BANDAI NAMCO GROUP

Strategic Presentation Session

September 13, 2005

Group Corporate Philosophy

Mission Statement

“Dreams, Fun and Inspiration”

BANDAI NAMCO will continue to provide
Dreams, Fun and Inspiration to people around the
world through entertainment based on creativity and
boundless enthusiasm
Dreams, Fun and Inspiration are the Key to Happiness

The meaning of Dreams, Fun and Inspiration will essentially change over the time, but BANDAI NAMCO holds one unshakable belief: that Dreams, Fun and Inspiration will always hold the key to happiness.

More Passion, More Innovation, More perceptive

Unparalleled curiosity and boundless enthusiasm

Abundant creativity unrestrained by the status quo

Open to people’s needs and satisfaction from giving inspiration

To become the world’s most inspiring entertainment group

The BANDAI NAMCO Group will constantly strive to be a pioneer, aiming to deepen and widen the appeal of entertainment and winning the hearts of people worldwide who enjoy having fun. Our ultimate goal is to become the world’s most inspiring entertainment group.
Slogan

Cross-Entertainment!!

By integrating the various entertainment businesses, Bandai Namco Group will not only make a quantum leap in evolution – it will also create value with various partners and develop new forms of entertainment.

Group Symbol

Concept

Fusion and Evolution
# Reorganization Schedule

The basic reorganization will be implemented by April 2006

<table>
<thead>
<tr>
<th>Reorganization schedule</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep. 29, 2005</td>
<td>Establishment of NAMCO BANDAI Holdings Inc.</td>
</tr>
<tr>
<td></td>
<td>Establishment of holding company through share-for-share exchange</td>
</tr>
<tr>
<td>Dec. 1, 2005</td>
<td>Portion of affiliated company share management operations to be transferred to holding company</td>
</tr>
<tr>
<td></td>
<td>Reorganization of domestic operating companies</td>
</tr>
<tr>
<td>Jan. 1, 2006</td>
<td>Establishment of North American holding company</td>
</tr>
<tr>
<td></td>
<td>Reorganization in North America</td>
</tr>
<tr>
<td>Apr. 1, 2006</td>
<td>Establishment of NAMCO BANDAI Games America Inc.</td>
</tr>
<tr>
<td></td>
<td>Consolidation of domestic game companies</td>
</tr>
</tbody>
</table>

# Strategic Business Unit

Operations will be consolidated into strategic business units, through which the group will be managed.
Business Portfolio

The strengths of both companies will be combined, leading to dramatic growth in operations.

Financial Projections
### Basic Strategy

- Strengthen management systems for major characters
- Establish development system from consumers’ viewpoint
- Streamline production logistics
- Strengthen overseas sales
- Strengthen apparel business (including M&A)

### Numerical Plan

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sales (¥ billion)</th>
<th>Operating Income (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006.3</td>
<td>177.5</td>
<td>15.2</td>
</tr>
<tr>
<td>FY2007.3</td>
<td>195.0</td>
<td>7.0</td>
</tr>
<tr>
<td>FY2008.3</td>
<td>205.0</td>
<td>7.5</td>
</tr>
</tbody>
</table>
Amusement Facility Strategic Business Unit

- **Basic Strategy**
  - Improve facility value by utilizing characters and other means
  - Create new facility formats
  - Establish an earnings model in Europe and the Americas
  - Pursue low-cost operations

- **Numerical Plan**
  - Sales
    - FY2006.3: 87.3
    - FY2007.3: 93.0
    - FY2008.3: 100.0
  - Operating income
    - FY2006.3: 7.2
    - FY2007.3: 9.0
    - FY2008.3: 10.0

Game Contents Strategic Business Unit

- **Basic Strategy**
  - Introduce development systems and methods with an emphasis on development efficiency
  - Expand and strengthen multi-use of content
  - Develop business models for network games
  - Strengthen development and marketing capabilities in Europe and the Americas

- **Numerical Plan**
  - Sales
    - FY2006.3: 146.3
    - FY2007.3: 155.0
    - FY2008.3: 180.0
  - Operating income
    - FY2006.3: 21.5
    - FY2007.3: 24.0
    - FY2008.3: 27.0
Network Strategic Business Unit

**Basic Strategy**

- Secure rich content and attract customers
- Expand mobile related businesses
- Expand system solutions business

**Numerical Plan**

<table>
<thead>
<tr>
<th>Sales ¥ billion</th>
<th>Operating income ¥ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006.3</td>
<td>12.0</td>
</tr>
<tr>
<td>FY2007.3</td>
<td>15.0</td>
</tr>
<tr>
<td>FY2008.3</td>
<td>20.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2006.3</th>
<th>FY2007.3</th>
<th>FY2008.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>2.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Visual and Music Strategic Business Unit

