



Capcom Co., Ltd.
Tokyo and Osaka Exchanges,
First Section, 9697

Overview of Strategies and Plans
Fiscal Year ending March 31, 2013

< Contents >

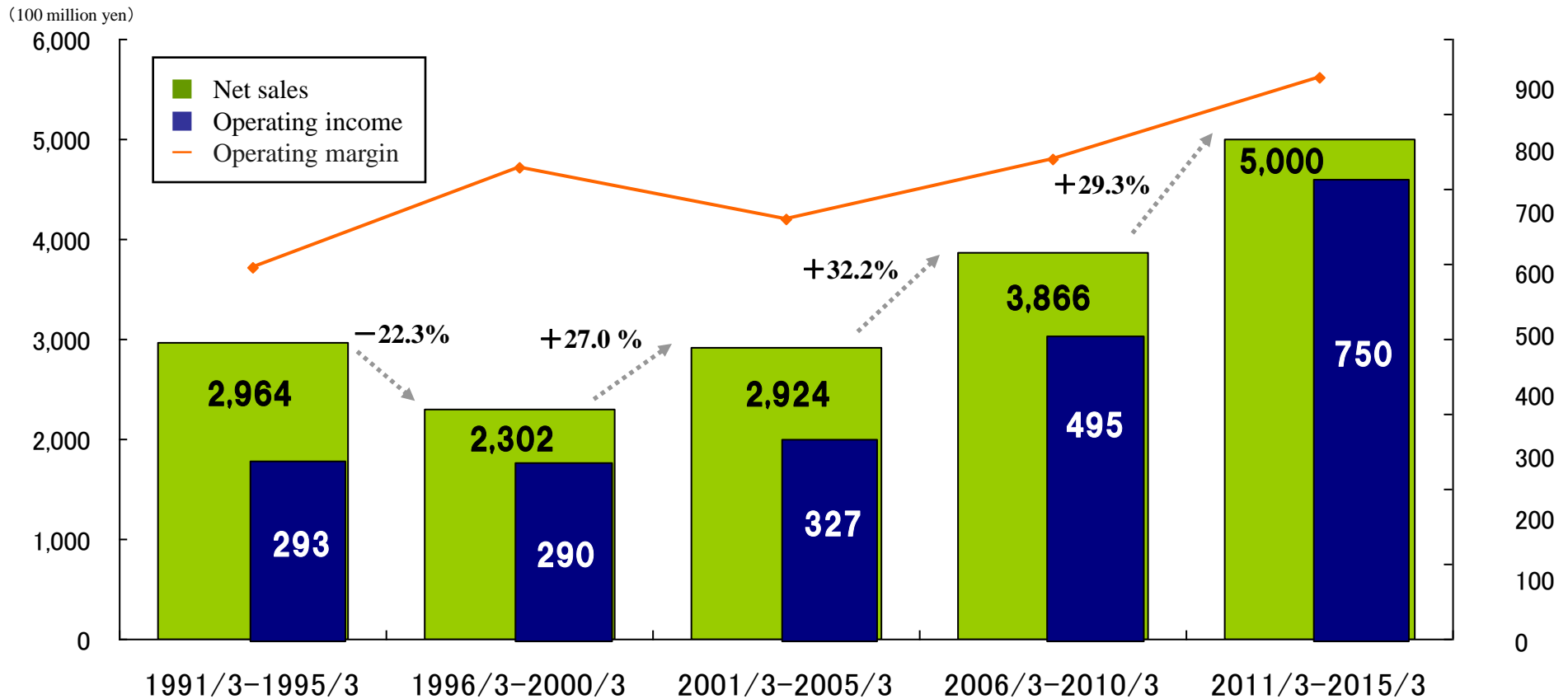
1. **Our Mid-Term Goal** . . . P2
2. **Strategies for Growth** . . . P5
3. **Forecasts for FY 2012** . . . P10
4. **Business Segments Highlights** . . . P13
5. **Additional Information (1)** . . . P29
-About Capcom
6. **Additional Information (2)** . . . P33
-Summary of Major Financial Information

1. Our Mid-Term Goals

1-1. Our Mid-Term Goals (1)

■ Our Mid-Term Goal (During the five-year period ending in March 2015)

- 1) Place priority on achieving an operating margin of **at least 15%** while
- 2) Accumulative sales to **¥500 billion** and operating income to **¥75 billion**



1-1. Our Mid-Term Goals (2)

