights (P.4-14)”

- Proposal 3: Appointment of six (6) directors  
Proposal 4: Revision of ceiling on remuneration for directors and corporate auditors  
Proposal 5: Appointment of Independent Auditors

\* All resolutions have been passed.

The following questions were asked by shareholders:

<Question 1>

1. You recorded sharp decrease in profit. Did you disclose the financial projection timely?
2. Please give us details of what you mean by “game industry being in transitional period.”
3. MSCB issued during the previous period should have caused stock price to fall and underminet shareholder interests.

<Answer 1: Yoichi Wada, President>

1. It certainly took time to finalize figures due to changes in the business environment and reevaluation of assets, however, we disclosed figures timely as it was ready.
2. I use the term of “transitional period” meaning that there is no clear answer yet for appropriate business model that meets various demands for game software under the current business environment.
3. A bond, of which conversion price drops by bond holder’s exercise of option as stock price falls, and causes dilution of shareholders’ equity, is generally called an MSCB. However, the warrant bond we issued totally differs from such MSCB in that 1) it has an upward conversion price adjustment mechanism with downward rigidity, and 2) a special option to adjust the conversion price is given only to the Company.

<Question 2>

As it has always been said that game industry had come to an era of online game, it is somewhat strange to say now it is a transitional period.

<Answer 2: Yoichi Wada, President>

Our Games (Online) segment recorded increase in income and profit, and we have no plan of changing our strategy. We have been making future investment for further enhancement of such strategy. I mean by the term of “transitional period” that we have been trying to challenge various business models mainly in Games (Offline) segment.

<Question 3>

Will RPGs continue to take a leading part of your business?

## &lt;Answer 3: Yoichi Wada, President&gt;

We do not specialize in developing only RPGs, and will continue to create products meeting our customers' expectations regardless of genre or platform.

## &lt;Question 4&gt;

1. I am afraid that game arcade business is difficult to sustain in a society with fewer children while the Company merged with TAITO CORPORATION. I also think that you should have sold commercial karaoke machine business before the merger.
2. Financial results were far apart from the projections, and stock price has kept falling since you announced that profit would decrease by 40% from the previous year. Don't you think that disclosure of such projections misled investors as spread of false information?

## &lt;Answer 4: Yoichi Wada, President&gt;

1. First of all, TAITO has not merged with us, but is now a wholly-owned subsidiary of the Company through acquisition.  
The purpose of the TAITO acquisition is to have more touch-points with customers. Looking at our competitors, game arcade business is a profit-making source. We seek to expand our customer base not only in game arcade business but also in all other business segments given increasingly lower birthrates. In addition, calculation of purchase price of TAITO included the estimated amount of sale of commercial karaoke machine business, and we expect to recognize gain on sale of the business.
2. As stated above, we disclose figures timely they are ready for disclosure, and never manipulate figures.

## &lt;Question 5&gt;

1. Tell us what led to your selecting these six candidates for Proposal 3.
2. Tell us the basis for determining the amount of remuneration for directors and auditors for Proposal 4.
3. Regarding Proposal 1, I have to say that dividend payout is not satisfactory, considering your rich retained earnings and assets. Tell us the reason why you determine the amount of dividend. Under what condition will you increase the dividend payout in the future?

## &lt;Answer 5: Yoichi Wada, President&gt;

1. Four directors out of six – Wada, Honda, Kawazu and Matsuda are in charge of managerial execution. We selected candidates by their experiences in execution and their performances in the light of consistency and continuation of the management. Part-time directors, Chida and Naruke, have given counsel for our management from their considerable discernment and managerial vision, and are suitable for their position.
2. Because it had not been revised for last 15 to 20 years, and because of enforcement of new Corporation Law, remuneration for directors have come to time for revision.  
Under the new Corporation Law, bonus and other compensations for directors' and auditors' services are to be included in a single category of the remuneration, and the directors' bonuses from retained earnings are vanished. Consequently, we were required to expand the maximum amount of

remuneration as the remuneration system had been changed under the law. Total amounts of remuneration paid to directors and auditors in the previous fiscal year are shown on page 22 of the notice of this meeting, and we will continue to determine the standard of remuneration appropriately in accordance with our financial performance.

3. We basically seek stable dividend payouts conforming to our financial performance, targeting payout ratio at around 30%. In the last fiscal year, we paid ¥30 to commemorate our 25th fiscal year in addition to the ordinary dividend of ¥20 (annual dividend totaled ¥60 including interim dividend of ¥10). For 26th fiscal year, we decided to pay year-end dividend of ¥20 and interim dividend of ¥10 (¥30 in total) as the trend of market condition is highly fluid, and in consideration of earning retention.

<Question 6>

1. What is each director's thinking of revision of remuneration for directors and auditors for Proposal 4?
2. You should realize that the number of shares of the Company held by each director varies from one to another, since even an outside-director needs to be capable of taking big responsibility

<Answer 6: Yoichi Wada, President>

1. I will speak for all.  
The revision of remuneration was made mainly due to structural change of remuneration under the Corporation Law, and we will continue to determine the standard of remuneration appropriately in accordance with our financial performance.  
Each director is ready to commit to the management of the Company with a fresh resolution aiming at further improvement of our financial performances.
2. The responsibility of each director is not directly linked to the number of shares held. Please understand that all the directors are putting efforts in the management of the Company with the same strong sense of responsibility.