2006.11.10
Presentation of the Financial Results for the Interim Period of FY 07.3
BANDAI NAMCO Group

CONTENTS

FY07.3 First Half Results  2
Business Strategies  4
    Toys and Hobby SBU  4
    Amusement Facility SBU  6
    Game Contents SBU  8
    Networks SBU  10
    Visual and Music Content SBU  11
Group Mission and Vision  12
### FY07.3 First Half Results

#### Transition of Results

<table>
<thead>
<tr>
<th></th>
<th>FY04.3</th>
<th>FY05.3</th>
<th>FY06.3</th>
<th>FY07.3 1st Half</th>
<th>FY07.3 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results</td>
<td>Results</td>
<td>Results</td>
<td>Plan</td>
<td>Results</td>
</tr>
<tr>
<td>Net Sales</td>
<td>435.7</td>
<td>448.4</td>
<td>450.8</td>
<td>210.0</td>
<td>206.6</td>
</tr>
<tr>
<td>Operating Income</td>
<td>43.0</td>
<td>39.4</td>
<td>35.6</td>
<td>12.3</td>
<td>17.2</td>
</tr>
<tr>
<td>Recurring Income</td>
<td>41.6</td>
<td>40.3</td>
<td>37.1</td>
<td>12.5</td>
<td>18.5</td>
</tr>
<tr>
<td>Net Income</td>
<td>21.7</td>
<td>20.6</td>
<td>14.1</td>
<td>6.8</td>
<td>11.0</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>23.2</td>
<td>20.9</td>
<td>20.8</td>
<td>10.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>18.2</td>
<td>19.1</td>
<td>19.1</td>
<td>11.0</td>
<td>8.9</td>
</tr>
<tr>
<td>R&amp;D Investments</td>
<td>27.3</td>
<td>30.2</td>
<td>32.2</td>
<td>19.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Advertising Expenses</td>
<td>31.7</td>
<td>31.4</td>
<td>31.0</td>
<td>17.5</td>
<td>14.0</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>30.0</td>
<td>32.1</td>
<td>33.7</td>
<td>17.5</td>
<td>17.6</td>
</tr>
</tbody>
</table>

*Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).*

#### Net Sales

- **FY04.3**
- **FY05.3**
- **FY06.3**
- **FY07.3 Forecast**

#### Recurring Income

- **FY04.3**
- **FY05.3**
- **FY06.3**
- **FY07.3 Forecast**

#### Visual and Music Contents
- Mobile Suit GUNDAM series: Strong performance

#### Toys and Hobby
- DATA CARDDASS and Tamagotchi Plus: Strong performance
- Net Sales: (3.4) billion yen
- Operating Income: +4.9 billion yen

#### Network
- Decrease in paid subscribers

#### Game Contents
- Postponement in release dates for some products

#### Amusement Facility
- Existing facility sales YoY: Underperformed vs. plan

Exhibited Effects of the Business Portfolio Function
### FY07.3 First Half Results

#### By Business Segment

<table>
<thead>
<tr>
<th></th>
<th>FY07.3 First Half</th>
<th>FY07.3 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial Plan</td>
<td>Actual Results</td>
</tr>
<tr>
<td>Toys and Hobby</td>
<td>81.5</td>
<td>85.7</td>
</tr>
<tr>
<td></td>
<td>5.0</td>
<td>8.1</td>
</tr>
<tr>
<td>Amusement Facility</td>
<td>44.6</td>
<td>43.2</td>
</tr>
<tr>
<td></td>
<td>2.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Game Contents</td>
<td>62.0</td>
<td>57.0</td>
</tr>
<tr>
<td></td>
<td>2.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Network</td>
<td>6.5</td>
<td>6.2</td>
</tr>
<tr>
<td></td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Visual and Music</td>
<td>17.0</td>
<td>19.2</td>
</tr>
<tr>
<td>Content</td>
<td>2.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Other</td>
<td>9.2</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>0.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>