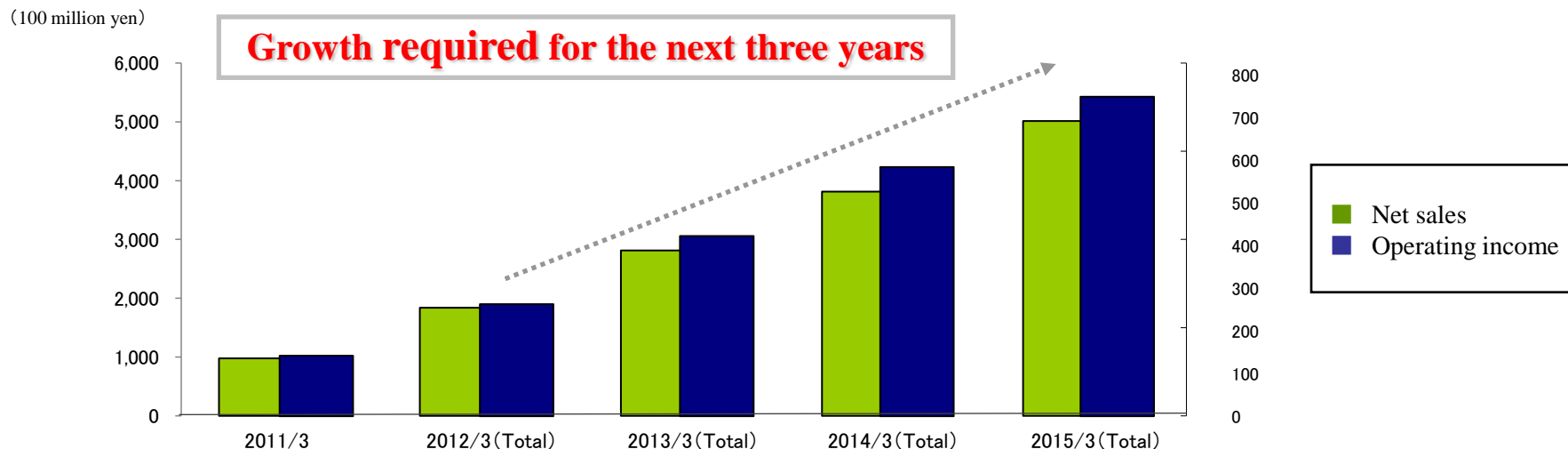
■ Our Goals for the Next Three Years

1) During the three-year period ending in March 2015

Accumulative sales to **¥320 billion** and operating income to **¥48 billion**

2) Fiscal year average

Sales of **¥100 billion** and operating income of **¥16 billion**

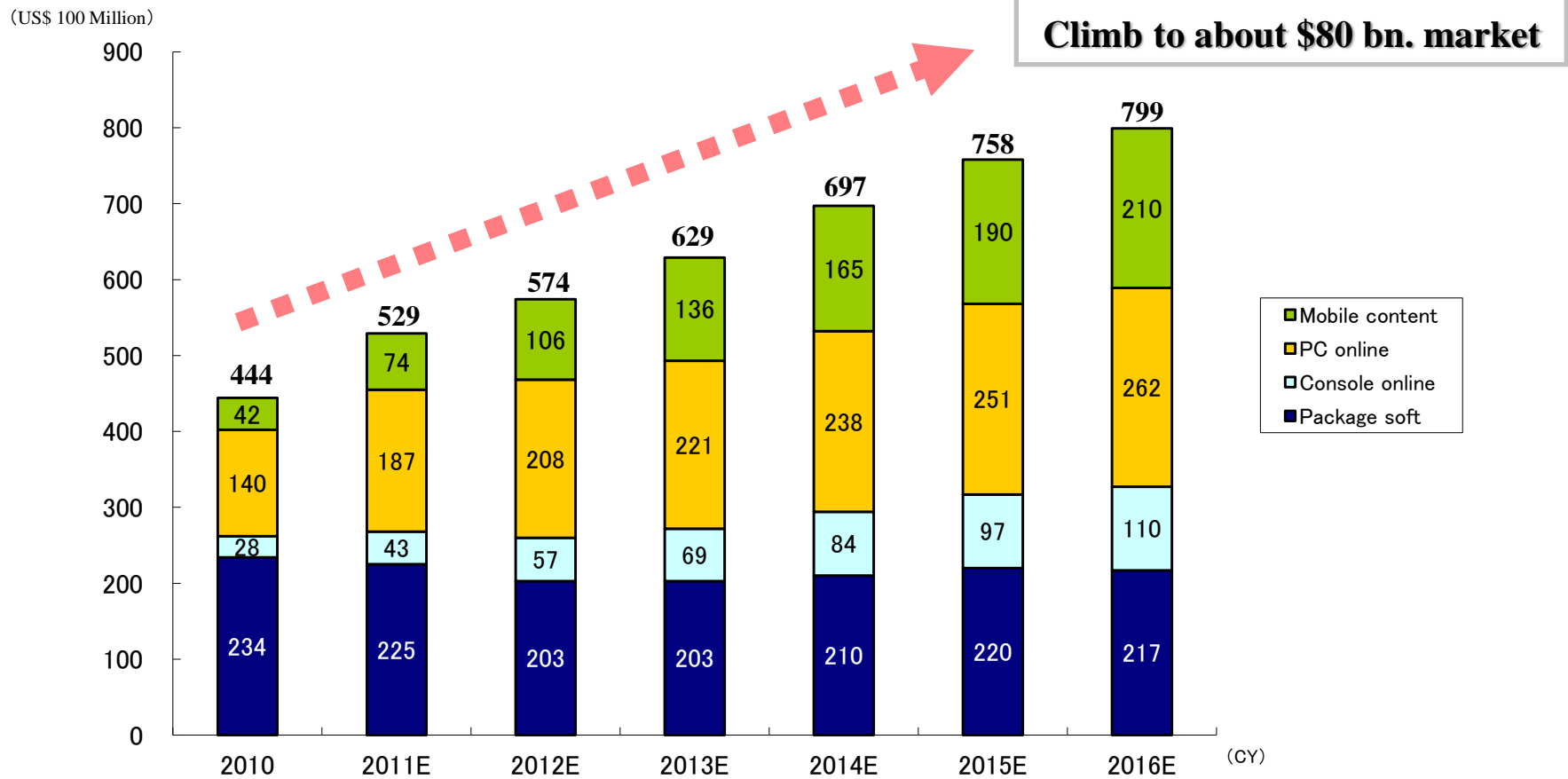


2. Strategies for Growth

2-1. Market Overview

PC Online and mobile game markets are expected to expand and drive growth of the entire game market

■ Total of Home Video Games, PC Online and Mobile Contents Market



E: Estimate *Source : Data prepared from International Development Group

Strategies for Growth

■ Strategy 1: Enlarge games lineup

- Shorten the development-to-launch cycle for series titles.
- Launch brand new titles.

■ Strategy 2: Strengthen the online games business, which has much growth potential

