

Educational Support

Fostering a Better Understanding of Video Games through Educational Support

Video games are a comparatively new cultural phenomenon about which there is little academic research. Rather than examining the educational aspects, theories about the detrimental effects resulting from violent content have been persistently trumpeted to the general public. Nevertheless, the idea of a “future career” as a video game creator is very popular among children, and some schools have even begun to incorporate portable video game consoles into the classroom in recent years. As a game software manufacturer, we believe that fostering an understanding about video games is our corporate social responsibility (CSR). As part of our educational support activities, and in concurrence with the Ministry of Education, Culture, Sports, Science and Technology’s new guidelines regarding “integrated courses”, we welcome student visits to the company and participate in classroom activities at schools.

In the period under review, we conducted two highly acclaimed programs. The “Career Education Support program” provided an overview of the company, focusing on the rewards and challenges of developing video game software. The “Game Literacy Education Support program” taught students how to develop a healthy relationship with video games. As of March 31, 2010, 711 students from 119 institutions (primarily elementary and middle schools) had visited the company. In the same period, we also visited four schools, including the Naniwa Juvenile Reformatory, where we conveyed the value of work and the importance of being a productive member of society through an overview of the company to approximately 290 students. In addition, we exchanged opinions regarding our future CSR activities and educational support programs with a university specialist.

We aim to assist students with their careers and provide lifestyle guidance by fostering an understanding of the value of work and a healthy relationship with video games.



On-site class at school



Students visit the Company

Free Distribution of Educational Comic “Secrets of Video Games”

Capcom publishes educational comic “Secrets of Video Games” in cooperation with Gakken Co., Ltd. The comic offers insights into the game development process, promotes healthy relationships with video games and provides information on what to study to become a video game creator.

The comic is distributed free of charge to 24,000 elementary schools and 2,700 public libraries across Japan, as well as to students as an educational material in advance of a Capcom visit to their school. It is also recommended by the National Congress of Parents and Teachers Association of Japan for use as a secondary teaching material in integrated courses and other classroom settings.

Promoting Observance of the CERO Ratings System for the Healthy Development of Young People

The video game industry voluntarily restricts game content and sales methods to limit access to sexual and violent content for the healthy development of young people who frequently play home video games. Age-based ratings are displayed on game software packages, which are useful for making appropriate purchases. The industry voluntarily prohibits the sale of software intended for users 18 years or older (category Z) to consumers who are under 18, with 99% of retailers* separating game displays by ratings category and checking purchaser identification to confirm age. In addition, the latest home video game consoles include a parental control function that enables parents to limit the purchase and use of certain games according to their ratings. The industry is making a concerted effort to promote the adoption of this ratings system and improve its efficacy.

In the period under review, Capcom made an effort to promote a greater understanding of this ratings system through detailed explanations in “Secrets of Video Games” and on its corporate website, as well as during student visits to the company and presentations at schools.

Note: From the results of the 4th CERO Age-Based Ratings System Field Survey.



Gakken’s “Understanding” Series: “Secrets of Video Games”

Rating Symbol

Expert Comments

Yoh Nanami

Lecturer, Department of Education and Child Studies,
Faculty of Arts and Sciences, Sagami Women’s University

Expectations for Education Support Consisting of Game Manufacturers, Guardians and Teachers



The development and spread of information media such as computers, the Internet, video games and cell phones contribute to significant changes in the environment surrounding our children. Unseen risks and issues that need to be resolved spring up one after the other as information media becomes ever more essential in children’s lives, play and education. Children must understand the special qualities of information media so they can use these tools to their advantage.

Capcom’s CSR activities, which directly address these issues, have earned a well-deserved reputation as game manufacturer support. We propose one point of improvement, namely, to separate the “Career Education Support” and “Game Literacy Education Support” components of our classroom support program into separate programs, providing more content for both. As we continue to expand our dialogue with guardians and teachers, we have high expectations for this three-pronged approach to supporting children’s education.

Corporate Governance

Clear Separation of Management Monitoring and Business Operation Functions

Capcom has adopted a corporate auditor system consisting of four members, two of whom are external auditors. In addition to formulating auditing policies and providing consultation regarding audit results, members of the Board of Corporate Auditors submit items identified in the audit to the president and exchange opinions and information with accounting auditors when appropriate. Furthermore, with the introduction of a Corporate Officer System, we established a clear separation between the Board of Directors, which determines management policy, and the corporate officers, who implement and execute the day-to-day operations of the company, in an attempt to facilitate faster decision-making and more flexible execution of operations.

