



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

Group Corporate Philosophy



Belief

**“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

Basic Ethos

**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

Group Corporate Philosophy



Vision

**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



namco®



Concept

Fusion and Evolution

Reorganization Schedule



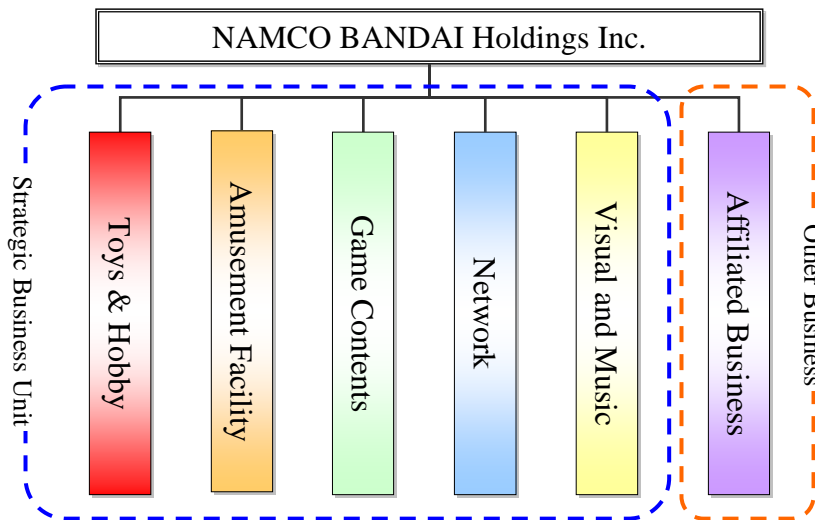
The basic reorganization will be implemented by April 2006

	Reorganization schedule		Details
Sep. 29, 2005	<ul style="list-style-type: none"> Establishment of holding company through share-for-share exchange 	➔	<ul style="list-style-type: none"> Establishment of NAMCO BANDAI Holdings Inc.
Dec. 1, 2005	<ul style="list-style-type: none"> Reorganization of domestic operating companies 	➔	<ul style="list-style-type: none"> Portion of affiliated company share management operations to be transferred to holding company
Jan. 1, 2006	<ul style="list-style-type: none"> Reorganization in North America 	➔	<ul style="list-style-type: none"> Establishment of North American holding company Consolidation of North American game companies
Apr. 1, 2006	<ul style="list-style-type: none"> Consolidation of domestic game companies 	➔	<ul style="list-style-type: none"> Establishment of NAMCO BANDAI Games America Inc.

Strategic Business Unit



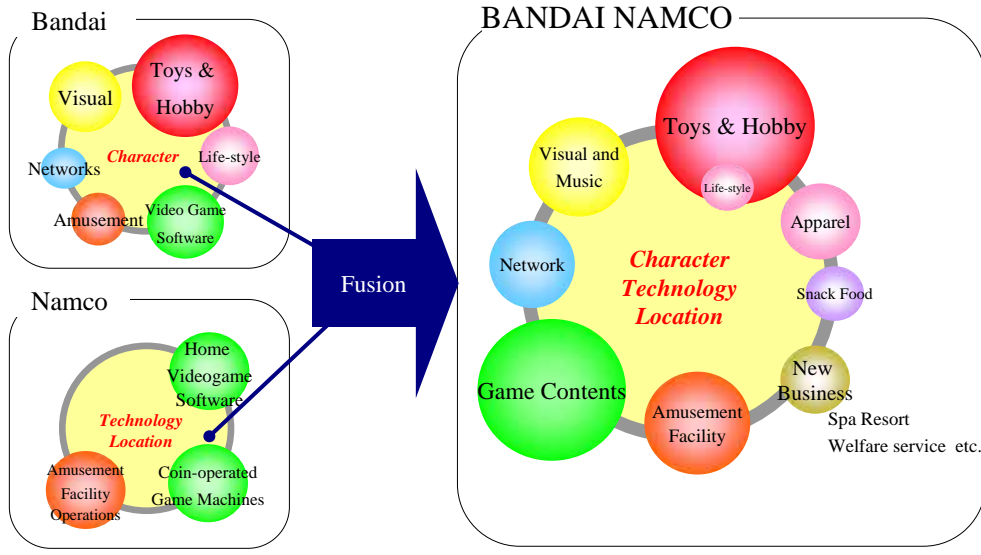
Operations will be consolidated into strategic business units, through which the group will be managed