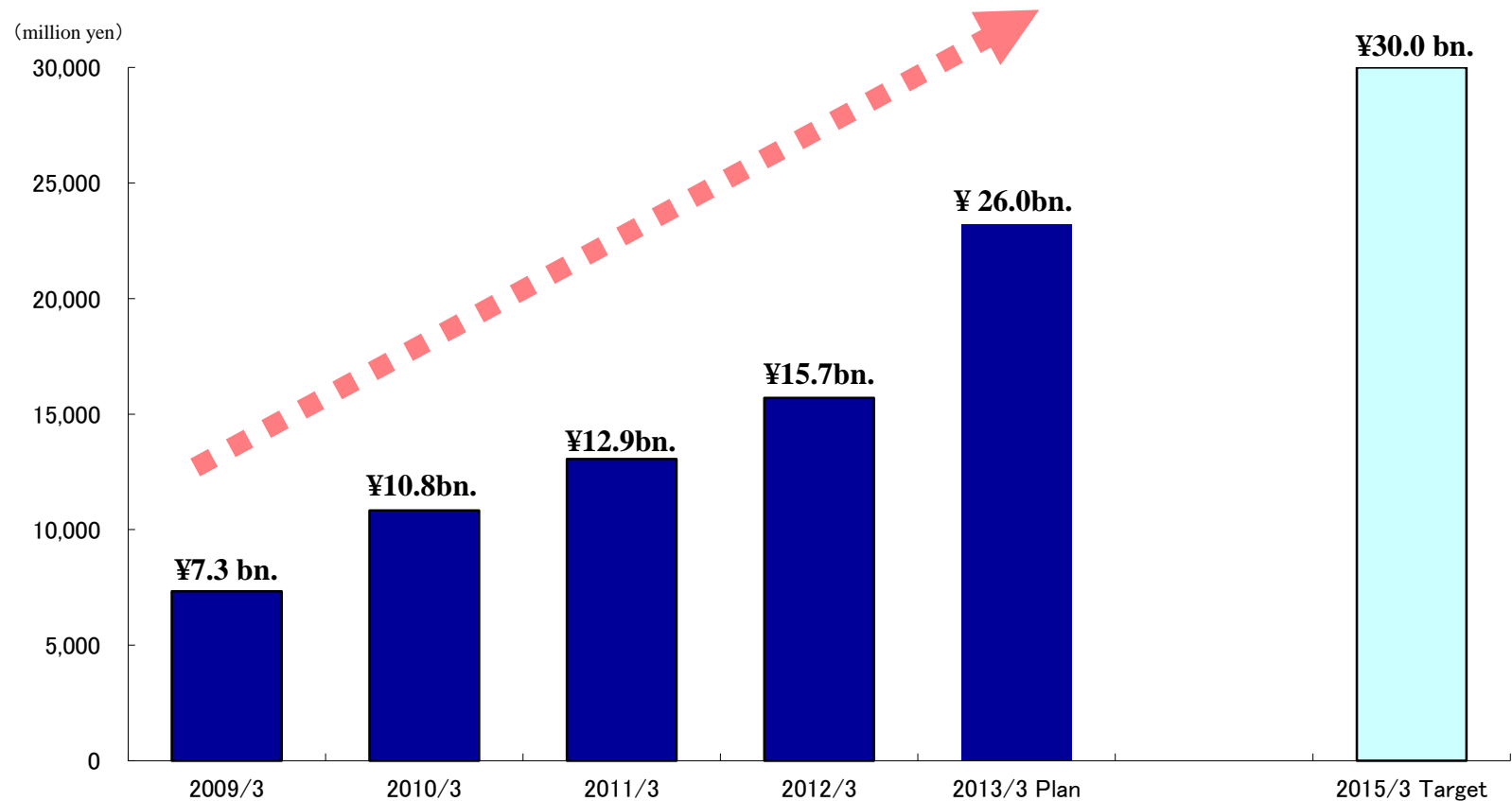
- Add more social games for mobile and PC platforms.
- Expand the lineup of home video game download contents (DLC).
- Launch online game business by geographical region.
- Beef up development staff.

2-3. Online Contents Sales (1)

**Aim for continued growth by focusing resources
on the online game market**

■ Online Contents Sales

Increase to ¥30 bn.



2-3. Online Contents Sales (2)

Steady progress is being made toward all targets in the Medium-Term Plan ending in the March 2015 fiscal year

■ Composition of Online Contents Sales

(100 million yen)

	2011/3	2012/3	2013/3 Plan
Net sales for online contents	129	157	260
(Composition)			
DLC	24	28	50
Mobile Contents	40	63	140
PC Other	65	66	70

(100 million yen)

	2011/3	2012/3	2013/3 Plan
(reference) Net sales for package	613	441	395

3. Forecasts for FY 2012

3-1. Forecasts for Year ending March 2013

Expect to record high profit by strengthening the lineup of flagship titles and enlarging online contents

(million yen)

	2012/3	2013/3Plan	Difference
Net sales	82,065	93,500	11,435
Operating income	12,318	10,000	-2,318
Operating margin	15.0%	15.0%	-
Ordinary income	11,819	10,000	-1,819
Net income	6,723	6,500	-223

- Consolidated sales up and earnings down due to revisions to the packaged software sales plan
- Fiscal year EPS forecast is 112.88 yen
- No change in annual dividend forecast of 40 yen
 - First half dividend of 15 yen and year-end dividend of 25 yen

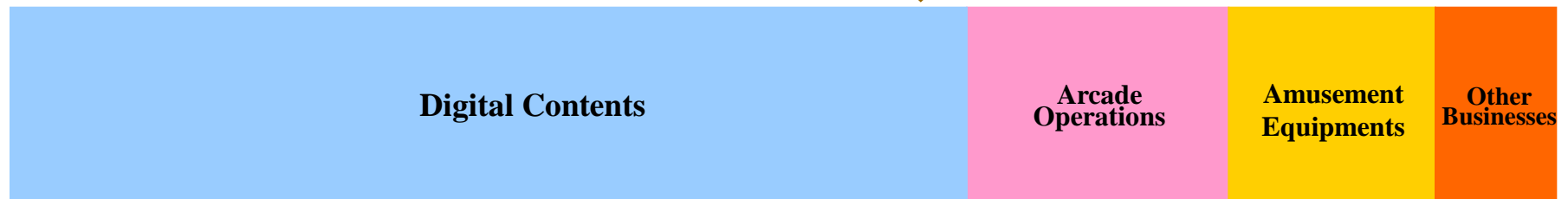
3-2. Comparison of New and Previous Business Segments

Merge the Consumer Online Games business and Mobile Contents business in response to the rapidly changing market environment

< FY2011 ended March 31, 2012 >



< FY2012 ending March 31, 2013 >



Growth Potential Businesses (90% of management resources)

Mature Businesses
(10% of management resources)

4-1. Digital Contents

- Growth Potential Businesses: 90% of total development and capital expenditure budget -

4-1. Digital Contents – Strategic Objectives and Plan (1)

Aim at raising profitability and extending lifetime by launching an expanded range of download contents, in addition to actively promoting sales of mainstay package software

■ Home Video Games – Strategic Objectives

▪ Shorten the development-to-launch cycle for series titles

⇒ Launch flagship titles in Japan and overseas to increase global market.