#### FY07.3 First Half Results

#### By Geographic Segment

<table>
<thead>
<tr>
<th></th>
<th>FY07.3 First Half</th>
<th>FY07.3 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial Plan</td>
<td>Actual Results</td>
</tr>
<tr>
<td>Japan</td>
<td>170.2</td>
<td>166.1</td>
</tr>
<tr>
<td></td>
<td>12.7</td>
<td>16.5</td>
</tr>
<tr>
<td>Americas</td>
<td>22.0</td>
<td>19.9</td>
</tr>
<tr>
<td></td>
<td>(1.3)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Europe</td>
<td>11.6</td>
<td>13.9</td>
</tr>
<tr>
<td></td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Asia</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>1.1</td>
<td>1.3</td>
</tr>
</tbody>
</table>

**Overall Strong Performance by Overseas Companies**
### Business Strategy

#### Toys and Hobby SBU

<table>
<thead>
<tr>
<th>Transition of Results</th>
<th>FY04.3</th>
<th>FY05.03</th>
<th>FY06.3</th>
<th>FY07.3 1st Half</th>
<th>FY07.3 Full Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>164.8</td>
<td>167.2</td>
<td>181.0</td>
<td>85.7</td>
<td>180.0</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>13.7</td>
<td>12.8</td>
<td>19.0</td>
<td>8.1</td>
<td>16.5</td>
</tr>
</tbody>
</table>

**Graphs:**

- **Net Sales**
  - FY04.3
  - FY05.03
  - FY06.3
  - FY07.3 (Forecast)

- **Operating Income**
  - FY04.3
  - FY05.03
  - FY06.3
  - FY07.3 (Forecast)

Unit: Billion yen
Main Items in X-mas sales
- Established product lines
  Boukenjar
  Masked Rider Kabuto
  Ultraman Mebius
  Pretty Cure Splash Star
  Mobile Suit GUNDAM, etc.

Aim to be overwhelmingly #1!
- New product lines
  Tamagotchi School
  Let’sTV Play series
  Treasure Gaust
  Kids’ cell phone – papipo!, etc.

Product Strategy
- DATA CARDDASS
  Expansion image
  FY05.3: 20 bill. yen
  FY06.3: 50 bill. yen
  FY07.3 (Forecast): 60 bill. yen
  Estimated market size based on BANDAI research

Aim for Market Expansion through Market Share Growth

Business Strategy
Toys and Hobby SBU

DATA CARDDASS
Expasion image

Business Strategy
Toys and Hobby SBU

Main Items in X-mas sales
- Established product lines
  Boukenjar
  Masked Rider Kabuto
  Ultraman Mebius
  Pretty Cure Splash Star
  Mobile Suit GUNDAM, etc.

Aim to be overwhelmingly #1!
- New product lines
  Tamagotchi School
  Let’sTV Play series
  Treasure Gaust
  Kids’ cell phone – papipo!, etc.

Product Strategy
- DATA CARDDASS
  Expansion image
  FY05.3: 20 bill. yen
  FY06.3: 50 bill. yen
  FY07.3 (Forecast): 60 bill. yen
  Estimated market size based on BANDAI research

Aim for Market Expansion through Market Share Growth

Business Strategy
Toys and Hobby SBU

DATA CARDDASS
Expasion image

Business Strategy
Toys and Hobby SBU

Tamagotchi
Synergy output with other SBUs
- Toys and Hobby
- Amusement Facility
- Network
- Mobile Contents
- Game Contents
- Game software for DS・Wii
  ⇒ Cultivate into an established character

Tamagotchi
Synergy output with other SBUs
- Toys and Hobby
- Amusement Facility
- Network
- Mobile Contents
- Game Contents
- Game software for DS・Wii
  ⇒ Cultivate into an established character

Content Strategy
- Toys and Hobby
  - New versions
  - Directly operated facilities
  - Events
  - Seal print machines

GUNDAM
Product Strategies for the year
with no TV broadcasts
- Merchandising with on-demand films, DVD sales, coin operated game sales, etc.
- Many events
  ⇒ Preventing decline of sales from prior year

GUNDAM
Product Strategies for the year
with no TV broadcasts
- Merchandising with on-demand films, DVD sales, coin operated game sales, etc.
- Many events
  ⇒ Preventing decline of sales from prior year

Treasure Gaust
Character MD with Corocoro Comic
  ⇒ Anticipated as a leading character for elementary school boys

Treasure Gaust
Character MD with Corocoro Comic
  ⇒ Anticipated as a leading character for elementary school boys
Business Strategy

