

BANDAI NAMCO GROUP
Information Meeting
(Fiscal Year ended March 2009)



The leading innovator in global entertainment

May 8, 2009

NAMCO BANDAI Holdings Inc.
President and Representative Director
Shukuo Ishikawa

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1. FY2009.3 Results

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Transition of Results

(billion yen)

	FY2007.3	FY2008.3	FY2009.3
Net Sales	459.1	460.4	426.3
Operating Income	42.2	33.4	22.3
Recurring Income	45.6	36.1	24.5
Net Income	24.2	32.6	11.8
Capital Expenditures	20.3	19.7	14.6
Depreciation	21.2	24.7	22.5
R&D Investments	32.1	34.9	33.8
Advertising Expenses	31.0	30.5	28.4
Personnel Expenses	36.0	37.2	35.0

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Business Segments



(billion yen)

		FY08.3	FY09.3	YOY	Main Points
Toys & Hobby	Net Sales	180.1	165.7	-14.4	While showing solid performance in established character toys, peripheral toys and US market were sluggish.
	OP	14.3	11.5	-2.8	
Amusement Facility	Net Sales	89.8	77.2	-12.6	Existing stores struggled due to the current harsh economic environment, and restructuring costs were recorded in the US.
	OP	1.6	0.3	-1.3	
Game Contents	Net Sales	145.6	139.4	-6.2	Overseas game software performed well, but the domestic businesses were sluggish, especially in arcade game machine sales.
	OP	14.7	10.9	-3.8	
Network	Net Sales	12.0	10.8	-1.2	Decrease in # of subscribers and under-performance in solution business resulted in lower performance than previous year.
	OP	0.9	0.6	-0.3	
Visual & Music Content	Net Sales	36.9	34.6	-2.3	In the transitional period to next generation hardware, package software sales fell.
	OP	3.8	0	-3.8	
Other	Net Sales	19.8	19.0	-0.8	In addition to the above, costs resulted from changes in business strategies for the New Mid-term Business Plan were recorded.
	OP	0.7	0.5	-0.2	
Elimination	Net Sales	-23.9	-20.5	—	
	OP	-2.8	-1.7	—	
Consolidated	Net Sales	460.4	426.3	-34.1	
	OP	33.4	22.3	-11.1	

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Business Segments



(billion yen)

		FY09.3 Previous Forecasts	FY09.3 Results	YOY
Toys & Hobby	Net Sales	172.0	165.7	-6.3
	OP	11.0	11.5	+0.5
Amusement Facility	Net Sales	78.0	77.2	-0.8
	OP	0.5	0.3	-0.2
Game Contents	Net Sales	149.0	139.4	-9.6
	OP	13.0	10.9	-2.1
Network	Net Sales	11.0	10.8	-0.2
	OP	0.8	0.6	-0.2
Visual & Music Content	Net Sales	33.5	34.6	+1.1
	OP	0.5	0	-0.5
Other	Net Sales	19.0	19.0	0
	OP	0.5	0.5	0
Elimination	Net Sales	-22.5	-20.5	—
	OP	-2.3	-1.7	—
Consolidated	Net Sales	440.0	426.3	-13.7
	OP	24.0	22.3	-1.7

Reasons for not meeting previous forecasts

- ▶ Domestic arcade game machine sales struggled.
- ▶ ¥ 1.1 billion costs were recorded in the US due to the re-evaluation of work in process related to game development.

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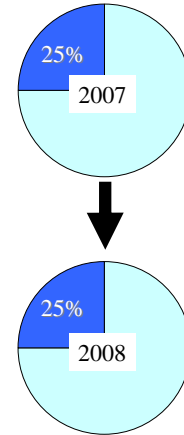
Regional Segments



(billion yen)

		FY08.3	FY09.3	YOY
Japan	External Sales	346.7	319.5	-27.2
	OP	24.4	15.8	-8.6
Americas	External Sales	52.6	48.3	-4.3
	OP	2.3	0.8	-1.5
Europe	External Sales	46.3	45.0	-1.3
	OP	6.8	6.2	-0.6
Asia	External Sales	14.7	13.5	-1.2
	OP	2.8	2.2	-0.6
Elimination	External Sales	—	—	—
	OP	-3.0	-2.9	—
Consolidated	External Sales	460.4	426.3	-34.1
	OP	33.4	22.3	-11.1

Overseas sales ratio



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2. Mid-term Business Plan (2009.4~2012.3)

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Mid-term Business Plan: Overview



Medium to Long-term Group Vision

Globally Recognized Entertainment Group

Targets of Mid-term Business Plan starting 2015

OP: ¥100 billion, Overseas sales ratio: 50%, ROE: more than 10%

【Mid-term Strategies starting in FY2010.3】

Strategy A: Focus

Clarification of the mission of each business

Targeted/prioritized investment

(1) Businesses for Dynamic Growth

Toys and Hobby, Game Contents

(2) Businesses for Profit Improvement

Visual & Music Content, Amusement Facility

Strategy B: Enhance the Entertainment-hub

Evolve from best domestic model to the best global model

- Strengthen IP creation/acquisition capability
- Enhance IP marketing capability
- Maximize merchandising development capability