“Resident Evil 6”	3.5 years from previous version
“DmC Devil May Cry”	5 years from previous version
“Lost Planet 3”	2.5 years from previous version

▪ Boost download contents (DLC) sales

⇒ DLC sales: FY2011: ¥2.8 billion → FY2012: ¥3.5 billion (plan)

⇒ Extend life cycle by introducing contents in areas where user needs are strong.

“Dragon’s Dogma” : Distribute additional quest

“Resident Evil: Operation Raccoon City”: Distribute additional modes, maps

“Street Fighter X Tekken”: Distribute additional characters, etc.

4-1. Digital Contents – Strategic Objectives and Plan (2)

■ FY2012 Sales Plan for Package Titles

(Unit: Thousand)

Title	Region	Releasing Date	Plan
PS3 Xbox 360 PC Resident Evil 6	Japan	10/4	5,000
	North America	10/2	
	Europe	10/2	
PS3 Xbox 360 DmC Devil May Cry	Japan	2013/1/17	1,200
	North America	2013/1/15	
	Europe	2013/1/15	

*Sales for Japan include the entire Asian region.

*Launch date for the PC version of “Resident Evil6” has not been decided.

4-1. Digital Contents – Strategic Objectives and Plan (3)

**Markedly boost overseas unit sales
by launching major titles for the global market**

■ Package Software Unit Sales Plan

(Unit: Thousand)

	2011/3	2012/3	2013/3 Plan	Difference
Titles	53	68	40	-28
Japan	9,000	6,800	4,800	-2,000
North America	6,000	5,100	5,200	100
Europe	5,000	3,300	3,500	200
Asia	500	500	500	0
Total	20,500	15,700	14,000	-1,700

(Composition)

(Unit: Thousand)

	2011/3	2012/3	2013/3Plan	Difference
Distribution Titles	650	1,250	450	-800
Old and Lower PriceTitles	4,000	3,900	4,000	100

4-1. Digital Contents – Strategic Objectives and Plan (4)

**Focus on social games for light users
Aim at expanding sales in Japan and overseas
by leveraging pioneer's competitive advantage**

■ Mobile Contents (Beeline Brand) – Strategic Objectives

- **Continue to launch titles globally to target families**
 - ⇒ Maintain ideal male-female user distribution (female: 57%)
 - ⇒ The average pay-per-game (gross ARPPU) at roughly \$25 is high in overseas markets.
 - ⇒ Active players over age 50: about 1.5 million.

- **Strengthen the three development bases: North America, Europe and Japan**
 - ⇒ Establish “Beeline Interactive Europe Ltd.” as a development company in Europe.

- **Increase the number of titles distributed**
 - ⇒ 15 titles to be distributed in the current year.
 - ⇒ “Shrek®’s Fairytale Kingdom” distribution scheduled to start in first half of CY2012.

4-1. Digital Contents – Strategic Objectives and Plan (5)

**Transform the online business into a multi-platform business
by integrating the organization**

■ Mobile Contents (Capcom Brand) – Strategic Objectives

- **Focus mainly on existing powerful brands to promote social games**
 - ⇒ Tie-up with outside development companies to strengthen operation structure.
 - ⇒ Beef up Capcom staff to increase the number of title launches.
 - “Sengoku BASARA Card Heroes” (Mobage): scheduled to start in May 2012
 - ⇒ Expand the user base by developing games for overseas platforms.

■ PC Online Games – Strategic Objectives

- **Acquire new users by launching new content**
 - ⇒ PC online game “IXION SAGA”: Service scheduled to start in 2012.
- **Diversify into PC browser games and other new genres**
 - ⇒ “Onimusha Soul”: Service scheduled to start in June 2012.
 - ⇒ “Browser Sengoku BASARA”: Service scheduled to start in June 2012.

4-1. Digital Contents – Strategic Objectives and Plan (6)

Aim at strong growth by expanding the lineup of package software and digital contents in line with the growth strategy

■ Digital Contents Plan

(100 million yen)

	2011/3	2012/3	2013/3Plan	Difference
Net Sales	742	598	655	57
Operating Income	138	128	77	-51
Operating Margin	18.7%	21.5%	11.8%	-



“Resident Evil 6”



“DmC Devil May Cry”



“Onimusha Soul”