Capcom adopted the corporate auditor system over a company with committees because, in addition to the introduction of a Corporate Officer System, we had already introduced the company with committees concept of separating the monitoring and business operation functions through the appointment of three external directors and the establishment of a Remuneration Committee.

Strengthening the Management Monitoring Function to Improve Transparency and Reliability

The Board of Directors consists of nine members, meets regularly once a month and holds extraordinary meetings when necessary. Three of the nine members are external directors, whose opinions, advice and feedback invigorate and improve the transparency and reliability of the Board of Directors while strengthening the management monitoring function. Moreover, we established a Remuneration Committee chaired by an external director to determine fair and appropriate compensation for directors.

During the period under review, the Board of Directors met 15 times, engaging in lively discussions concerning reported items and matters for resolution. The Remuneration Committee recommended to the Board of Directors remuneration for each board member based on the amount agreed upon at the general shareholders' meeting (See tables at right). Also, one

external director and one external auditor appointed an independent director to avoid any conflict of interest among general shareholders in terms of decision-making.

Board of Directors/Board of Corporate Auditors Rate of Attendance

	Name	Board of Directors/Board of Corporate Auditors Rate of Attendance
External Director	Hiroshi Yasuda	Attended all board meeting in fiscal 2009
	Makoto Matsuo	Attended all board meeting in fiscal 2009
	Koichi Hori	Attended three board meetings in fiscal 2009 until retiring on June 17, 2009
	Takayuki Morinaga	Attended all board meetings held after retiring on June 17, 2009
External Auditor	Shoji Yamaguchi	Attended all board and corporate auditor meetings in fiscal 2009
	Koji Takito	Attended all board and corporate auditor meetings in fiscal 2009

Officer Remuneration

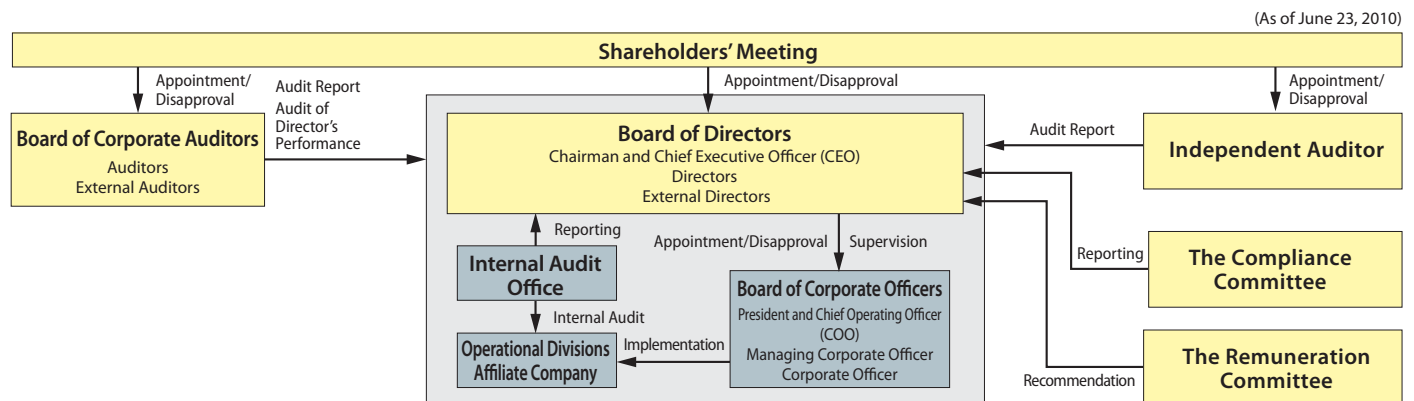
	No. of People	Remuneration Amount
Directors (External Directors)	10 (4)	¥309 million (¥32 million)
Corporate Auditors (External Auditors)	4 (2)	¥46 million (¥23 million)

Note: 1. Includes one outside director who retired at the conclusion of the 30th general shareholders' meeting on June 17, 2009.
2. It was determined that bonuses would not be paid to directors for the fiscal year ended March 31, 2010.

Internal Auditing and Recommendations for Improvement by the Audit Office

Capcom established an audit office independent from operations to conduct internal auditing.

The audit office conducts internal audits on all divisions of Capcom and works with corporate auditors to verify and ensure the legal compliance and efficiency of the company's operations. The audit office makes an effort to ensure that internal controls work effectively in every division and recommends improvements to audited divisions based on their findings.



