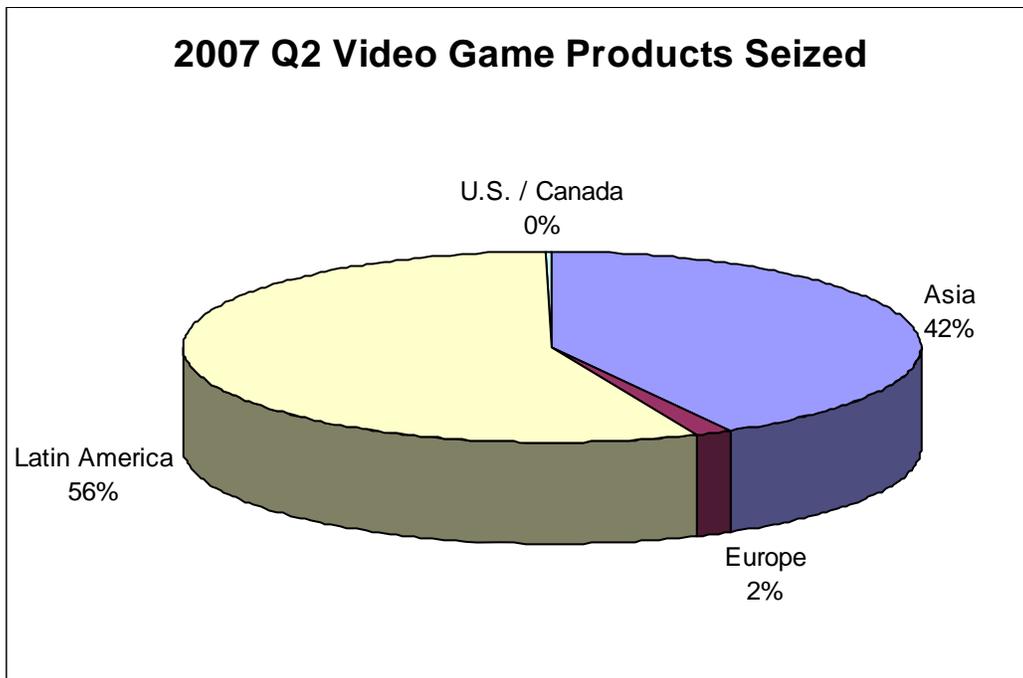


NINTENDO'S ANTI-PIRACY PROGRAM

APRIL – JUNE 2007

Anti-Piracy Statistics:

- From April through June 2007, approximately 779,000 counterfeit *Nintendo* products were confiscated and over 115 seizure actions were conducted globally. In addition, approximately 185 individuals offering counterfeit *Nintendo* video games on eBay were stopped from selling fake products over the website.
- Nintendo supported over 125 actions and investigations in the following countries: Australia, Belgium, Brazil, Canada, China, Colombia, the Czech Republic, France, Germany, Hong Kong, Italy, Mexico, the Netherlands, Paraguay, Singapore, Spain, Taiwan, the U.K., the U.S., and Uruguay.



Significant Cases:

- On April 12th, customs officials in Montevideo, Uruguay, seized approximately 160,000 counterfeit *Nintendo* games from a shipment that originated in China. The products were ultimately destined for Paraguay. The goods have a retail value of approximately \$500,000 USD. Customs agents discovered the counterfeit games after the shipment, identified as containing ammunition, bombs, bullets, and other weapons, raised suspicion. Nintendo's local

representatives confirmed that the products were counterfeit and the case was referred to a criminal court. The goods are currently being held by customs pending the outcome of the case.