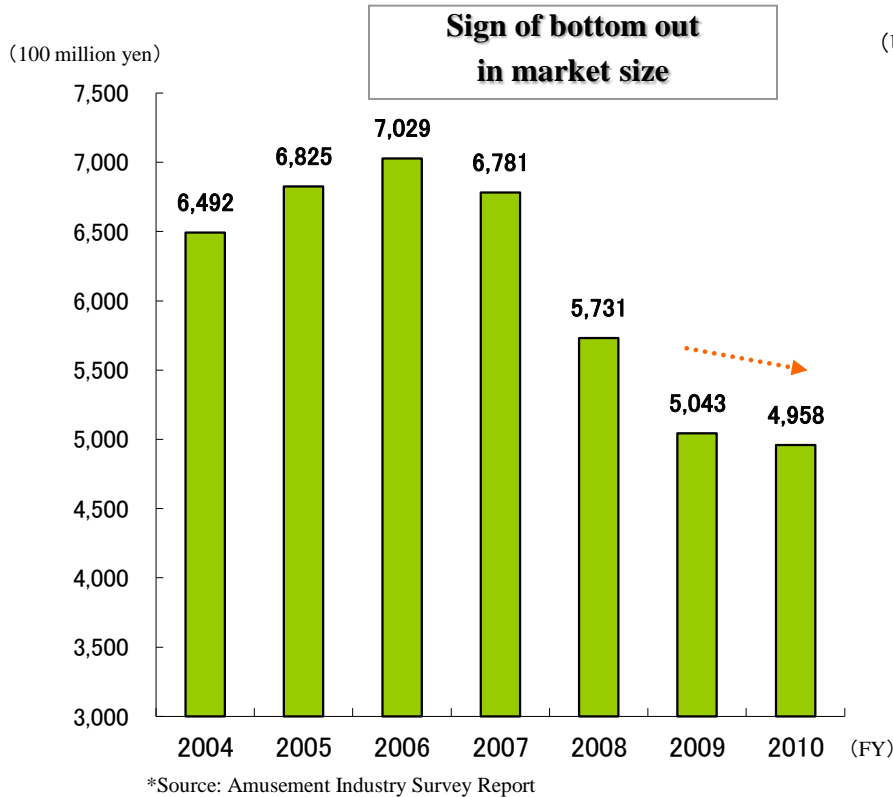
4-2. Arcade Operations

**-Mature Businesses: 10% of total development
and capital expenditure budget -**

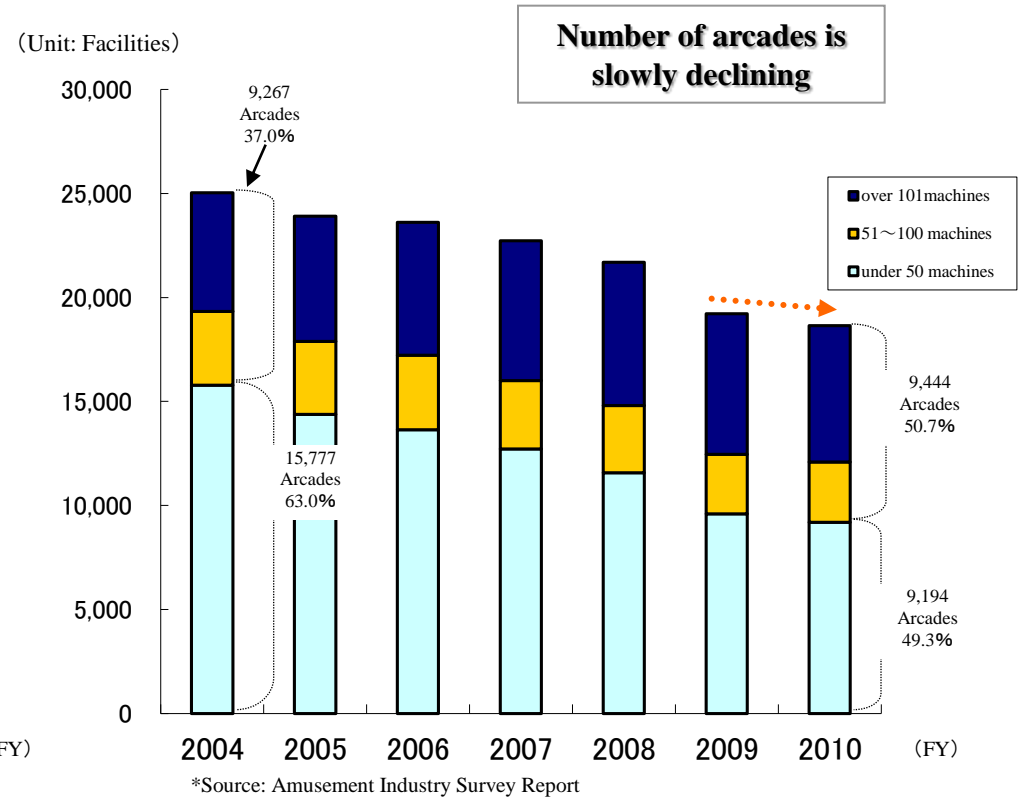
4-2. Arcade Operations – Market Overview

**Market continues to shrink gradually
but signs of an end to the decline are emerging**

Amusement Arcade Market



Number of Amusement Arcades (by number of machines)



4-2. Arcade Operations – Strategic Objectives and Plan

Aim for even small sales and earnings growth by cost control through close investigation of loss-making arcades

■ Arcade Operations – Strategic Objectives

▪ Thoroughly enhance management efficiency of existing arcades

- ⇒ Create new demand by holding events for seniors and other promotional measures.
- ⇒ Aim at achieving 2% YoY growth in existing arcade sales.
- ⇒ FY3/13 plan: Openings: 0, Closures: 3, Total 34 arcades.



“Plaza Capcom Morioka Arcade”

■ Arcade Operations Plan

(100 million yen)

	2011/3	2012/3	2013/3 Plan	Difference
Net sales	116	117	110	-7
Operating income	11	17	17	0
Operating margin	9.7%	15.2%	15.5%	-
Year-to-year ratio off existing stores	-1%	+1%	-2%	-