Compliance

Striving to Ensure Legality through Compliance Committee Checks

To manage the various risks faced by the company, Capcom established a Compliance Committee that meets once every three months and is chaired by an external director who is a qualified attorney. At each of its quarterly meetings, the committee conducts a “periodic compliance check” of all divisions and departments. In accordance with the company’s internal reporting system, the results are reported via its “Compliance Hotline”. In addition, the results reported to the Board of Directors through the Compliance Committee. Warnings, recommendations and advice are given to concerned parties as circumstances demand.

Furthermore, the “Capcom Code of Conduct” was formulated to strengthen our compliance system. Capcom is dedicated to proactively preventing illegal acts and misconduct, and ensuring legal compliance through the promulgation of corporate ethics and principles.

Thorough Protection of Personal Information

In response to the “Act on the Protection of Personal Information (Personal Information Protection Regulations)”, we formulated and provided companywide notification of a “Personal Information Protection Program” and instituted “Basic Policies on Information Security” and “Personal Information Protection Rules”.

We also disclose our privacy policies internally and to the public. We will continue to conduct training programs and awareness-raising activities for our employees to maintain the effective functioning of our privacy protection process.

Deepening Employee Understanding of Compliance

During the period under review, the Compliance Committee met four times, conducted compliance training sessions for new employees and created a handbook using illustrations and easy to understand Q&A examples to facilitate a better understanding of the “Capcom Group Code of Conduct”, which was distributed to all employees. Also, “e-learning sessions on legal compliance and personal information protection rules” were conducted for all employees. In addition, warnings regarding procedures for customer paperwork issuance and unpaid overtime as well as questions and opinions raised during the periodic compliance check, were posted on the company intranet.

Compliance is the foundation of corporate governance and the basis for the fulfillment of corporate social responsibility. Capcom will continue to



Capcom Group Code of Conduct Handbook

instill this understanding in all its officers and employees. Furthermore, in accordance with the Whistleblower Protection Act, we have established “Corporate Ethics Hotline Usage Provisions” and set up a “Compliance Hotline”. In these ways, we are striving to create an environment that will provide flexibility for internal notification by employees and help prevent illegal or inappropriate actions and take corrective actions.

Officer Remuneration

Activity	No. of Times	Target
Compliance training	1	New employees
Compliance education curriculum	2	All employees
Personal information protection education curriculum	3	All employees

Philosophy and Development of an Internal Control System

As part of the director’s due diligence, Capcom developed the following internal control system based on the Companies Act and its enforcement regulations to ensure that all Group company practices comply with regulations and are executed in an efficient manner.

1. Creation of a Structure to Ensure Directors Perform their Duties in Accordance with Laws and Regulations

To strengthen the management monitoring function and enhance corporate value, Capcom strives to prevent illegal activities and ensure compliance through regular Compliance Committee checks while attempting to invigorate and heighten the monitoring function of the Board of Directors in accordance with advice and recommendations from the three external directors.

2. Measures to Ensure Business Practices are Appropriate and Compliant

(1) Information management and storage

The management and storage of documents and information such as the minutes from board meetings is conducted in accordance with “document management regulations”.

(2) Risk management

A risk management structure and “crisis management regulations” were created to proactively prevent crises and execute the appropriate actions if one occurs.

(3) Efficient execution of business operations

Capcom introduced a Corporate Officer System under which the duties of the Board of Directors and corporate officers are separated to enable smooth and flexible business operations and enhance management efficiency.

(4) Legal compliance system

The “Capcom Code of Conduct” is our guideline for legal compliance. We seek to prevent illegal activities and misconduct through employee training and monitoring programs.

(5) Groupwide management structure

Capcom's groupwide legal compliance framework aims to ensure sound corporate governance and the appropriate management of compliance risks by maintaining close communications with subsidiaries, monthly subsidiary board meetings and the establishment of "management regulations for subsidiaries".

(6) Operational audit structure

In accordance with auditing policies, the execution of operations by corporate officers are audited, with recommendations for improvements indicated in auditor reports as necessary to ensure internal controls function effectively. To enable auditors to perform their duties smoothly and appropriately, an employee is selected with the consent of auditors to provide assistance.