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Mid-term Business Plan: Position of FY2010.3

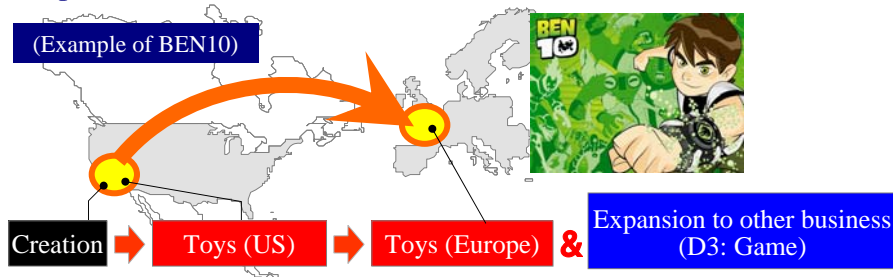


Solidifying the business base for global growth to achieve the long-term targets

1. Up-front investments on “Dynamic Growth” businesses

Reinforcing “Overseas → Overseas” business

Expansion based on the successful business model of BEN10



⇒ Proactive investments in selected areas

2. Improving profitability

⇒ Profit improvement by selection and concentration

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3. FY2010.3 Plan

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FY2010.3 Plan



(billion yen)

	FY09.3 1 st half	FY09.3 Full Year	FY10.3 1 st half (Plan)	FY10.3 Full Year (Plan)	Full Year YOY
Net Sales	190.7	426.3	195.0	430.0	+3.7
Operating Income	5.5	22.3	2.5	22.5	+0.2
Recurring Income	7.2	24.5	3.0	23.5	-1.0
Net Income	1.2	11.8	1.0	12.5	+0.7
Capital Expenditures	7.9	14.6	8.0	18.5	+3.9
Depreciation	10.3	22.5	11.0	23.0	+0.5
R&D Investments	18.6	33.8	18.0	36.0	+2.2
Advertising Expenses	12.9	28.4	14.0	32.0	+3.6
Personnel Expenses	18.4	35.0	18.0	36.5	+1.5

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FY2010.3 Plan: Business Segments



(billion yen)

		FY09.3 1 st half	FY09.3 Full Year	FY10.3 1 st half (Plan)	FY10.3 Full Year (Plan)	Full Year YOY
Toys & Hobby	Net Sales	73.2	165.7	75.0	165.0	-0.7
	OP	4.4	11.5	4.0	10.5	-1.0
Game Contents	Net Sales	61.8	150.2	63.0	158.0	+7.8
	OP	0.5	11.6	-2.0	11.0	-0.6
Visual & Music Content	Net Sales	15.9	34.6	17.0	35.0	+0.4
	OP	0.6	0	0.5	2.0	+2.0
Amusement Facility	Net Sales	40.5	77.2	37.0	72.0	-5.2
	OP	1.0	0.3	1.0	1.5	+1.2
Other	Net Sales	9.5	19.0	10.0	19.0	0
	OP	0.2	0.5	0.3	0.5	0
Elimination	Net Sales	-10.3	-20.5	-7.0	-19.0	—
	OP	-1.3	-1.7	-1.3	-3.0	—
Consolidated	Net Sales	1,90.7	426.3	195.0	430.0	+3.7
	OP	5.5	22.3	2.5	22.5	+0.2

Due to the group reorganization, the Network segment is included in the Game Contents segment from FY2010.3, and the above FY2009.3 results in Game Contents are the sum of the results of Game Contents and Network segments.

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FY2010.3 Plan: Regional Segments



(billion yen)

		FY09.3 1 st half	FY09.3 Full Year	FY10.3 1 st half (Plan)	FY10.3 Full Year (Plan)	Full Year YOY
Japan	External Sales	146.5	319.5	158.0	323.0	+3.5
	OP	4.2	15.8	5.0	17.0	+1.2
Americas	External Sales	17.3	48.3	15.0	51.0	+2.7
	OP	-0.8	0.8	-2.8	1.5	+0.7
Europe	External Sales	20.3	45.0	15.0	42.0	-3.0
	OP	2.7	6.2	0.7	5.0	-1.2
Asia	External Sales	6.4	13.5	7.0	14.0	+0.5
	OP	0.9	2.2	1.0	2.5	+0.3
Elimination	External Sales	—	—	—	—	—
	OP	-1.5	-2.9	-1.4	-3.5	—
Consolidated	External Sales	190.7	426.3	195.0	430.0	+3.7
	OP	5.5	22.3	2.5	22.5	+0.2

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4. Business Strategies

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Toys and Hobby

(billion yen)

	FY2009.3 (Results)		FY2010.3 (Plan)	
	1 st half	Full Year	1 st half	Full Year
Net Sales	73.2	165.7	75.0	165.0
Operating Income	4.4	11.5	4.0	10.5
OP margin	6.0%	7.0%	5.3%	6.4%

Mid-term Strategies

- Expanding the character merchandising model originated in Japan into the overseas markets
- Building a dominant No. 1 position in the Japanese market

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Toys and Hobby: Japan



New series of the long-established characters



More popular than previous series

Solid start!