Business Portfolio



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

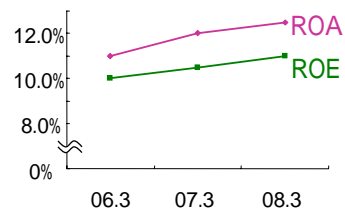
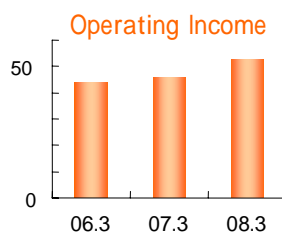
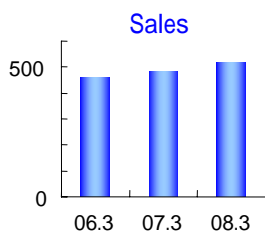


Financial Projections



Billions of yen

	FY06.3(Projection)	FY07.3(Projection)	FY08.3(Projection)
Sales	475	500	550
Operating Income	44.2	50.0	55.0
R O A	11.0%	12.0%	12.5%
R O E	10.0%	10.5%	11.0%





Strategic Business Unit

Basic Strategy

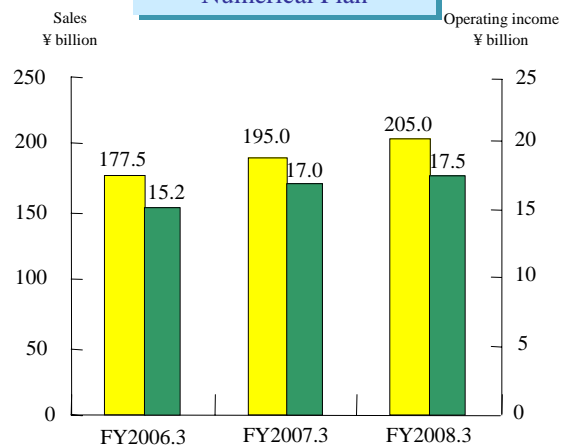
Toys & Hobby Strategic Business Unit



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



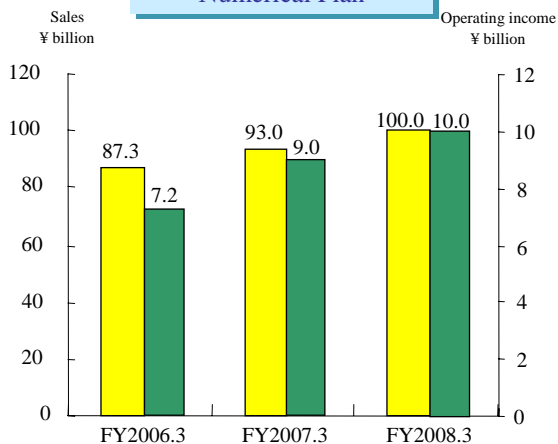
Amusement Facility Strategic Business Unit