**Basic Strategy**

- Create original contents
- Maximize content value through multiple use
- Rebuild overseas business development model
- Expand business domain for publishing, music, and other areas

**Numerical Plan**

<table>
<thead>
<tr>
<th>Sales ¥ billion</th>
<th>Operating income ¥ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006.3</td>
<td>46.5</td>
</tr>
<tr>
<td>FY2007.3</td>
<td>37.0</td>
</tr>
<tr>
<td>FY2008.3</td>
<td>40.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2006.3</th>
<th>FY2007.3</th>
<th>FY2008.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3</td>
<td>6.4</td>
<td>6.5</td>
</tr>
</tbody>
</table>
Business Synergy Effects

◆ Game Contents

◆ Character Merchandising

□ Global Expansion

Game Contents Synergies

"Significant increase in development efficiency" through flexible allocation of development staff and joint use of technologies

Policy □ Flexible allocation of development staff
Consolidation of creators, creation of units, effective development resource allocation

Policy □ Application of development environment and technologies

Organized into operational fields

Consolidate and reorganize into units
Provide appealing content to all customer groups by drawing on the strengths of both Bandai and NAMCO

Field A content development

Expanded customer base

Toward Field B, Field C content development

Game Contents Synergies

Strong collaboration in prize game machines (hardware) and prizes (software)

- Expand profits in the prize related field by drawing on each company’s strengths

Currently

<table>
<thead>
<tr>
<th>Bandai</th>
<th>NAMCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware Prize Game Machines</td>
<td></td>
</tr>
<tr>
<td>Strength</td>
<td></td>
</tr>
</tbody>
</table>
| (30s) (teens) Low
| Game emphasis |
| Balance |
| Character emphasis |
| Field A |
| Field B |
| Field C |
| Game strengths | Character appeal (Bandai) |
| Technical capabilities (NAMCO) |

After Integration

<table>
<thead>
<tr>
<th>BANDAI NAMCO Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Product Development</td>
</tr>
<tr>
<td>Minor Changes to Existing Products</td>
</tr>
<tr>
<td>Draw on mutual appeal</td>
</tr>
<tr>
<td>Higher Income</td>
</tr>
<tr>
<td>New Prize Development</td>
</tr>
<tr>
<td>Minor Changes to Existing Prizes</td>
</tr>
</tbody>
</table>

Operating Company

Game Contents Synergies

Bandai

NAMCO

Weakness

Convene
Catcher 2

Strength

Sweet Land
CLENA-FREX

Strength

Large volume of character prizes compatible with almost all hardware

Weakness

Certain characters centered on stuffed toys (low transaction volume)
Bandai’s No.1 merchandising character: “Mobile suit Gundam”

New type of NAMCO game machine for coin-operated use

New Product “Mobile Suit Gundam Senjo no Kizuna”

Business Synergy Effects

◆ Game Contents

◆ Character Merchandising

□ Global Expansion
Character Merchandising Synergies

Realize wide-ranging synergies from content creation, the starting point of character merchandising, to content use and merchandising

Content Creation Fields

- NAMCO Games
- Bandai Characters

Mutual use and joint development of games and animation

Content Use Fields

- Amusement facility operations
- Content distribution operations
- Manufacturing operations

Synergies from multiple use

Character Merchandising Synergies

Deepen the character world settings of the BANDAI NAMCO Group overall through merchandising of NAMCO game characters

NAMCO game world settings

- Pac-Man
- The Idle Master
- Ridge Racer

Bandai’s character merchandising know-how

Progress toward diverse value added

- Animation content
- Action figures
- Cards
- Comic books, magazines
- Vending machine capsule toys
- Apparel

Development of stories, merchandising, products…
Character Merchandising Synergies

Bandai’s virtual character worlds will be combined with Namco’s real locations to provide entirely new entertainment to customers.

Bandai’s Character World

- Tamagotchi new amusement park
- “Unazukin” and “Riraku no Mori”

Namco’s Real Locations

Business Synergy Effects

◆ Game Contents
◆ Character Merchandising

Global Expansion
Overseas Development Synergies

Building an organization that will realize the integration of characters, locations, and technologies

Reorganization as of January 1, 2006

NAMCO BANDAI Holdings Inc.
(holding company)

NAMCO BANDAI Holdings (USA) Inc.
(regional holding company)

Bandai America Inc.
(toys)

NAMCO BANDAI Games
America Inc.
(home use game software)

NAMCO CYBERTAINMENT Inc.
(facilities operation)

NAMCO AMERICA Inc.
(Coin-operated use game machine sales)