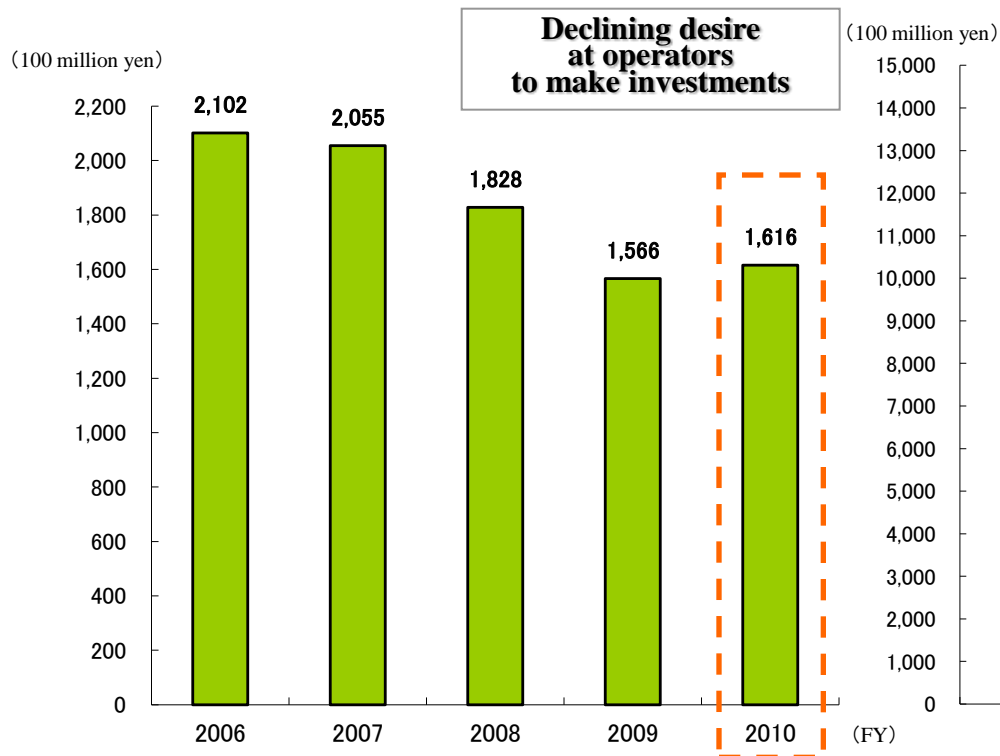
4-3. Amusement Equipments

**-Mature Businesses: 10% of total
development and capital expenditure budget -**

4-3. Amusement Equipments – Market Overview

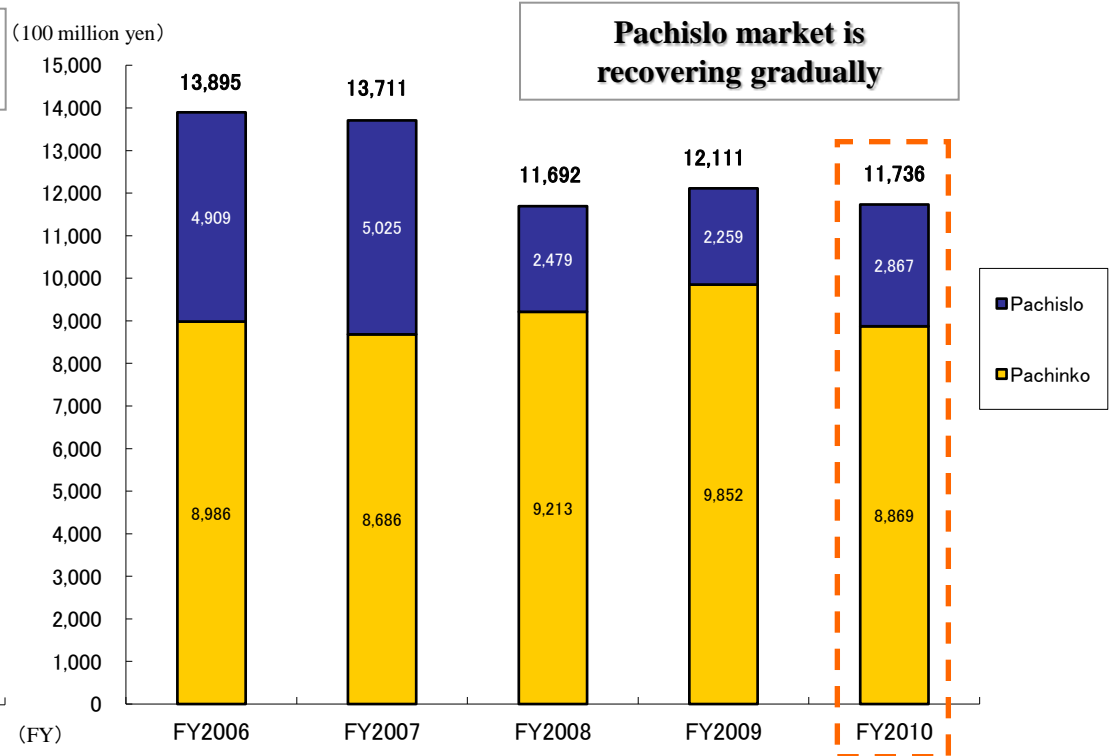
**Market for arcade game machines is showing signs of turning around as the arcade market bottoms out
Amusement equipments market is looking to a pickup on expectations of a recovery in the pachislo machine market**

■ Arcade Machines Market



*Source: Amusement Industry Survey Report

■ Pachinko & Pachislo Machines Market



*Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2009-2011); Yano Research Institute Ltd.

4-3. Amusement Equipments – Strategic Objectives and Plan (1)

Use content of popular home video games extensively to make this business support earnings with a consistent performance

■ Pachinko & Pachislo – Strategic Objectives

- **Continue to sell machines that are developed and manufactured by Capcom**
 - ⇒ Introduce 1-2 machines installing Capcom contents per year.
 - ⇒ Expand marketing network using the alliance with FIELDS CORPORATION.
- **Earn profits by providing products for other companies**
 - ⇒ Stabilize earnings by both selling Capcom machines and providing products and services for other companies.
 - ⇒ Reinforce business base using powerful contents and superior technological prowess.
 - ⇒ Repeat sales of “Monster Hunter” first introduced in FY2011.



Pachislo Machine “Monster Hunter”

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4-3. Amusement Equipments – Strategic Objectives and Plan (2)

Use content of popular home video games extensively to make this business support earnings with a consistent performance

■ Arcade Games Sales – Strategic Objectives

▪ **Earn profits by consistently introducing new products**

⇒ Develop medal-winning and prize game machines that use popular home video games.

⇒ “Mario Party Kuru-Kuru Carnival” – Installation starts in July 2012.

⇒ Continue repeat sales of existing games such as “Monster Hunter Medal Hunting”.

■ Amusement Equipments Plan (Sum of Pachinko & Pachislo and Arcade Games Sales)

(100 million yen)

	2011/3	2012/3	2013/3 Plan	Difference
Net sales	79	76	140	64
Operating income	26	8	40	32
Operating margin	33.4%	11.6%	28.6%	-

*FY2012 sales will be 9 : 1 between Pachinko & Pachislo and Arcade Games Sales

4-4. Other Businesses

4-4. Other Businesses – Strategic Objectives and Plan

Aggressively pursue the “Single Content Multiple Usage” strategy to bolster the Character Contents business worldwide

■ Character Content – Strategic Objectives

▪ **Raise awareness by releasing visual content and movies simultaneously with software titles.**

⇒ Premiere of “Resident Evil: Retribution” is planned for September 14, 2012.

⇒ Premiere of CG movie “Resident Evil: Damnation” planned for October 27, 2012.

▪ **Bolster the Character Contents business globally**

⇒ Increase the Character Contents business at U. S. and European subsidiaries.



“Resident Evil: Damnation”.