**Toys and Hobby SBU**

**M&A**
CCP Co., Ltd.
- Radio controlled models
- Home appliances

**Collaboration**
UNIQLO
- Sales of Character T-shirts
- Section at NY location

**Kokuyo**
“Kadokeshi” & “Tamagotchi” Collaboration product

**Other**
Entry into New Business Area

<table>
<thead>
<tr>
<th>Overseas</th>
<th>Americas, Europe</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas, Europe</td>
<td>Tamagotchi, Power Rangers: Strong performance</td>
<td>Power Rangers: Good start</td>
<td>Tamagotchi: Good start</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**M&A**
CCP Co., Ltd.
- Radio controlled models
- Home appliances

**Collaboration**
UNIQLO
- Sales of Character T-shirts
- Section at NY location

**Kokuyo**
“Kadokeshi” & “Tamagotchi” Collaboration product

**Other**
Entry into New Business Area

**Business Strategy**

**Amusement Facility SBU**

<table>
<thead>
<tr>
<th>Transition of Results</th>
<th>FY04.3</th>
<th>FY05.03</th>
<th>FY06.3</th>
<th>FY07.3 1st Half</th>
<th>FY07.3 Full Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>82.3</td>
<td>85.0</td>
<td>81.2</td>
<td>43.2</td>
<td>90.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>6.7</td>
<td>5.7</td>
<td>1.8</td>
<td>1.8</td>
<td>3.8</td>
</tr>
</tbody>
</table>

*Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).*  
*FY06.3 figures are based on business segmentation of FY07.3.*  

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY04.3</td>
<td></td>
</tr>
<tr>
<td>FY05.03</td>
<td></td>
</tr>
<tr>
<td>FY06.3</td>
<td></td>
</tr>
<tr>
<td>FY07.3 (Forecast)</td>
<td></td>
</tr>
</tbody>
</table>

Unit: billion yen
Business Strategy

Amusement Facility SBU

Currently

- Domestic existing facility sales YoY
  - 1st half avg.: 102.2%
  - Recovering trend ⇒ Leveling off

Large-scale Facility Openings

- 1st half: 4 facilities opened
- 2nd half: 9 facilities scheduled

Installation of Popular Game Machines

- “Mobile Suit GUNDAM Senjo no Kizuna”

Re-evaluation of Operations

- Cost cuts through efficient operation
  - YoY: decrease of 400 million yen

Synergy

“Character & Location” Synergies

Facilities

- 1st Half: Aso-base (Sapporo), HERO’S BASE (Kawasaki)
- 2nd Half: Tamagotchi-themed facility scheduled to be open within the fiscal year

Campaign

- DATA CARD DASS campaign only available at NAMCO facilities

Events

- Tamagotchi event linked with NAMJA TOWN

Overseas

Europe

- Operation of hybrid facility bowling alleys
- 1st half 2006: Acquisition of 5 facilities in UK
  - ⇒Total 16 facilities in Europe!
## Business Strategy
### Game Contents SBU

<table>
<thead>
<tr>
<th>Transition of Results</th>
<th>FY04.3</th>
<th>FY05.03</th>
<th>FY06.3</th>
<th>FY07.3 1st Half</th>
<th>FY07.3 Full Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>124.4</td>
<td>129.0</td>
<td>130.7</td>
<td>57.0</td>
<td>153.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>20.5</td>
<td>19.8</td>
<td>9.7</td>
<td>1.8</td>
<td>13.0</td>
</tr>
</tbody>
</table>

*Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).

*FY06.3 figures are based on business segmentation of FY07.3.

### Anticipated Titles

<table>
<thead>
<tr>
<th>Home Video Game Software</th>
<th>Anticipated Titles</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS3</td>
<td>Mobile Suit GUNDAM Target in Sight, Ridge Racer 7, etc.</td>
</tr>
<tr>
<td>PS2</td>
<td>GUNDAM, NARUTO, TAIKO Drum Master, Super Robot Wars OG, etc.</td>
</tr>
<tr>
<td>PSP</td>
<td>TEKKEN®: DARK RESURRECTION, Gunpey, Tales of series, etc.</td>
</tr>
<tr>
<td>DS</td>
<td>Tales of the Tempest, Dragon Ball Z, Heisei Kyoku linkai, etc.</td>
</tr>
<tr>
<td>Wii</td>
<td>Ennichi no Tatsujin, Tamagotchi no Pika-pika Daitoryo!, Crayon Shinchan, etc.</td>
</tr>
</tbody>
</table>

*Multi-Platform Strategy based on Customer Needs*
**Business Strategy**

**Game Contents SBU**

### Coin-Op Game Machines

**Anticipated Game Machines**

- "Mobile Suit GUNDAM Senjo No Kizuna"
- "Mobile Suit GUNDAM Spirits of ZEON"
- Pasha-pasha Seal Tamagotchi to Tama-2 shot

GREAT START!