Battle Spirits: Good Start!

200M cards already sold within 7 months since the launch!



Start selling in the US this summer !

DATA CARDDASS

New Masked Rider content becomes popular.



→ increasing market share

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Toys and Hobby: Overseas



Strengthening contents originated in overseas

Reinforcing BEN10 series



FY2010.3

Worldwide toy sales plan
(more than 37 countries)
→ 12 billion yen

Proactive investment in developing new overseas contents, like BEN10

Expanding Japanese contents



KAMEN RIDER DRAGON KNIGHT

New products to be launched in the second half of FY10.3.

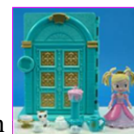
Europe

- Expanding product categories

New girls products

- Expanding sales network

Considering to establish a new sales company



KeyTeens

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Game Contents



(billion yen)

	FY2009.3 (Results)		FY2010.3 (Plan)	
	1 st half	Full Year	1 st half	Full Year
Net Sales	61.8	150.2	63.0	158.0
Operating Income	0.5	11.6	-2.0	11.0
OP margin	0.8%	7.7%	—	7.0%

Due to the group reorganization, the Network segment is included in the Game Contents segment from FY2010.3, and the above FY2009.3 results are the sum of the results of Game Contents and Network segments.

Mid-term Strategies

Video Game Software

- Overseas: Reinforcing worldwide development and sales system
- Japan: Maintaining and bolstering number one market share among third parties

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Game Contents: Video Game Software



FY2010.3: Main Titles



Title Names	Platform	Region	Release timing	Planned sales units
TEKKEN 6	PS3,XB360	WW	2 nd half	2,000K
DRAGON BALL Z (New)	PS3,XB360	J, E	2 nd half	800K
Family Trainer (Active Life Outdoor Challenge) Series	Wii	J, US, E	2 nd half	600K
Soul Calibur (New)	PSP	J, US, E	2 nd half	600K
Gundam (New)	Wii,PS2	J	1 st half	500K
WE SKI & SNOW BOARD	Wii	US, E	1 st half	400K

WW: Worldwide, J: Japan, US: United States, E: Europe

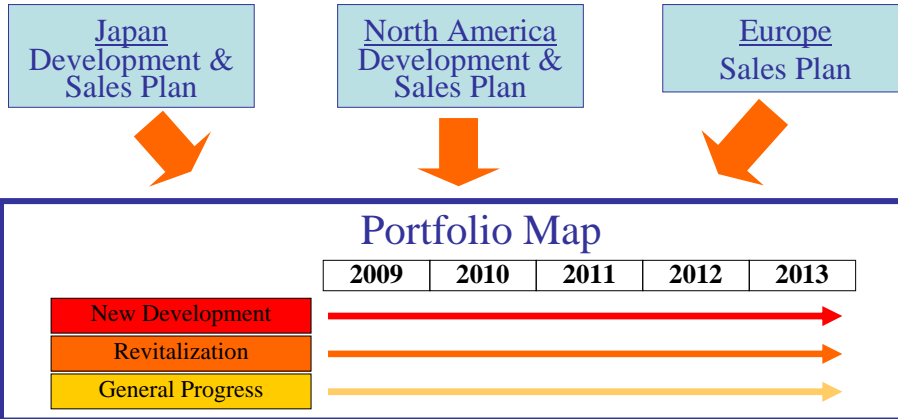
of New Titles FY09.3: 69 titles ⇒ FY10.3 plan: 64 titles (excluding D3 titles)

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Game Contents: Video Game Software



Development system based on portfolio map has started



A tool to share the development and sales schedule in each region and category among sales staffs and creators

→ Making proactive and effective investments to pursue “Dynamic Growth” in overseas markets.

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Game Contents



Video Game Software: M&A

- Distribution Partners S.A.S.
- D3 Inc.

Business expansion in **growing overseas markets**

Collaboration in domestic mobile content market

Mobile Contents for Cell-phone

Solidifying the firm base by the merger of NAMCO BANDAI Games and Bandai Networks

	(Thousand subscribers)			
	06.3	07.3	08.3	09.3
Game	2,560	2,980	3,210	3,240
Character	1,060	880	960	850
Sound	1,090	800	450	290
Others	200	150	160	140
Group Total	4,910	4,810	4,780	4,520

Arcade Game Machine

Pursuing the added-value which can only be enjoyed at amusement facilities.