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



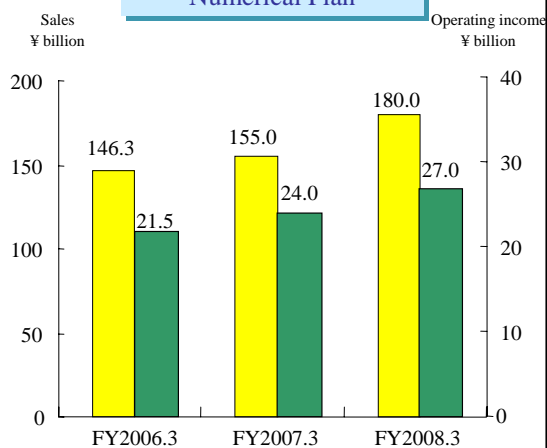
Game Contents Strategic Business Unit



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



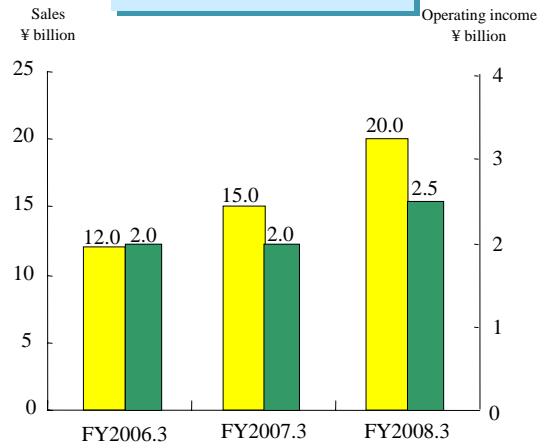
Network Strategic Business Unit



Basic Strategy

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

Numerical Plan



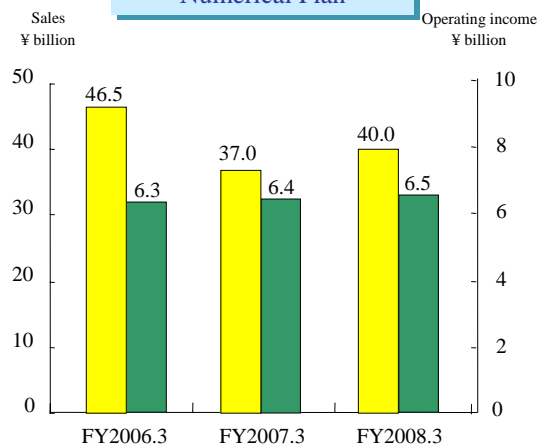
Visual and Music Strategic Business Unit



