

**BANDAI CO.,LTD. (7967)**

2-5-4 Komagata, Taito-ku, Tokyo

Takeo Takasu, President and COO

**BANDAI VISUAL CO.,LTD. (4325)**

1-3-5 Matsugaya, Taito-ku, Tokyo

Ryohei Tsunoda, President and CEO

## **Bandai Visual to List on JASDAQ**

**TOKYO, October 23, 2001** -- Bandai Visual, a leading Japanese animation, and live film production company, is proud to announce that it received permission to and subsequently voted at the Board of Directors' Meeting, October 23, to list shares on the JASDAQ. Bandai Visual's shares will trade under ticker code 4325.

"The listing of Bandai Visual shares will benefit the Bandai Group by allowing the video portion of our branded character business to develop more rapidly," said President and COO, Takeo Takasu.

The Company will issue 2,000 new shares for over-the-counter trading and the parent company, Bandai Co., Ltd. will also sell 1,000 of its own shares in the company. The total issued and outstanding shares will increase 14% from 14,000 to 16,000 shares.

"We are very happy that the JASDAQ approved the listing of Bandai Visual's shares on the JASDAQ. Through this listing we can raise our profile and we expect to provide funding for new business," said President and CEO, Ryohei Tsunoda.

Bandai Visual will use proceeds from the stock offering (estimated at roughly 1.5 billion yen, based on an estimated issue price of 800,000 yen / share) for film production costs and for purchase of film rights.

Nomura Securities will be the lead underwriter and Daiwa SMBC, UFJ Capital Markets, Nikko Salomon Smith Barney, Tokyo Mitsubishi, Meiko National, Marusan, Shinko, and Monex, complete the syndicate.

### Redistribution of Profits

Bandai Visual takes as a primary concern, the increase of shareholder value. The Company will continue to invest a large proportion of profits into Company initiatives, while at the same time returning a steady dividend to shareholders. Retained earnings will be invested in the Company based on operating conditions. In general, there is a need to strengthen the financial position and further purchase film rights.

### Details of the Listing

Shares are to be sold on November 27, 2001 at a price to be determined based on demand as measured during the book building period, November 8 to November 14. Bids will be accepted for purchase of shares from November 19 to November 22 and the stock transfer will occur on November 28<sup>th</sup>.

	February 2001	February 2000	February 1999
Earnings per share	55,122.82	(53,084.46)	33,913.59
Per share dividends	8,591 yen – (– yen)	– – (– yen)	Previous: 10,174 yen New: 5,157 yen (– yen)
Dividend payout ratio	15.6%	– %	30.0%
Return on Equity (ROE)	32.1%	–%	18.6%
Dividend Payout Ratio	4.3%	–%	4.9%

### Notes:

1. Earnings per share are based on average number of shares issued and outstanding during the period.
2. ROE is calculated by dividing net income by the average shareholders' equity for the period (the average of shareholders' equity at the beginning and end of the period). The dividend payout ratio is calculated by dividing the total value of dividends paid by the average shareholders' equity.

#### Policy with regards to distribution of shares

Shares will be sold so as to fulfill the minimum shareholder distribution amount as set out by the JASDAQ and in line with standards for liquidity. Shares may be sold to individuals who have not expressed demand during the book-building period.

Regarding individuals and institutions who have made requests during the book-building period, shares will be sold principally to those who have expressed willingness to pay the issuing price or higher, given that the bidder takes an active stance in requesting shares, has experience in purchasing of shares, has an adequate ability to make an informed decision about the purchase of shares, and has a defined investing strategy.

Regarding individuals and institutions who have not made requests during the book building period, shares will be sold given that the bidder has experience in purchasing of shares, adequate ability to make an informed decision about purchasing shares, and has a defined investing strategy.

## **Bandai Visual Announces Earnings Forecast for Period Ending February 2002**

**TOKYO, October 23, 2001** – Following Bandai Visual's decision to list shares on for over-the-counter trading, taken October 23, the company today announced its earnings forecast for the period ending February 2002.

"For several reasons, including favorable market conditions, especially in DVDs, the company sees favorable sales and profits in the present fiscal year," said President and CEO, Ryohei Tsunoda.