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Visual and Music Content



(billion yen)

	FY2009.3 (Results)		FY2010.3 (Plan)	
	1 st half	Full Year	1 st half	Full Year
Net Sales	15.9	34.6	17.0	35.0
Operating Income	0.6	0	0.5	2.0
OP margin	4.1%	0.1%	2.9%	5.7%

Mid-term Strategies

- Improving profitability by IP portfolio management
- Strengthening the function to create contents, the source of the group business

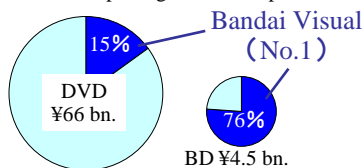
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Visual and Music Content

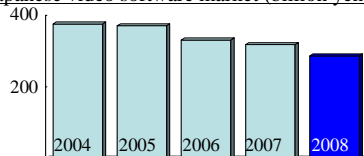


Japanese Market

Mkt. share in package sales in Japanese Animation



Japanese video software market (billion yen)



Profit improvement in the US

Adjusted the market inventories by accepting returns worth ¥900 million from the market.

Temporal thing and this FY's profitability back to normal level !

IP Portfolio Management

- Well-balanced mix of contents for core anime fans and families
- Improving profitability by selling blu-ray disc software worldwide



AKIRA

Animation of "Mobile Suit Gundam UC (Unicorn)"



Creating a new business model to simultaneously distribute contents worldwide !

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Amusement Facility



(billion yen)

	FY2009.3 (Results)		FY2010.3 (Plan)	
	1 st half	Full Year	1 st half	Full Year
Net Sales	40.5	77.2	37.0	72.0
Operating Income	1.0	0.3	1.0	1.5
OP margin	2.5%	0.5%	2.7%	2.1%

Mid-term Strategies

- Improving profitability by selection and concentration
- Strategies to pursue differentiated facilities with a competitive edge.

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Amusement Facility



Profit Improvement

Domestic existing store sales (YOY)

	1 st half	2 nd half	Full Year
FY08.3	95.8%	92.5%	94.1%
FY09.3	87.2%	86.2%	86.7%
FY10.3 (plan)	98%	102%	100%

of domestic facilities (results/plan)

	beginning	Openings	Closures	end
FY08.3 results	316	12	35	293
FY09.3 results	293	10	63	240
FY10.3 plan	238*	3	10	231

*2 *Kaikaya* stores are moved to other segment due to the group reorganization

Solidifying profit base !

Appropriate services for each customer segment

Shopping Center



Roadside & Downtown



Utilizing characters

Product lineups and sales promotions according to the needs of each segment

Cost reduction in the US

Closing directly operated stores
FY2010.3 Plan

58 stores → 30 stores

Concentration of revenue-share stores in certain areas

Showing the effects of streamlining from this FY

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Enhancing the Entertainment-hub



Mobile Suit Gundam 30th Anniversary Project

REAL G



Real size statue (18m)
2009/7/11-8/31
Odaiba, Tokyo



30th anniversary original goods



Plastic Model



Capsule Toys



FEEL G

“GUNDAM BIG EXPO”
2009/8/21-23 TOKYO BIG SIGHT

SOUL G

Collaboration of GUNDAM with music

Enhancing the Entertainment-hub model to global scale with strong contents !

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Enhancing the Entertainment-hub



2010: 30th Anniversary Project of Pac-Man (tentative)

New games in various platforms

Video game software, Arcade game machine,
Mobile content, PC, etc.

Big promotion

Collaboration with other companies



Group-wide projects to promote worldwide!

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Capital Management



Appropriation of earnings

After appropriation of an amount equivalent to a 30% dividend payout ratio, based on a stable annual dividend payments of 24 yen per share, from the consolidated periodical net income, the Company attributes a portion of this remaining balance to the acquisition of its own shares, with comprehensive consideration of aspects such as the level of cash held, its operating performance, its share price trend, and **its plan for large-scale investments**.

Previous Mid-term Business Plan (FY2007.3 - FY2009.3)

Virtually 80% of the three year profits were returned to the shareholders, by combining dividends and share buy-backs

Current Mid-term Business Plan (FY2010.3 - FY2012.3)

3-year total Net Income	Dividend(30%)
	Up-front investments for mid to long-term Dynamic Growth: Approximately ¥50 billion

*We plan to maintain approximately ¥100 billion cash on hands as a necessary cash for sustainability of our group in such a harsh economic environment.

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Human Resource Management



World-wide depression



If we look from the other side,

Great opportunities for innovation

The most important asset in entertainment business:

Employees

A group focusing on human resource management, particularly on entertainment and imagination

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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.

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