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



Business Synergy Effects

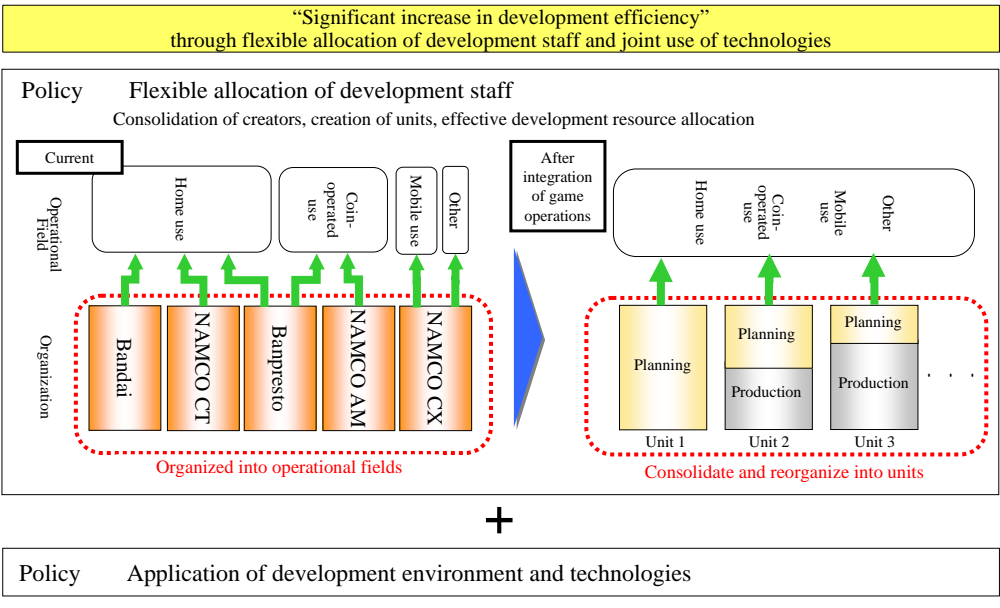


◆ Game Contents

◆ Character Merchandising

Global Expansion

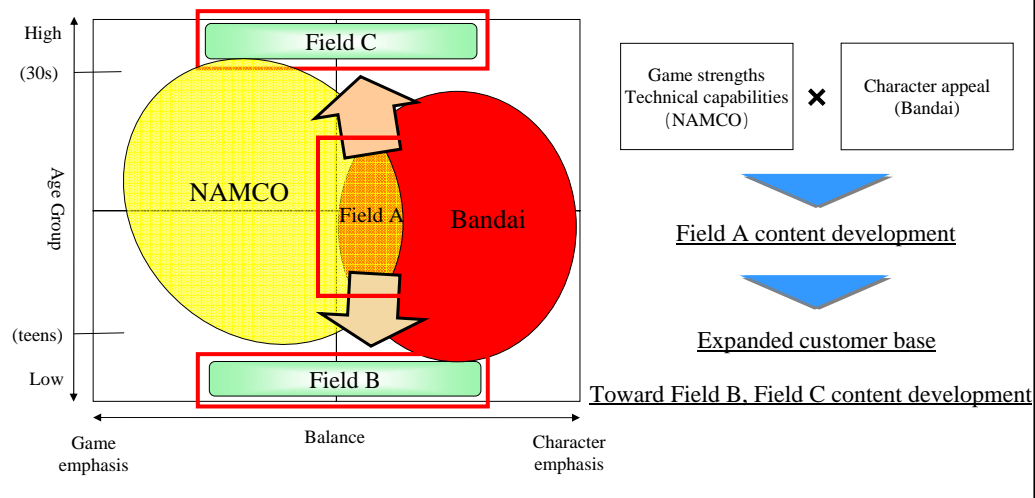
Game Contents Synergies



Game Contents Synergies



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



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		After Integration	
	Bandai	NAMCO	BANDAI NAMCO Group	
Hardware Prize Game Machines	Weakness Convene Catcher 2	Strength Sweet Land CLENA-FREX	New Product Development Minor Changes to Existing Products	Higher Income Operating Company
Software Prizes	Strength Large volume of character prizes compatible with almost all hardware	Weakness Certain characters centered on stuffed toys (low transaction volume)		

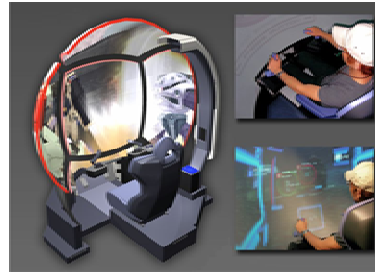
Draw on mutual appeal

Game Contents Synergies (New Product)



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"