3. Basic Policy and Framework for the Eradication of Antisocial Forces

Capcom takes a firm stand against antisocial forces that threaten social order and the safety of citizens, and strictly prohibits any association with such groups at the organizational, employee and individual levels. If we are contacted by such groups, in addition to swift organizational measures, we will cooperate with the police and other relevant authorities to firmly refuse unlawful demands.

While Capcom attempts to remain aware of information related to these groups in order to avoid contact or involvement, if we discover that we have unknowingly become involved with them, we will immediately terminate the association with the help of the police and other relevant authorities.

Risk Management

Minimizing Impacts on Operations through the Creation of a Risk Management System

Capcom faces many risks that have the potential to affect operating performance and the company's financial condition (See P. 52). A risk management system has been created to minimize the impact of these risks on operating and other performance.

For example, in terms of intellectual property rights, the intellectual property rights department (composed of patent and trademark copyright teams) conducts preliminary audits and submits the required applications during the planning and production stages of development in an effort to avoid the risk of infringement in terms of the acquisition and maintenance of rights. Capcom also focuses on internal education by holding in-house intellectual property study groups on a regular basis and conducting activities to impart legal knowledge.

Furthermore, in terms of "risks related to overseas operations", in consideration of the culture, religion and customs of each country the intellectual property and quality control departments conduct game content checks in addition to those conducted by the research department, and the legal affairs division consults with local legal teams as necessary to ensure compliance with local laws. Regarding the increased task risk of expanding overseas operations, Capcom requests advanced pricing agreements to limit transfer pricing risk.

Investor Relations

1. Disclosure Policies

Capcom believes that the timely and appropriate disclosure of information is the duty of every listed company, and that accountability to our shareholders and investors is indispensable from the perspective of corporate governance.

To this end, our basic policy for IR activities involves (1) the establishment of a responsible investor relations framework, (2) the thorough disclosure of information, and (3) the creation of a system for the timely disclosure of information to enhance management transparency.

2. Disclosure Criteria

Capcom provides timely disclosure in accordance with the Securities and Exchange Law and other regulations including the "Rules on Timely Disclosure of Corporate Information" by Issuer of Listed Security (hereinafter Timely Disclosure Rules) stipulated by the Financial Instruments and Exchange Law and the Tokyo Stock Exchange. It is our policy to disclose as much information as possible, including the disclosure of information not required by the Timely Disclosure Rules, to accommodate our investors' needs.

We also disclose information through our corporate website in an attempt to provide quick and fair disclosure. Shareholders are informed of operating results and business conditions through business reports.

3. Quiet Period

To prevent the unauthorized disclosure of quarterly earnings information prior to official announcements, Capcom has established a quiet period starting one month prior to the scheduled earnings announcement. During this period, we refuse all inquiries relating to our business performance. However, if significant changes to our earnings outlook are anticipated during the quiet period, we will disclose this information pursuant to the Timely Disclosure Rules.

4. Third-Party Assessments of IR Activities

In recognition of our ongoing pursuit of timely and appropriate information disclosure, our IR activities and various IR tools have received a number of awards from third-party organizations. In fiscal 2009, we received an award at the "Nikkei Annual Report Awards 2009", and our IR website placed first in the Gomez Consulting Co., Ltd's "Investor Relations Site Ranking 2010" and second among in the "Fiscal 2009 Listed Company Website Quality Ranking".

With an awareness of the importance of accountability, we will continue our efforts to earn the trust of investors and provide timely disclosure.

5. IR team

Capcom IR activities are conducted by seven staff members including the chairman, the president and the IR director on behalf of shareholders and investors in Japan and overseas.

For earnings information and other IR-related inquiries, please contact the IR team.

**Public Relations &
Investor Relations Section**
PHONE: 81-6-6920-3623
E-mail: ir@capcom.co.jp

Business Hours:
9:00-12:00, 13:00-17:30
(excluding weekends and
public holidays)



Investor Relations Staff

Directors and Corporate Auditors

Directors



Kazuhiko Abe

Sumitaka Hatsuno

Kenzo Tsujimoto

Haruhiro Tsujimoto

Hiroshi Tobisawa

Tamio Oda

Kenzo Tsujimoto

Chairman and Chief Executive Officer (CEO)

- Jul 1985 President and Representative Director of the Company
- Apr 2001 Chief Executive Officer (CEO) of the Company (to present)
- Jul 2007 Chairman and Representative Director of the Company (to present)