NAMCO MOBILE Inc.
(provisional)
(mobile operations)

Bandai Entertainment Inc.
(visual)

Maximize synergies among operational fields, which were expanded through establishment of holding company

Realize optimal allocation of resources and increase functional efficiency

Overseas Development Synergies

In overseas operations, expectations include synergies within each strategic business unit as well as cross-functional synergies

Synergies

Strategic business unit

Toys & Hobby

Amusement Facility

Game Contents

Network

Visual and Music

Synergies

-> Develop card, vending machine operations in NAMCO amusement facilities

-> Advance into network operations based on NAMCO’s mobile game content

-> Develop NAMCO game characters that are very popular in North America into resources for Toys & Hobby

-> Achieve synergies and reduce costs by unifying game development

-> Develop NAMCO game characters that are very popular in North America into visual content
Direction of Our Business Expansion

(Entertainment Hub )
Plan for Entertainment Hub Expansion

Players who can be linked through entertainment hub

- Markets in Asia
  - Core Network (short-term viewpoint)
  - Raise value of overall value chain

- Markets in Europe and the Americas
  - Expanding network (medium-term viewpoint)
  - Competition vs Cooperation
  - Global Collaboration
  - Overseas network (medium-term viewpoint)

In Japan

- Manufacturers
- Competitor network companies
- Retail shops
- Amusement facilities
- Customers

- Partners
- Competitor manufacturers
- Manufacturers in other industries

Overseas network

- Markets in Asia
- Markets in Europe and the Americas

BANDAI NAMCO
Supplementary Information

Financial Projection

<table>
<thead>
<tr>
<th>Sales</th>
<th>FY2006.3 (Projection)</th>
<th>FY2007.3 (Projection)</th>
<th>FY2008.3 (Projection)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>475.0</td>
<td>500.0</td>
<td>550.0</td>
</tr>
<tr>
<td>Toys &amp; Hobby</td>
<td>177.5</td>
<td>195.0</td>
<td>205.0</td>
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<tr>
<td>Amusement Facility</td>
<td>87.3</td>
<td>93.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Game Contents</td>
<td>146.3</td>
<td>155.0</td>
<td>180.0</td>
</tr>
<tr>
<td>Network</td>
<td>12.0</td>
<td>15.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Visual and Music</td>
<td>46.5</td>
<td>37.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Affiliated Business</td>
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<td>Elimination or Corporate</td>
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<td>□ 14.0</td>
<td>□ 15.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>44.2</td>
<td>50.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Toys &amp; Hobby</td>
<td>15.2</td>
<td>17.0</td>
<td>17.2</td>
</tr>
<tr>
<td>Amusement Facility</td>
<td>7.2</td>
<td>9.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Game Contents</td>
<td>21.5</td>
<td>24.0</td>
<td>27.0</td>
</tr>
<tr>
<td>Network</td>
<td>2.0</td>
<td>2.0</td>
<td>2.5</td>
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<tr>
<td>Visual and Music</td>
<td>0.3</td>
<td>6.4</td>
<td>6.5</td>
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<tr>
<td>Affiliated Business</td>
<td>□ 0.7</td>
<td>□ 0.2</td>
<td>0</td>
</tr>
<tr>
<td>Elimination and Corporate</td>
<td>□ 7.3</td>
<td>□ 8.2</td>
<td>□ 8.5</td>
</tr>
</tbody>
</table>
Company Organized by Strategic Business Unit

Toys & Hobby Strategic Business Unit

Amusement Facility Strategic Business Unit
NAMCO LIMITED, Pleasure Cast Co., Ltd, Hanayashiki Co., Ltd, St. Tropez Ltd, NAMCO CYBERTAINMENT INC., NAMCO OPERATIONS EUROPE LTD., NAMCO OPERATIONS SPAIN S.L, NAMCO ENTERPRISES ASIA LTD., SHANGHAI NAMCO LTD.*

Game Contents Strategic Business Unit

Network Strategic Business Unit
Bandai Networks Co., Ltd, VIBE Inc.

Visual and Music Strategic Business Unit
Bandai Visual Co., Ltd, Sunrise Inc, Bandai Channel Co., Ltd, BANDAI ENTERTAINMENT INC.

Affiliated Business Group

Underline: strategic business unit core company, *equity method affiliate

Note concerning “Forward-looking statements”

This document contains forward-looking statements that are based on the information currently available to management, and estimates involving uncertain factors thought likely to have an effect on future results. As such, they include various risks and uncertainties. Actual results may differ materially from these projections for a variety of reasons, including changes in business environments, market trends and exchange rate fluctuations relevant to the business of BANDAI NAMCO Group.