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Business Synergy Effects



◆ Game Contents

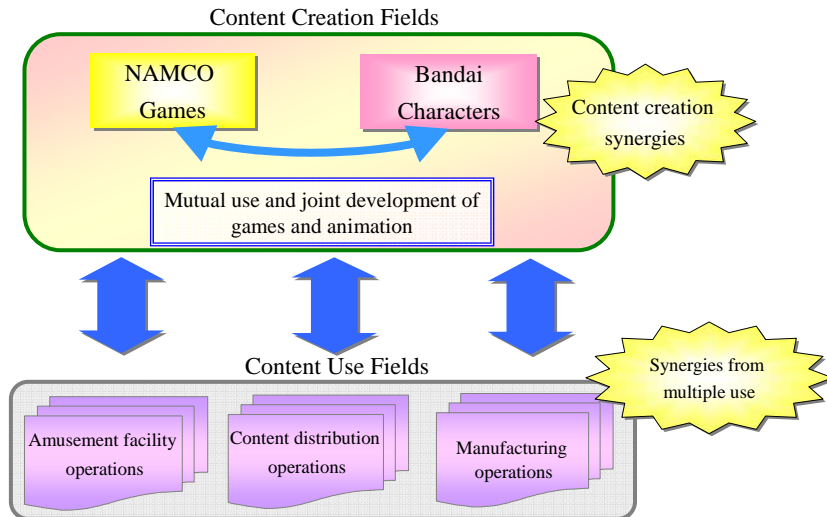
◆ Character Merchandising

Global Expansion

Character Merchandising Synergies



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

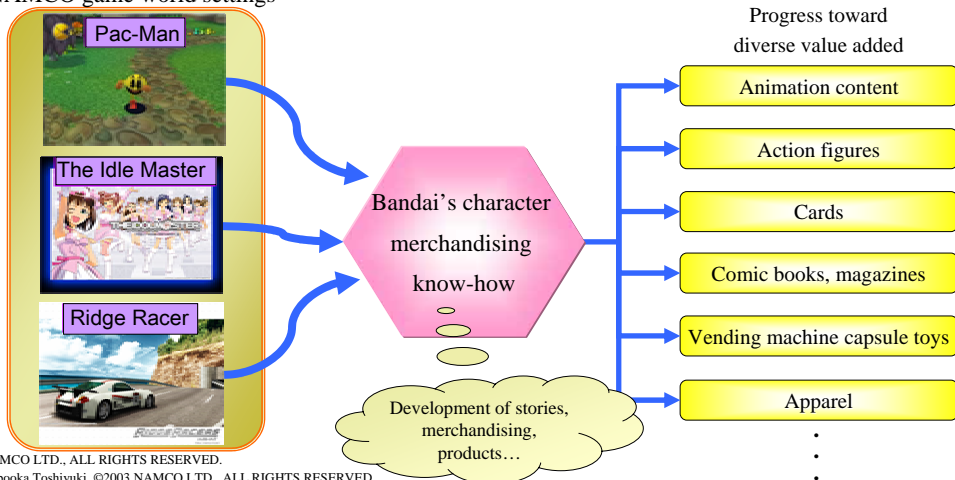


Character Merchandising Synergies



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

NAMCO game world settings



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Character Merchandising Synergies



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

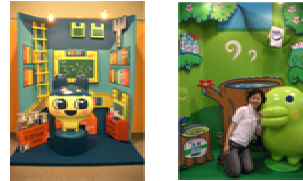
Bandai's Character World



Tamagotchi new amusement park

Fusion

Namco's Real Locations



"Unazukin" and "Riraku no Mori"

Fusion



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©rainbow spice!

Business Synergy Effects



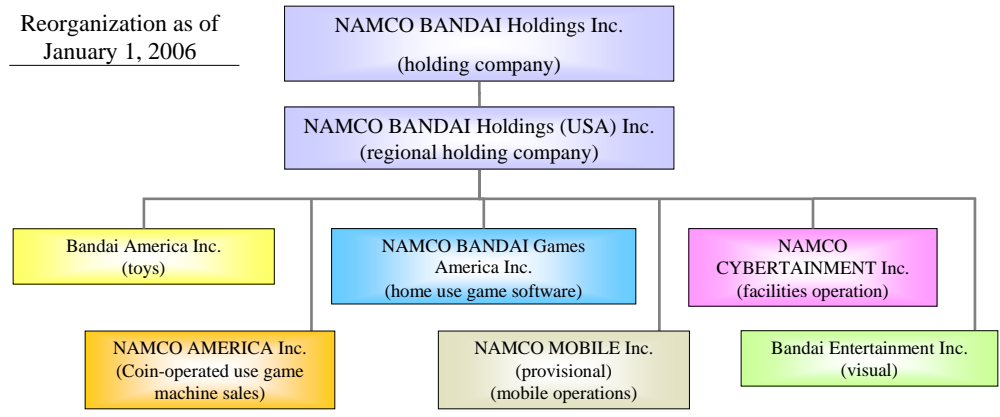
- ◆ Game Contents
- ◆ Character Merchandising