Sumitaka Hatsuno

Director

- Dec 1989 Entered into the Company
- Apr 1993 General Manager of Arcade Operations Dept. of the Company
- Jun 1999 Officer & General Manager of Arcade Operations Dept. of the Company
- Jul 2004 Managing Corporate Officer of the Company
- Apr 2006 Director, Executive Corporate Officer of the Company
- Jul 2007 Director, In charge of Arcade Operations, Arcade Game Sales and Pachinko & Pachislo Business of the Company
- Apr 2010 Director, In charge of Arcade Business, Pachinko & Pachislo Business and Production Control Department of the Company (to present)

Kazuhiko Abe

Director and Managing Corporate Officer

- Apr 1987 Entered into The Mitsubishi Bank, Limited. (currently The Bank of Tokyo-Mitsubishi UFJ, Limited.)
- Jul 1994 Deputy Manager of New York Branch, the said Bank
- Nov 2000 Executive Officer, Hikari Tsushin, Inc.
- Jan 2002 Executive Officer, Intuit Kabushiki Kaisha (currently Yayoi Co., Ltd.)
- Mar 2003 Entered into the Company
- Jul 2003 General Manager of Management Planning Dept. of the Company
- Apr 2004 Corporate Officer of the Company
- Apr 2006 Managing Corporate Officer of the Company (to present)
- Jun 2006 Director (to present), Chief Financial Officer (CFO) of the Company
- Jul 2007 In charge of Group Management of the Company
- Jul 2010 In charge of Overseas Business of the Company (to present)

Haruhiro Tsujimoto

President and Chief Operating Officer (COO)

- Apr 1987 Entered into the Company
- Jun 1997 Director of the Company
- Feb 1999 Managing Director of the Company
- Apr 2001 Senior Managing Director of the Company
- Jul 2004 Director and Executive Corporate Officer of the Company
- Apr 2006 Director and Executive Vice President of the Company
- Jul 2007 Representative Director, President and Chief Operating Officer (COO) of the Company (to present)

Hiroshi Tobisawa

Director

- Aug 1997 Entered into the Company
- Apr 1998 General Manager of Corporate Planning Dept. of the Company
- Jun 1999 Officer & General Manager of Home Video Games Domestic Sales Division of the Company
- Apr 2001 Managing Corporate Officer of the Company
- Jun 2005 Director of the Company (to present)
- Jul 2007 In charge of Overseas Business of the Company
- Jul 2010 Assigned to Special Missions of the Company (to present)

Tamio Oda

Director and Chief Financial Officer (CFO)

- Apr 1969 Entered into The Sanwa Bank, Limited. (Currently The Bank of Tokyo-Mitsubishi UFJ, Limited.)
- Jun 1991 Managing Director of Unicharm Corporation
- Jun 1997 Branch Manager of Nakanoshima Branch of the said bank
- Jun 1999 Managing Director of Daisue Construction Co., Ltd.
- May 2001 Advisor of the Company
- Jun 2001 Director of the Company
- Jun 2003 Managing Director of the Company
- Jul 2004 Director, Executive Corporate Officer, Chief Financial Officer (CFO) and in charge of Corporate Strategies, Administration, President's Office, Affiliated Companies' Management of the Company
- Mar 2006 Director of the Company (to present)
- Jul 2007 In charge of Corporate Management of the Company (to present)
- Jul 2010 Chief Financial Officer (CFO) of the Company (to present)

Auditors

Notes) Messrs. Shoji Yamaguchi, Koji Takito are External Auditors.



Masanao Iechika

Shoji Yamaguchi

Kazushi Hirao

Koji Takito

Shoji Yamaguchi

Corporate Auditor (full-time)

- Apr 1962 Entered into National Tax Administration Agency
- Jun 1990 Nagoya Regional Tax Tribunal Chief Appeals Judge
- Aug 1992 Councilor of Business Promotion Dept. of The Sumitomo Trust & Banking Co., Ltd.
- Jun 2001 Corporate Auditor of the Company (full-time) (to present)

Reasons for selection of external directors:
Selected based on overall assessment including knowledge of taxes, character, insight, experience in business operations and other factors

Kazushi Hirao

Corporate Auditor (full-time)

- Apr 1975 Entered into Hitachi Zosen Corporation
- Apr 1987 Assistant Manager of the said company
- Jun 1988 Entered into the Company
- Apr 1997 General Manager of Overseas Business Dept. of the Company
- Jul 1999 Corporate Officer, General Manager of Overseas Business Dept. of the Company
- Oct 2002 General Manager of General Affairs Dept. of the Company
- Apr 2004 Senior Manager of Investor Relations Section of the Company
- Jun 2004 Corporate Auditor of the Company (full-time) (to present)

External Directors (Notes) Messrs. Hiroshi Yasuda, Makoto Matsuo and Takayuki Morinaga are External Directors.