The release of Sony's PlayStation 2 spurred a rapid increase in DVD sales and Bandai Visual, which began ventures into DVD production in 1997 will go ahead with plans to re-issue many of its popular titles in DVD format as well as offer other high-quality productions.

A summary of the forecasts follows, with relevant considerations, below.

(Unit: Millions of yen)

	February 2002			February 2001	
		Percent of Net Sales	Compared to Previous Period		Percent of Net Sales
Net Sales	20,970	100.0	101.7	20,626	100.0
Operating Income	1,920	9.2	138.9	1,382	6.7
Ordinary Profit	1,860	8.9	138.9	1,339	6.5
Net Income	1,045	5.0	135.4	771	3.7
Earnings per Share	65,312.50 yen			55,122.82 yen	
Per Share Dividends	10,000 yen			8,591 yen	

Notes: Earnings per share for the period ended February 2001 are based on the average number of shares issued and outstanding during the period. Earnings per share estimate for the period ending February 2002 include shares expected to be issued in November in the average number of shares issued and outstanding during the period.

Cautionary Statement: The earnings forecast contained herein is meant for general purposes for distribution to the media and not to be used as a basis for investment decisions. Those considering investing in shares of the Bandai Visual are asked additionally to read the prospectus issued by this company, which includes specifics of the share offering.

## Important Factors in Projections

### 1) Net Sales

Within the Image Package Software Division, the company will work hard to maintain stable customers and increase income through offering of high quality

products. Additionally with the rapid spread of the DVD as background, as well as a reduced-price marketing strategy, we expect to increase our customer base, leading to a 2.0% increase in net sales compared to the previous year.

In the Licensing Division income for large scale productions which we expected to record during the present period was recorded earlier, in the period ended February 2001. Consequently, net sales are expected to fall 2.8%.

Overall net sales are expected to rise 1.7%.

## 2) Cost of Sales

Cost of sales is calculated taking into account the investment plan for each product produced. Within DVDs, creation of master tapes incurred high costs, however given the fast technological advance, a reduction in costs was achieved. Additionally, scales in press costs were reached by an increase in the number DVDs produced. Cost of sales is calculated based on a projected 4 million DVDs produced during the period ending February 2002.

## 3) Selling General and Administrative Expenses (SG&A)

Personnel and advertising expenses will have the largest effect on SG&A.

### Personnel:

- Personnel expenses will go up, in line with hiring of six new employees.

### Advertising:

- Advertising expenses will increase due to aggressive marketing to increase our customer base.

For the above reasons SG&A is expected to increase 2.9%.

## 4) Non-Operating Profit Loss

Interest paid on bank loans is expected to be 60 million yen. Additionally, issuing expenses are expected to be 10 million yen.

## 5) Extraordinary Profit and Loss

A total of 26 million yen is expected to be accounted as an extraordinary loss. Of this amount, 12 million yen will be due to changes in accounting principals for retirement benefits, and the remaining amount is made up of accounts that are expected to be accounted as provision for doubtful receivables.

#### About Bandai:

The head of the forty-one company Bandai Group, Bandai Co., Ltd. is Japan's leading toy maker and is engaged in all aspects of the branded-character business, including models, apparel, products for vending machines, candy toys, processed foods, toiletries, stationeries, game machines and software, and amusement equipment. Since, 1950 Bandai has had hundreds of hit toy products including characters such as *Power Rangers*, *Digimon*, and *Mobile Suit Gundam*, and products such as *Tamagotchi*, and *WonderSwan color* game consoles. Bandai now operates in nine countries world-wide. For more information, please see the company home-page at [http://www.bandai.co.jp/bandai\\_e/index\\_e.html](http://www.bandai.co.jp/bandai_e/index_e.html).

#### About Bandai Visual

Bandai Visual is a subsidiary of Japan's leading toy maker, Bandai Co., Ltd. The company operates broadly in the film industry, focusing on the creation, marketing, and sales of animated films. The company has had many hit animation titles, including the world-renown *Akira*, and *Memories*, the first Japanese film ever to attain a ranking of number one on Billboard Magazine's movie charts. In 1999, the non-animation film, *Mother* won prizes at the Cannes Film Festival. Bandai Visual received authorization to list shares on the JASDAQ in October 2001. The Company plans to put more efforts into film licensing and marketing of DVDs, a market that it sees expanding.