- On April 26th, police in Mexico seized approximately 56,000 counterfeit *Nintendo* games from 23 retail stores at the Mercado San Juan de Dios shopping center in Guadalajara. The products include *Wii*, *Nintendo GameCube*, *Game Boy Advance*, and *Nintendo DS* software. The seized goods are currently being held by the police pending expert analysis.
- On May 21st, Czech Customs officials at the Prague airport seized approximately 4,700 counterfeit PC boards for the *Game Boy Advance*. The products were entering the country from China and are currently being held pending destruction.
- On June 4th, French Customs at the Roissy airport stopped a shipment of approximately 900 counterfeit *Wii* discs. The shipment originated in Damascus, Syria and was ultimately destined for Caracas, Venezuela.
- On June 13th, Nintendo's representatives in China joined the Guangzhou TSB in raiding a factory producing hundreds of thousands of counterfeit *Game Boy Advance* products. The factory was identified after German Customs in Frankfurt seized a consignment sent by a Chinese exporter on October 27th, 2006. Nintendo's investigation in China revealed that the exporter purchased its products from the factory in Guangzhou. Nintendo requested a raid of the factory, where officials seized approximately 250,000 fake goods. The items were removed for destruction.
- On June 21st, U.K. police officials and representatives of the European Leisure Software Publishers Association (ELSPA) raided the residence of a website owner and seized approximately 1,000 Wiinja and Wiikey mod chips and several modified *Wii* systems. The website claimed to be the main distributor of *Wii* mod chips and counterfeit *Wii* games in the U.K. The owner ran the business from a large out-building at his residence that was used as a warehouse, office, and factory for producing the illegal products. In addition, the suspect is accused of laundering an estimated £800,000 (approximately \$1.6 million USD). The products were taken to a secured storage facility by the police and further investigation against the business and its suppliers is ongoing.

Police and ELSPA also raided the home of an affiliated target who distributed the products. Police seized an additional 500 Wiinja and Wiikey mod chips from the man, along with approximately 100 burned *Wii* game discs. Nintendo applauds the work conducted by ELSPA and congratulates them on a very successful action.

Counterfeit Trends:

- Following the release of *Wii* mod chips in January, Nintendo began to see the distribution of counterfeit *Wii* discs and mod chips during the second quarter of 2007. From April through June, over the course of 46 seizure actions

approximately 52,000 infringing products for the *Wii* system, including *Wii* mod chips, were seized in Brazil, Canada, China, France, Hong Kong, Mexico, Taiwan, and the U.K. In Taiwan alone, over a six week period Customs seized nearly 10,000 fake *Wii* discs that were manufactured in China and shipped through Macau or Hong Kong for worldwide distribution.

In addition, Nintendo has also seen a rise in counterfeit *Nintendo GameCube* discs due to the backwards compatibility of the *Wii* system. During the second quarter of 2007, approximately 12,300 fake *Nintendo GameCube* discs were seized in Brazil, China, and Mexico. Nintendo continues to educate customs authorities worldwide on detecting counterfeit *Nintendo GameCube* and *Wii* games, and is actively pursuing investigations against the distribution of mod chips and fake software worldwide.

Sentences:

- On May 17th, a final judgment in Uruguay was handed down in the long-running civil case against the notorious counterfeiter, Roberto Lewinger. The court found that Lewinger was liable along with three of his companies. He was ordered to pay damages to Nintendo in the amount of \$2.5 million USD. The harsh judgment was the first time that a counterfeiter was ordered to pay such a high amount for IP infringement in Uruguay.

Lewinger was first implicated in a massive July 2001 raid where tens of thousands of fake *Nintendo* goods were seized. The action was reportedly the largest seizure in Uruguay's history. Later, in 2002, Uruguay Customs raided a warehouse owned by Lewinger and confiscated approximately 3,200 counterfeit *Nintendo* products. Curiously, in May of 2003, Uruguay's Supreme Court of Justice issued an executive pardon freeing Lewinger from criminal liability. Nintendo responded by filing a civil action against him, seeking financial damages and an injunction against further use of its trademarks. The case was decided in Nintendo's favor in 2004. The judgment handed down in May is final, and no additional appeals are possible.

- In May, a U.K. court sentenced a father and son to 18 months in prison for selling infringing *Nintendo* products. The two were arrested during an October 2005 seizure where police seized approximately 650 fake *Game Boy Advance* games, as well as counterfeit cigarettes, cash, and cocaine. The products were removed for destruction.
- On May 15th, a Taiwan court sentenced Jing-Tang Chou to eight months in prison for violating Nintendo's copyrights. In May 2005, U.S. Customs in Miami seized two separate shipments of counterfeit *Game Boy Advance* components that were exported from the man's company, Salida Industry Co., Ltd. The products were destined for Paraguay via the U.S. Upon receiving the seizure notice, Nintendo requested that Taiwan Customs investigate the company and its owner. After the investigation and subsequent trial, a court indicted Mr. Chou of copyright and trademark crimes in February 2007. The trial revealed that Mr. Chou used Salida, which was run by his wife's sister, as a cover to ship the products to the U.S. Chou further forged his father's signature on the shipping documents in order to

disguise his real identity. Mr. Chou must serve his time without the possibility of probation.