■ Other Businesses Plan

(100 million yen)

	2011/3	2012/3	2013/3 Plan	Difference
Net sales	38	28	30	2
Operating income	10	8	8	0
Operating margin	28.2%	30.6%	26.7%	-

5. Additional Information

About Capcom

5-1. The Businesses of Capcom

Capcom uses its game content as the basis for a broad range of business activities

Mature Businesses

% of Net Sales : **20%**

- * Deepen relationships with core fans
- * Increase brand value

Publishing, Video and Characters business

- * Products using characters in games
- * Movies, animation and plays based on games

Pachinko & Pachislo

- * Develop, manufacture and sell machines that use popular content
- * Develop machines for other companies

Arcade Games Sales

- * Development of arcade machines using Capcom content

- * Feedback of data from operations
- * Installation of Capcom products

Arcade Operations

CAPCOM
Capcom's Content Portfolio

Growth Potential Businesses

% of Net Sales : **80%**

Home Video Games

- * Development and sale of games for home video game units
- * Creation of new brands by developing original content

- * Activities that capture synergies

Online Games

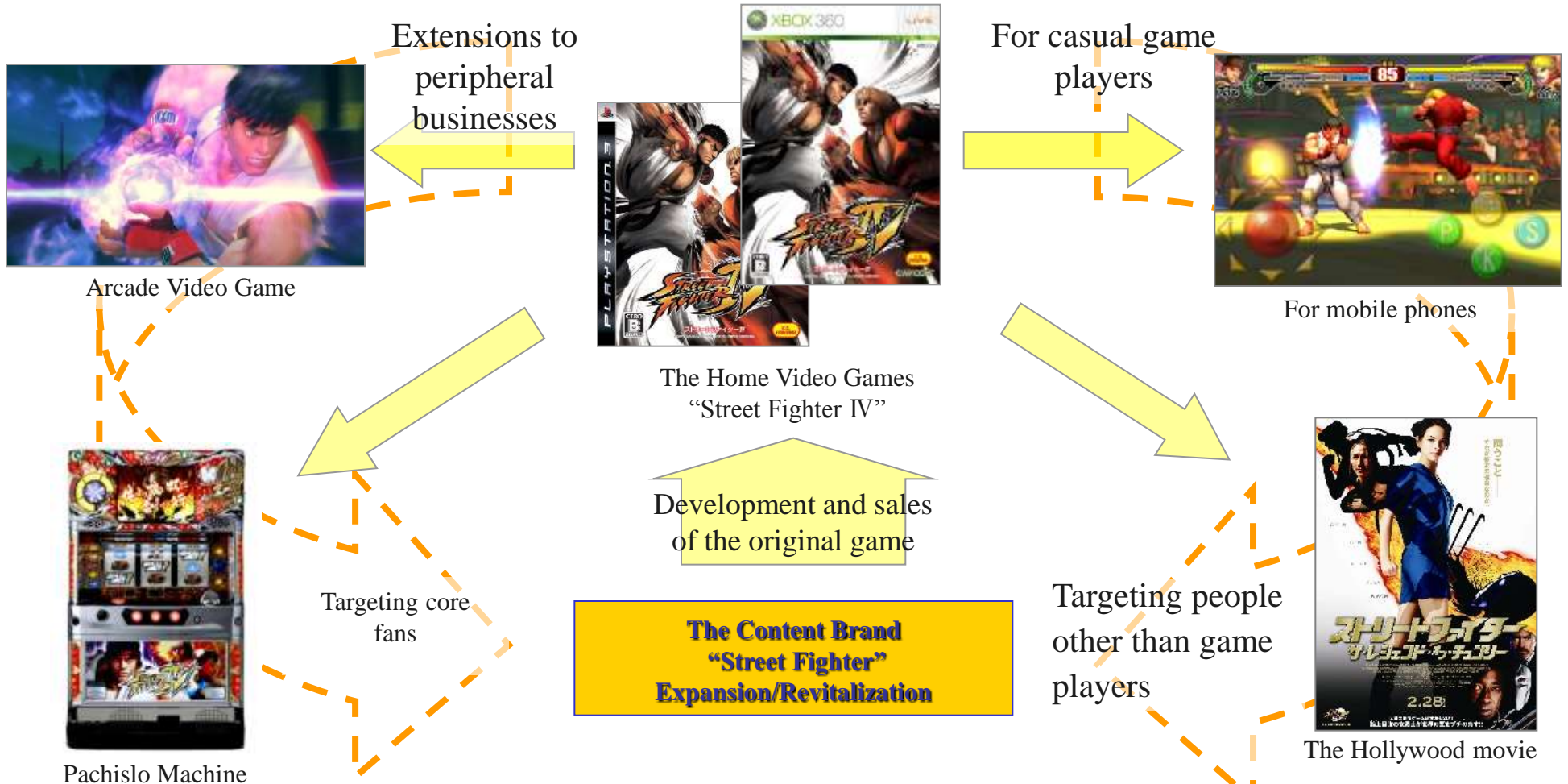
- * Operation of PC online games
- * Promotion of digital distribution of games

Mobile Contents

- * Transplants of games that can be enjoyed on mobile phones
- * Development of next-generation games for digital distribution targeting smartphones

5-2. Example : Expansion of “Street Fighter”

Capcom can use its collection of powerful original game content for home video consoles as well as in many other businesses.



© CAPCOM CO., LTD. / Based on Capcom's Street Fighter Video Games

CAPCOM

5-3. Capcom's Competitive Edge

**Global popularity backed by many well-known brands
for home video games**

■ A lineup of powerful titles

(1) Successful home video games along with a large volume of proprietary content, the key to horizontal growth

- “Resident Evil” series: 49 million units
 - “Devil May Cry” series: 10 million units
 - “Lost Planet” series: 4.8 million units
 - “Street Fighter” series: 33 million units
 - “Monster Hunter” series: 21 million units
 - “Dead Rising” series: 5.3 million units
- ※as of March 31, 2012

■ Strong Expansion in overseas market

(1) Consistent release of double-platinum hits in North America and Europe, which have excellent growth prospects.

(2) Sales of major game titles are 90% overseas, 10% Japan

■ A world leader in game development and technology

(1) Rather than relying solely on our major game titles, we create original content every year to establish new sources of growth.

(2) Basic research involving game development is another strength; we are now using the MT Framework, a highly advanced software development tool that we created to facilitate producing games for multiple platforms.