Global Expansion

Overseas Development Synergies



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

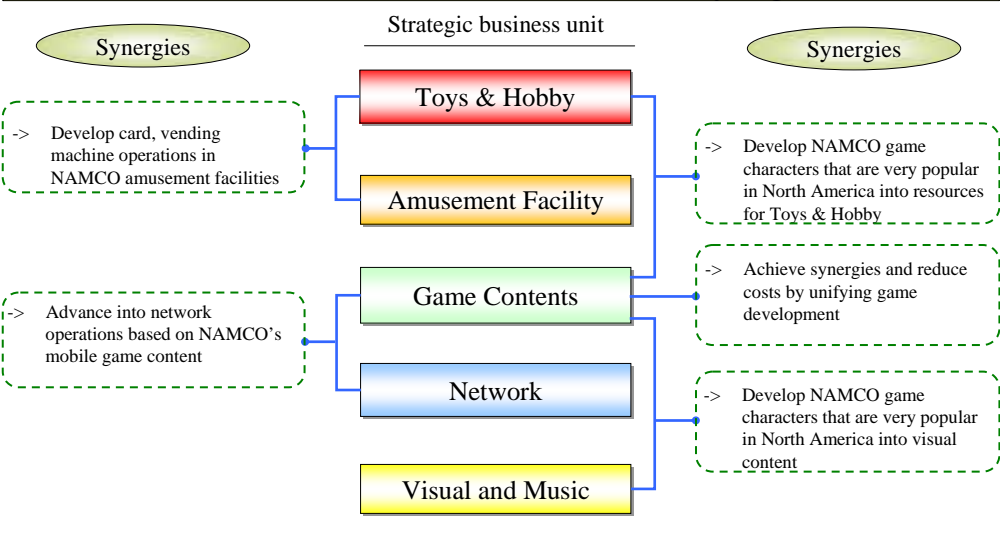


Maximize synergies among operational fields, which were expanded through establishment of holding company
 → Realize optimal allocation of resources and increase functional efficiency

Overseas Development Synergies



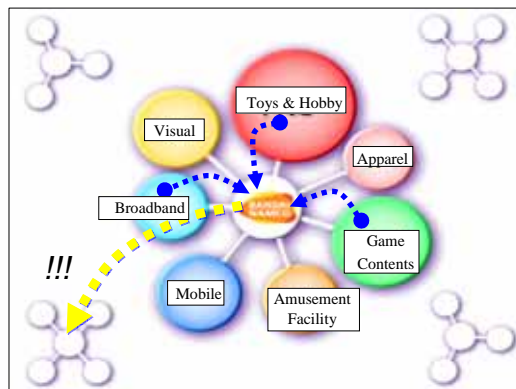
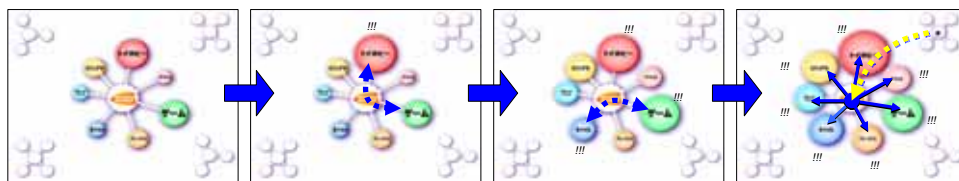
In overseas operations, expectations include synergies within each strategic business unit as well as cross-functional synergies



Direction of Our Business Expansion

(Entertainment Hub)