In addition to the sentence of Mr. Chou, in October 2006, Taiwan Customs also imposed a fine against the forwarding company of the shipment, DHL Taiwan.

- On June 28th, a Taiwan court sentenced a woman to 14 months in prison for selling counterfeit *Nintendo* products. On November 17th, 2003, the woman's retail store was raided by Taiwanese police where they seized more than 700 fake *Nintendo* games. On December 26th, 2003, a judge sentenced the woman to probation, which she immediately appealed. In the June decision, the judge ruled on her appeal and ordered her to serve 14 months in prison in addition to her original six month probation sentence. No further appeals are possible and the woman must serve her jail time.

Anti-Piracy Training / Detection of Counterfeit Products:

- During the second quarter of 2007, trainings to detect counterfeit *Nintendo* products were conducted in Canada, Mexico, the U.S., and Uruguay. Training materials were sent to Nintendo's representatives in the following countries: Argentina, Australia, China, Colombia, Germany, Russia, the U.S., and Uruguay.

Government Lobbying Efforts:

- During the second quarter of 2007, representatives of Nintendo met with government officials to discuss anti-piracy matters in China, Mexico, Taiwan, the U.S., and Uruguay.
- On April 10th, Nintendo announced its support for the trade dispute filed by the U.S. Government with the World Trade Organization (WTO) against China for its failure to enforce intellectual property rights. In accordance with the rules set forth by the WTO, the U.S. Government notified China that it must begin complying with the commitments agreed upon by both countries in their bilateral trade agreements.

Nintendo has fought piracy in China for over a decade. Over the last four years, approximately 7.7 million *Nintendo* products from over 300 factories have been seized at Nintendo's request. However, during that time prosecutors have only brought three criminal cases with only one case resulting in a conviction in which a defendant received a sentence. Nintendo will continue to support the U.S. Government in its efforts to push China toward compliance with WTO standards.

Monthly Breakdown of International / Domestic Enforcement Actions:

- **January:** Seizures were conducted in Australia, Belgium, Brazil, the Czech Republic, Germany, Hong Kong, the Netherlands, and the U.S. Approximately 18,300 products were confiscated. More than 75 individuals offering counterfeit

Nintendo video games on eBay were stopped from selling fake products over the website.

- **February:** Seizures were conducted in Australia, Belgium, Brazil, Canada, the Czech Republic, France, Germany, Hong Kong, Spain, the U.K., and the U.S. Approximately 4,000 products were confiscated. Over 60 individuals offering counterfeit *Nintendo* video games on eBay were stopped from selling fake products over the website.
- **March:** Seizures were conducted in Australia, Belgium, China, the Czech Republic, Germany, Thailand, and the U.S. Approximately 14,500 products were confiscated. Approximately 75 individuals offering counterfeit *Nintendo* video games on eBay were stopped from selling fake products over the website.
- **April:** Seizures were conducted in Australia, Belgium, Canada, China, Germany, Hong Kong, Mexico, Paraguay, Singapore, Taiwan, the U.S., and Uruguay. Approximately 434,000 products were confiscated. Approximately 50 individuals offering counterfeit *Nintendo* video games on eBay were stopped from selling fake products over the website.
- **May:** Seizures were conducted in Brazil, Canada, China, the Czech Republic, Germany, Hong Kong, Italy, Mexico, the Netherlands, Paraguay, Taiwan, and the U.S. Approximately 68,000 products were confiscated. More than 70 individuals offering counterfeit *Nintendo* video games on eBay were stopped from selling fake products over the website.
- **June:** Seizures were conducted in Belgium, Canada, China, France, Germany, the Netherlands, Paraguay, Taiwan, and the U.K. Approximately 277,000 products were confiscated. Approximately 65 individuals offering counterfeit *Nintendo* video games on eBay were stopped from selling fake products over the website.