6. Additional Information

Summary of Major Financial Information

6. Summary of Major Financial Information

● Profit and Loss Sheet

(Unit: Million Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
Net Sales	66,837	97,716	82,065	84.0%	93,500	113.9%
Gross Profit	24,720	37,304	32,456	87.0%	32,900	101.4%
% of Gross Profit	37.0%	38.2%	39.5%	-	35.2%	-
Sales and G&A Expenses	19,133	23,009	20,150	87.6%	22,900	113.6%
Operating Income	5,587	14,295	12,318	86.2%	10,000	81.2%
% of Operating Income	8.4%	14.6%	15.0%	-	10.7%	-
Ordinary Income	5,530	12,861	11,819	91.9%	10,000	84.6%
% of Ordinary Income	8.3%	13.2%	14.4%	-	10.7%	-
Net Income	2,167	7,750	6,723	86.7%	6,500	96.7%
% of Net Income	3.2%	7.9%	8.2%	-	7.0%	-

● Sales by Business Segments

(Unit: Million Yen)

		2010/3	2011/3	2012/3	%	2013/3 Plan	%
Digital Contents	Net sales	47,256	74,297	59,809	80.5%	65,500	109.5%
	Operating income	8,580	13,865	12,887	92.9%	7,700	59.8%
	Operating margin	18.2%	18.7%	21.5%	-	11.8%	-
Arcade Operations	Net sales	11,985	11,621	11,729	100.9%	11,000	93.8%
	Operating income	590	1,131	1,787	158.0%	1,700	95.1%
	Operating margin	4.9%	9.7%	15.2%	-	15.5%	-
Amusement Equipments	Net sales	4,545	7,903	7,663	97.0%	14,000	182.7%
	Operating income	-347	2,638	890	33.7%	4,000	449.4%
	Operating margin	-7.6%	33.4%	11.6%	-	28.6%	-
Others	Net sales	3,049	3,893	2,862	73.5%	3,000	104.8%
	Operating income	1,016	1,098	877	79.9%	800	91.2%
	Operating margin	33.3%	28.2%	30.6%	-	26.7%	-

* Merge the Consumer Online Games business and the Mobile Contents business to "Digital Contents business" from FY2012

● Sales by Geographic Area

(Unit: Million Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
Japan	47,269	67,033	57,899	86.4%	67,500	116.6%
North America	10,825	19,340	15,867	82.0%	15,500	97.7%
Europe	7,813	9,966	6,930	69.5%	9,000	129.9%
Others	928	1,376	1,368	99.4%	1,500	109.6%

6. Summary of Major Financial Information

● Promotional Expense

(Unit: Million Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
Capcom Japan	2,686	3,293	2,833	86.0%	4,400	155.3%
Consolidated	5,299	7,046	5,639	80.0%	10,600	188.0%

● Number of Arcades

(Unit: facilities)

	2010/3	2011/3	2012/3	difference	2013/3 Plan	difference
Consolidated	38	37	37	-	36	-1

● Capital Expenditure

(Unit: Million Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
Capcom Japan	1,276	1,561	1,519	97.3%	3,000	197.5%
Consolidated	1,636	1,725	2,240	129.9%	4,300	192.0%

● Depreciation

(Unit: Million Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
Capcom Japan	2,876	2,846	2,606	91.6%	2,000	76.7%
Consolidated	3,368	3,315	3,123	94.2%	2,600	83.3%

● Number of Employees

(Unit: Persons)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
Capcom Japan	1,620	1,636	1,698	103.8%	1,857	109.4%
Consolidated	1,930	2,089	2,265	108.4%	2,552	112.7%

● R&D Investment Cost

(Unit: Million Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
R&D Investment Cost	19,126	26,086	30,648	117.5%	32,000	104.4%
Technical R&D Cost	2,125	2,924	2,236	76.5%	2,300	102.9%

● Foreign Exchange Rate (end of March)

(Units: Yen)

	2010/3	2011/3	2012/3	%	2013/3 Plan	%
USD/¥	93	83	82	98.8%	78	95.1%
Euro/ ¥	124	117	109	93.2%	100	91.7%

6. Summary of Major Financial Information

● Sales Units Shipped <platform>

(Unit: '000 copies)

		2010/3	2011/3	2012/3	Difference	2013/3 Plan	Difference
Playstation 2	Total Titles	10	1	0	-1	-	-
	Sub Total	600	300	200	66.7%	-	-
Playstation 3	Total Titles	11	11	25	14	-	-
	Sub Total	2,700	6,200	6,200	100.0%	-	-
PSP PS Vita	Total Titles	20	11	9	-2	-	-
	Sub Total	2,400	6,200	1,900	30.6%	-	-
Wii	Total Titles	8	5	4	-1	-	-
	Sub Total	3,200	1,400	650	46.4%	-	-
NintendoDS Nintendo 3DS	Total Titles	12	11	12	1	-	-
	Sub Total	1,000	1,700	3,300	194.1%	-	-
Xbox 360	Total Titles	8	11	16	5	-	-
	Sub Total	1,700	4,200	3,200	76.2%	-	-
PC & Others	Total Titles	3	3	2	-1	-	-
	Sub Total	900	500	250	50.0%	-	-
Total	Total Titles	72	53	68	15	40	-28
	Sub Total	12,500	20,500	15,700	76.6%	14,000	89.2%

● Sales Units Shipped <geographic>

(Unit: '000 copies)

	2010/3	2011/3	2012/3	Difference	2013/3 Plan	Difference
Japan	5,200	9,000	6,800	75.6%	4,800	70.6%
North America	3,600	6,000	5,100	85.0%	5,200	102.0%
Europe	3,400	5,000	3,300	66.0%	3,500	106.1%
Asia	300	500	500	100.0%	500	100.0%
Total	12,500	20,500	15,700	76.6%	14,000	89.2%

Forward-looking Statements

Information in these materials concerning strategies, plans, outlooks and all other items except historical facts are forward-looking statements. These statements are based on certain assumptions that use reasonable judgments in accordance with information that is currently available. Actual performance may differ significantly from these statements for a variety of reasons.

The operating results of all companies in the video and arcade game business may be highly volatile due to shifts in market conditions caused by changing user needs and other factors.

Factors that may affect operating results include, but are not limited to: 1) the ability to introduce hit products, and the volume of sales, in the home video games business, which accounts for the majority of sales; 2) progress in developing new home video games; 3) the popularity of home video game players; 4) sales outside Japan; 5) changes in stock prices and foreign exchange rates; 6) alliances with other companies concerning product development, sales and other operations; and 7) changes in market conditions.