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**Transition of Results**

**Formerly BANDAI** (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (Billion yen)</th>
<th>Operating Income (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY02.3</td>
<td>150</td>
<td>30</td>
</tr>
<tr>
<td>FY03.3</td>
<td>170</td>
<td>40</td>
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<tr>
<td>FY04.3</td>
<td>200</td>
<td>50</td>
</tr>
<tr>
<td>FY05.3</td>
<td>220</td>
<td>60</td>
</tr>
<tr>
<td>FY06.3</td>
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**Formerly NAMCO** (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (Billion yen)</th>
<th>Operating Income (Billion yen)</th>
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</thead>
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<tr>
<td>FY02.3</td>
<td>100</td>
<td>10</td>
</tr>
<tr>
<td>FY03.3</td>
<td>120</td>
<td>20</td>
</tr>
<tr>
<td>FY04.3</td>
<td>140</td>
<td>30</td>
</tr>
<tr>
<td>FY05.3</td>
<td>160</td>
<td>40</td>
</tr>
<tr>
<td>FY06.3</td>
<td>180</td>
<td>50</td>
</tr>
</tbody>
</table>

**NAMCO BANDAI Holdings Inc.** (Consolidated)

Net Sales: 450,829 million yen
Operating Income: 35,669 million yen

**Results by SBU**

**Toys and Hobby**

- **Japan**: "Tamagotchi Plus" "Data Carddass" Girls' toys post strong results
- **Overseas**: Established stable foundation through 'selection and focus.'

**Amusement Facility**

- **Japan**: Market downturn with prize machines' popularity waning
- **Overseas**: Effects of U.S. market downturn
- Installment of "Mario Kart Arcade Grand Prix" and other machines in 2nd Half create recovery trend

**FY06.3 Results**

<table>
<thead>
<tr>
<th>Net Sales (Billion yen)</th>
<th>Operating Income (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY05.3 Results</td>
<td>50</td>
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<tr>
<td>FY06.3 Plan</td>
<td>10</td>
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<tr>
<td>FY06.3 Results</td>
<td>15</td>
</tr>
</tbody>
</table>

*FY05.3 Results is calculated by simple addition of BANDAI consolidated and NAMCO consolidated results.*
### Game Contents

**Home Video Game Software**

Japan・Overseas: Despite some hit titles, market downturn and slow response to changes in customer needs, resulted in sluggish results.

**Coin-Operated Game Machines**

Japan: “Mario Kart Arcade Grand Prix”
“Idol M@ster” posted strong results.

Overseas: “Wangan Midnight MAXIMUM TUNE2” had strong sales.

### Network

High value-added content strengthens earnings foundation

⇒ increased average charge per subscriber

New technology offerings such as “2D Vector Engine” and “3D Engine”

### Visual & Music Content

Japan: “Mobile Suit GUNDAM” series
⇒ Strong group synergy effects

Overseas: Product returns increased amid U.S. market downturn
⇒ Posted allowance to reflect severe market conditions
Plan Figures
Plan for FY07.3

Net Sales 470 billion yen
Operating Income 40 billion yen

Plan Figures

Medium-Term Management Plan Strategy

THEME of Medium-Term Management Plan
Strengthening, Enriching, and Expanding Portfolio Management

Medium-Term Management Plan

Content Portfolio

Area (Regional) Portfolio

Attain ideal area portfolio and increase overseas sales to 25% of overall sales

Business Portfolio

Expand business domain, Create new domain

Portfolio Spiral

Long-established ⇔ New, Original ⇔ Licensed: Attain ideal portfolio balance
**Medium-Term Management Plan Strategy**

**Management Strategy**
1. Strengthening Corporate Governance
2. Effectively Utilizing Human Resources
3. Building Optimal Management System

**Business Strategy**
1. Entertainment Hub Concept
   - Content Strategy
   - Domain Strategy
   - Channel Strategy
2. Strengthening Overseas Businesses

**Strategic Business Unit (SBU)**

Strategic Business Unit system as of end of March 2006

NAMCO BANDAI Holdings Inc.

- Affiliated Business Group
- Strategic Business Units:
  - Toys & Hobby
  - Bandai
  - Amusement Facility
  - NAMCO
  - Game Contents
  - NAMCO BANDAI Games
  - Network
  - Bandai Networks
  - Visual & Music Content
  - Bandai Visual
Toys & Hobby

FYE 07.3 Business Strategy

Further strengthening and expansion of popular products

"Tamagotchi Plus"

Data Carddass
• Increase content
  "Dragon Ball Z" "NARUTO" "Tamagotchi Plus" "Digimon"
  ⇒ Expand target group!
  ⇒ Bring up as established popular characters

Content Strategy
Long-established popular + New content
⇒ Rich line-up

Net Sales
Operating income

FYE 07.3
Business Strategy

Partner Company Collaborations

BANDAI × UNIQLO
"Tamagotchi" T-shirts + "chibi-Tamagotchi"

BANDAI × KENWOOD
"Enter-audio" for adult target

BANDAI × WILLCOM
Kids’ Keitai (mobile) "papipoi"

Overseas Businesses

"TAMAGOTCHI"
Continuing strong sales

"POWER RANGERS"
Good start in America
Also started development in India

Anticipated Content

"BEN10"
Centered around Boys’ toys in U.S.