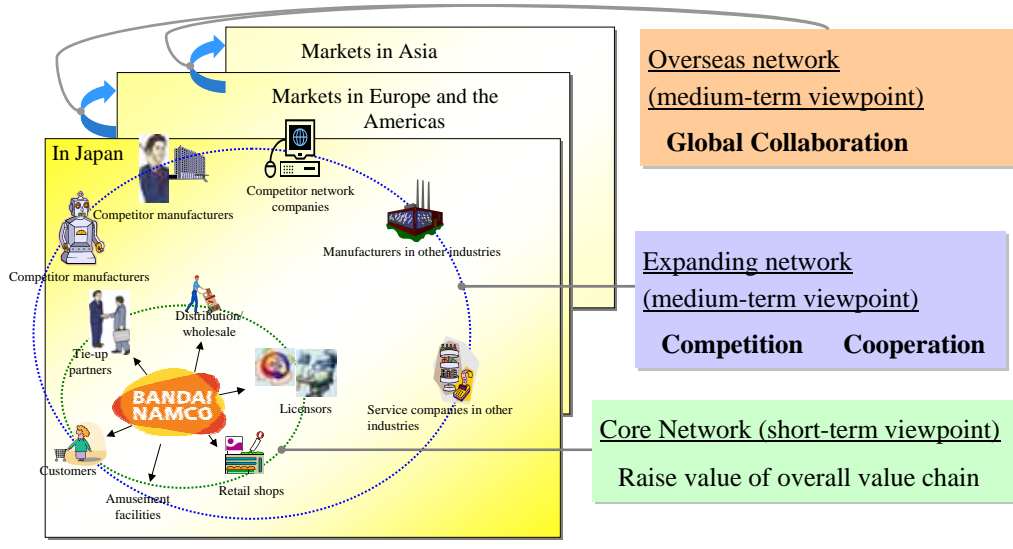
Our Business Model: Entertainment Hub



Plan for Entertainment Hub Expansion



Players who can be linked through entertainment hub





Supplementary Information

		Billions of yen		
	FY2006.3 (Projection)	FY2007.3 (Projection)	FY2008.3 (Projection)	
Sales	475.0	500.0	550.0	
Toys & Hobby	177.5	195.0	205.0	
Amusement Facility	87.3	93.0	100.0	
Game Contents	146.3	155.0	180.0	
Network	12.0	15.0	20.0	
Visual and Music	46.5	37.0	40.0	
Affiliated Business	18.5	19.0	20.0	
Elimination or Corporate	13.1	14.0	15.0	
Operating Income	44.2	50.0	55.0	
Toys & Hobby	15.2	17.0	17.5	
Amusement Facility	7.2	9.0	10.0	
Game Contents	21.5	24.0	27.0	
Network	2.0	2.0	2.5	
Visual and Music	6.3	6.4	6.5	
Affiliated Business	0.7	0.2	0	
Elimination and Corporate	7.3	8.2	8.5	



Financial Projection

Company Organized by Strategic Business Unit



Toys & Hobby Strategic Business Unit

Bandai Co., Ltd., Megahouse Corporation, Popy Co., Ltd., Seika Co., Ltd., Seeds Co., Ltd., Plex Co., Ltd., Sunlink co., Ltd., Tohato Inc., People Co., Ltd., BANDAI AMERICA INC., BANDAI S.A., BANDAI U.K.LTD, BANDAI ESPANA S.A., BANDAI(H.K.)CO.,LTD., BHK TRADING LTD., BANDAI INDUSTRIAL CO.,LTD., BANDAI KOREA CO.,LTD.

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

Bandai Co., Ltd., NAMCO LIMITED, Banpresto Co.,Ltd., Bec Co., Ltd., Banpresoft Co., Ltd., Banpresto Sales Co., Ltd., Monolith Software Inc., NAMCO TALES STUDIO Ltd., BANDAI GAMES INC., BANPRESTO (H.K.) LTD., NAMCO AMERICA INC., NAMCO HOMETEK INC., NAMCO EUROPE LTD.

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

Bandai Logipal Inc., Banalex Corporation, Artpresto Co., Ltd., Happinet Corporation*, Sotsu Agency Co., Ltd.*, NAMCO ECOLOTECH LTD., NAMCO SUPPORTERS LTD., NAMCO TRADING LTD., Italian Tomato Ltd.*

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.