Bandai Namco Group
Interim Period for the
Fiscal Year ending March 2006

November 24, 2005

NAMCO BANDAI Holdings Inc.

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# 1st Half Results

BANDAI (Consolidated)

<table>
<thead>
<tr>
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<th>1st Half Results</th>
<th>Prior Year 1st Half Results</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>134,645</td>
<td>121,277</td>
<td>+11.0%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>15,332</td>
<td>9,829</td>
<td>+56.0%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>15,946</td>
<td>10,132</td>
<td>+57.4%</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,607</td>
<td>3,883</td>
<td>+44.4%</td>
</tr>
</tbody>
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(Millions of Yen)

# 1st Half Highlights

BANDAI (Consolidated)

- **Toys & Hobby**: Posted good results, centered around girls' toys
- **Visual and Music Contents**: Mobile Suit Gundam Series displays and provides group synergy effects
- **North America**: While continuing to struggle due to harsh market conditions and tight competition, our efforts of "selection and focus" resulted in some improvements.
1st Half Results

NAMCO (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>1st Half Results</th>
<th>Prior Year 1st Half Results</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>85,052</td>
<td>81,980</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,538</td>
<td>4,422</td>
<td>-42.6%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>2,632</td>
<td>4,200</td>
<td>-37.3%</td>
</tr>
<tr>
<td>Net Income</td>
<td>2,526</td>
<td>2,679</td>
<td>-5.7%</td>
</tr>
</tbody>
</table>

1st Half Highlights

NAMCO (Consolidated)

- **Coin-Op Game Machines**: Domestic sales posted strong results. Installation of large-sized game machines in 2nd half.
- **Home Videogame Software**: Increase in number of units sold overseas. Concentration of franchise title releases in 2nd half.
- **Amusement Facility Operations**: Whilst harsh market conditions, same store sales year on year was 95.7% domestically (Japan), and 97.7% for North America.
Tamagotchi posts strong results
- Worldwide Sales top 5.8 million units in 1st half
- Character Merchandise: Strong results
New Tamagotchi Series (Entama)
- Plans to link with Data Carddass

Popular, Long-established Boys’ Character Toys
- Maji Ranger (Power Rangers)
- Masked Rider Hibiki
- Disk Animals

Strong Start for Data Carddass
- Dragon Ball Z series
- Started March 2005
- NARUTO also starts off strong
- 4,750 machines installed (as of Oct. 2005)

Apparel, Sundries Strong
- Pretty Cure Max Heart
- Mushiking
- Cinnamoroll

Topics for 2nd Half
- Strengthen product competitiveness of Boys’ Characters
- Secure profit overseas
**Topics for 2nd Half**

- Invigorate same store sales with installation of new AM machines, etc.
- Further progress in high quality services and low cost operations
- Development of new types of location businesses
- Invigorate same store sales with installation of new AM machines, etc.
- Further progress in high quality services and low cost operations

**Spa Resort Liberty**

**Business Strategy**

**Amusement Facility**

- **Same store sales** vs. prior year (% (domestic): 95.7%

**Game Contents**

- **Domestic Sales of AM machines post strong 1st half results**
  - The Idolmaster
  - Medal no Tatsujin
  - Taiko no Tatsujin
  - Mario Kart GP
  - Tekken 5

- **Topics for 2nd Half**
  - Earn higher results from installation of new machines
  - Synergies with AM facility operations

- **NAMCO mobile phone content subscribers top 1 million in Japan**
  - Together with Bandai Networks subscribers, total subscriptions amount to more than 5 million
Home Videogame Software

Despite severe market conditions, the following titles contributed to strong sales:

- Super Robot Wars α
- Dragon Ball Z Sparking!
- Tamagotchi
- Ridge Racers (US/Europe)
- Tekken 5 (Europe)
- Ridge Racer 6 for Xbox 360

Topics for 2nd Half

- High expectations for 2nd half releases of franchise titles
  - Tales of the Abyss for PS2
  - Soul Caliber III for PS2
  - Mobile Suit Gundam SEED for PS2

- Increased emphasis on multi-platform strategy
  - Support next generation hardware systems
  - Ridge Racer 6 for Xbox 360

Network

Game Contents Strong

Subscribers at 1.48 million at the end of September 2005

- An increase of 35% year on year
- Various content implementation that match diversified consumer needs

- Strengthen Solutions Business
  - 3D engine contributed to results

Topics for 2nd Half

- Effective implementation of inter-group resources
- Joint development with NAMCO
  - Service begins Winter 2006
  - SD Gundam RPG for i-mode
Business Strategy

**Visual and Music Content**

- **Gundam Displays** Group Synergy Effect
  - Mobile Suit Gundam Series Strong
    - Group Synergy Effect increases income rate

- **Topics**
  - TAKESHIS’ Mobile Suit Z Gundam -A New Translation-
    - In theaters in Japan

- **Topics**
  - **Business Expansion**
    - Expansion of contents business from Visual content to Audio, as well as text content
  - **Area Expansion**
    - Expansion overseas based on ‘Made in Japan’ high value-added business model

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**North America Area Business Strategy**

- **1st Half Results**
  - Tamagotchi series posts very strong results
  - Ridge Racer for PSP posts strong results
  - Efficiency improvement measures have positive impact on income rate

  ⇒ However, the results fell short of the initial plan due to more emphasis on the 2nd half of the FY as well as severe market conditions and competitions
North America Area Business Strategy

Topics

☆Enhancement of portfolio function

Organization from January 2006

WordPress.com

Management Integration Synergy Effects

Fusion Plans and Projects within the New Group

BANDAI NAMCO management integration commemorative essay

- Over 2000 entries
- Announcement of winners/inductees in January, 2006
  ⇒ Realization of Ideas

Bandai, NAMCO intercompany HR transfer

- Inter-company departments with available openings posted and start transfer process based on entries
  - November 2005 Listing
  - December 2005 Decision
  - April 2006 Transfer

HR Development Program bilateral participation

- BANDAI HR development training
- NAMCO HR development training

⇒ February thru July, 2006

Groupwide Projects

- Environmental Project
- BANDAI NAMCO Group Rights Project
- BANDAI NAMCO Group Intellectual Property Project
**Merchandising expansion of NAMCO contents**

**Toys & Hobby × Game Contents**
- Revival of past hit arcade games with “Let’s TV Play”
  - Dragon Buster
  - GAPLUS
  - Xevious
  - MAPPY
  - Let’s TV Play Series

**Visual × Game Contents**
- Arrange NAMCO game contents to visual content
  - Idol Master, etc.

**Plastic models of futuristic jets from ‘Ace Combat Zero’**

**Production and sale of figure toys based on NAMCO game content**
- Soul Caliber III
- Tekken

**Location expansion**

**Toys & Hobby × Locations**
- Tamagotchi Café (tentative)
  - Installation of ‘Deka-tamagotchi’ at NAMCO facilities ⇒ Over 200 facilities

**Game Content × Locations**
- Development of Amusement Machines “Mobile Suit Gundam Senjo no Kizuna”

**Toys & Hobby × Locations**
- Installation of Data Carddass units at NAMCO locations ⇒ 160 locations, 260 units

**Game Content × Network**
- Development of Mobile contents
  - Offer SD Gundam RPG for i-mode services this winter

**Business Synergy**

**Management Integration Synergy Effects**
Warning concerning forward-looking statements:

This report contains figures that are based on the information currently available to management and estimates involving uncertain factors thought likely to have an effect on future results.

URL: www.bandainamco.co.jp/