16 pods installed at HERO'S BASE!

**Attract core users**  **Attract families**

Pursue Synergy Effects with Facilities

### Overseas

**Reorganization of Europe region**

- NAMCO BANADAI Games Europe S.A.S.
- NAMCO EUROPE LIMITED
- NAMCO BANDAI Networks Europe Limited

**Consolidation of Domestic Offices (Shinagawa Area)**

- WMC
  - Surpassed 1.06 million paid subscribers!
  - Concentration of People, Equipment, and Skills
  - Transfer Popular Game Contents to Mobile Phones

**Other**

- "Face to Face Office"
  - Clarification of Responsibilities
  - Speedy Operations

**Establishment of New Companies**

- Coin operated game machine sales company
- Consolidation of mobile phone content businesses
### Business Strategy

<table>
<thead>
<tr>
<th>Transition of Results</th>
<th>FY04.3</th>
<th>FY05.03</th>
<th>FY06.3</th>
<th>FY07.3 1st Half</th>
<th>FY07.3 Full Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>10.2</td>
<td>10.1</td>
<td>12.5</td>
<td>6.2</td>
<td>13.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1.9</td>
<td>1.6</td>
<td>1.8</td>
<td>0.5</td>
<td>1.1</td>
</tr>
</tbody>
</table>

**Net Sales**

- FY04.3
- FY05.03
- FY06.3
- FY07.3 (Forecast)

**Operating Income**

- FY04.3
- FY05.03
- FY06.3
- FY07.3 (Forecast)

Unit: billion yen

### Content Strategy

**Selective Content Expansion**
- Reevaluation of content profitability
- Higher unit-value and efficiency through site consolidation
- Strengthening R&D of rich contents

**Establishment of Solid Business Foundation through Expansion of Business Domain**
- Start of service and expansion of “Picture Recognition Engine”
- Internet advertising business: Steady start

**New Business**
- Over 140,000 subscribers!
### Business Strategy
#### Visual and Music Content SBU

<table>
<thead>
<tr>
<th>Transition of Results</th>
<th>FY04.3</th>
<th>FY05.03</th>
<th>FY06.3</th>
<th>FY07.3 1st Half</th>
<th>FY07.3 Full Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>42.6</td>
<td>44.4</td>
<td>43.3</td>
<td>19.2</td>
<td>38.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>5.7</td>
<td>5.4</td>
<td>6.1</td>
<td>4.5</td>
<td>7.0</td>
</tr>
</tbody>
</table>

*Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).*

#### Visual and Music Content SBU

**Content Strategy**
- **First GUNDAM DVD-BOX on sale**
- **Part 1 (¥37,800)**
- **Over 120,000 sets pre-ordered**

**Anticipated contents**
- **CODE GEASS**
  - Lelouch of the Rebellion (TBS・MBS broadcast)
  - SUNRISE×CLAMP
- **Synergy**
  - Animation of Idol M@ster

**New business**
- **Anime Channel**
  - http://www.dot-anime.com
  - Internet sales of DVDs, etc.
  - Video streaming distribution
  - Downloads of full-length songs
  - Planning and sales of original products, etc.

**Market Development for Distribution of Visual Content for Children**
- Collaboration with USEN
- Nov.2 Start
Group Mission and Vision

MISSION

Dreams, Fun and Inspiration

VISION

To Become the World’s Most Inspiring Entertainment Group

Note on Projections

This document contains forward-looking statements and information related to the BANDAI NAMCO Group that are based on our knowledge as well as various assumptions made on the basis of information currently available. The words “forecast,” “plan,” “target,” “estimation,” “projection,” “intend,” “will” and similar expressions, as related to the Group, are intended to identify forward-looking statements and information. Actual results could differ materially from those projected in such forward-looking statements.