"NARUTO"
Centered around Cards in U.S.

"POCOYO"
Centered around Infants’ toys in Europe
Amusement Facility

Existing Facilities

FYE 07.3 Business Strategy

Net Sales
Operating income

Kochikame Game Park
Opened in Tokyo, based on theme of the "Kochikame" world.

Plabo Nagano
Opened in 2005, a large-scale facility

Danwashitsu Kaikaya
Members' only community salon for baby boomers

"Namja Town"
Celebrated its 10th anniversary and is set to further enrich facility

"Nagoya Dessert Forest"
Opened inside a large-scale shopping center

"Namja Town" world.

FYE 07.3

New business formats

"NAMCO Aso-Base"
Synergy with BANDAI
Fun space for families to enjoy based on time charge

"Quick Make Sugu Sugu"
Tokyo Station
Reasonably priced quick make-up shop

"Gensou Koubo"
Creative space for adults to enjoy making crafts
Scheduled to open in FY07.3 in Yokohama

Strong start

"NAMCO Spa Resort Liberty"
More new hot bath facilities scheduled for opening

Strong start

"Gensou Koubo"
Creative space for adults to enjoy making crafts

Overseas Business

GAME MACHINES
BOWLING
BAR COUNTER
POOL BAR

⇒Strengthening development of hybrid facilities (Europe)
### Game Contents

#### Anticipated home video game titles
- **PS2**: Tekken Dark Resurrection, Rain, Wonder Trip, etc.
- **DSDS**: Unou no tatsujin, Tamagotchi 2, etc.
- **PS3**: Mobile Ops: The One Year War, Culdsept Saga, etc.
- **PSP**: "hack//G.U." series, Xenosaga Episode III, Dragon Ball Z Sparking! NEO, etc.
- **Wii**: Dragon Ball Z Sparking! NEO, Final Furlong (tentative), etc.
- **Xbox 360**: Ridge Racer 7, Tekken 6, Mobile Suit GUNDAM, etc.
- **DS**: Mobile Suit GUNDAM, etc.
- **TEKKEN**: Tekken 6
- **Mobile Suit GUNDAM**: Senjou no Kizuna
- **"hack" Project**: Media-mix developments with various media

#### Next gen. consoles
- Titles under development scheduled for release in the future

#### Net Sales

<table>
<thead>
<tr>
<th>FY06.3 Result</th>
<th>FY07.3 Plan</th>
<th>FY08.3 Plan</th>
<th>FY09.3 Plan</th>
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</thead>
<tbody>
<tr>
<td>200</td>
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#### Operating Income

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### FYE 07.3 Business Strategy

#### Home title structure
- Balanced multi-platform strategy

### Game Contents

#### Collaboration
- Support broadband streaming for Ministry of Internal Affairs and Communications
  - Support through application of game technology to streaming contents to all grade and middle school students in Japan
- "hack" Project
  - Media-mix developments with various media

#### Synergy
- Great reception!
- "Tamagotchi" × Arcade Machine
- Character-based medal games, etc.

#### Overseas Business
- TEKKEN (PSP)
  - Time Crisis 4 (Coin-Op)
  - Expansion of Worldwide Developments
**Network**

**Expand rich content**

- Develop with quality that makes full use of new functions and technologies of mobile phones
  
  - Game Content
  - Video Content
  - Electric comic, etc.

**Synergy**

- Content for i mode
  - "SD GUNDAM RPG"
- Bandai Networks × NAMCO BANDAI Games
- Start of service scheduled for June

**Expansion of business domain**

- Make service available and expand "picture recognition engine"
- Linking catalog shopping, packaged software, search engine, etc.
- Internet advertising business starts
  
  - Bandai Networks × V I B E × Tokyo Agency

**Visual & Music Content**

**Maximize content value**

- Lantis stock purchase
  
  ⇒ Take initiative in music content business
  
  ⇒ Provide songs to animation portals, etc.

**FYE 07.3 Business Strategy**

- GUNDAM developments
  
  - Various approaches to bringing out the world of GUNDAM
  - Mobile Suit GUNDAM DVD-BOX (2 boxes) on sale
  - "GUNDAM SEED C. E. 73 Stargazer" internet streaming
  - Mobile Suit GUNDAM MS IGLOO" DVD on sale

**Theatrical works**

- Cannes Film Festival sidebar
  
  - Directors’ Fortnight submission finalized
    
    "Yureru"
    
    Directed by Miwa Nishikawa
    
    Produced by Hirokazu Koreeda
    
    Starring Joe Odagiri

- Expansion of business domain
Entertainment Hub Concept

Bandai Namco Group’s Mission

“Dreams, Fun and Inspiration”