Hiroshi Yasuda

Director

Apr 1957	Entered into the Ministry of Finance
Nov 1973	Personal Secretary to the Minister of Finance
Jan 1977	Personal Secretary to the Prime Minister
Jun 1988	Deputy Vice Minister of Finance
Jun 1990	Director-General, Budget Bureau
Jun 1991	Administrative Vice Minister of Finance
May 1994	Governor, the Export-Import Bank of Japan (Currently Japan Bank for International Cooperation)
Oct 1999	Governor, Japan Bank for International Cooperation
Sep 2001	Advisor, the Kansai Electric Power Co., Inc. (to present)
Jun 2002	Chairman, Yomiuri International Economic Society (to present)
Jul 2002	President, Japan Investor Protection Fund
Jun 2004	External Corporate Auditor, Shiseido Co., Ltd.
Aug 2004	President, Capital Market Promotion Foundation (to present)
Jun 2007	Director of the Company (to present)

Reasons for selection of external directors: Selected based on an overall assessment including character, insight, work experience and other factors



Makoto Matsuo

Director

Apr 1975	Admitted to Japanese Bar (The Dai-ichi Tokyo Bar Association) Ozaki & Momo-o
Aug 1978	Weil, Gotshal & Manges in New York
Mar 1979	Admitted to New York Bar
Apr 1989	Partner, Momo-o, Matsuo & Namba (to present)
Apr 1997	Lecturer, Nihon University, Faculty of Law: International Transaction Law
Jun 2000	Corporate Auditor, Billing System Corporation (to present)
Jun 2003	Corporate Auditor, Yamanouchi Pharmaceutical, Co., Ltd.
Jun 2004	Corporate Director, Yamanouchi Pharmaceutical, Co., Ltd.
Apr 2005	Corporate Director, Astellas Pharma Inc.
	Lecturer, Hitotsubashi University Faculty and Graduate School of Law: World Business Law (to present)
Jun 2007	Director of the Company (to present)
Oct 2008	Director of JVC KENWOOD Holdings, Inc. (to present)
Jun 2009	Corporate Auditor, Toray Industries, Inc. (to present)

Reasons for selection of external directors: Selected as a qualified individual who can help ensure the effectiveness of corporate governance functions by providing accurate guidance and advice as a legal professional for compliance with laws and regulations



Takayuki Morinaga

Director

Apr 1964	Entered into The Export-Import Bank of Japan (Currently Japan Bank for International Cooperation)
Apr 1992	General Manager of Personnel Division of the said Bank
Apr 1994	General Manager, Osaka Branch of the Bank
Apr 1996	Senior General Manager of the Bank
Sep 1998	Managing Director, Yazaki Corporation
Sep 2000	Senior Managing Director, Yazaki Corporation
Jun 2006	Vice Chairman, Yazaki Corporation
Jun 2007	Director and Executive Councilor, Yazaki Corporation
Jun 2008	Advisor of Yazaki Corporation (to present)
Jun 2009	Director of the Company (to present)

Reasons for selection of external directors: Selected based on an overall assessment including management experience at other companies, experience in business operations, personal accomplishments, personal relationships in the business community and other factors

Comments **Fostering an open and fair management culture based on a viewpoint of "looking in from outside".**

The rules governing share listing established by the Companies Act and the stock exchange clearly stipulate disclosure of information related to corporate governance and require statements regarding external directors.

This shows that, each year, more significance has been attached to having independent outside directors on the board. It is imperative to have an internal control system work effectively in order to prevent illegal acts and misconduct and to ensure that operations of a company are conducted appropriately.

As an outside director, I was elected by an independent director determined by the Tokyo Stock Exchange and Osaka Securities Exchange, so there is no fear of a conflict of interest with general stockholders in terms of decision-making. I am in a position to voice my opinions and offer recommendations concerning issues of which insiders may not be aware, but that need to be addressed in all aspects of management from a perspective closer to external stakeholders, such as shareholders and customers. By doing so, I hope I will make a meaningful contribution in helping the Board of Directors play a more active role and to exercising effective supervision of day-to-day business operations.

Comments **Enhancing Oversight of Internal Control and Legal Compliance.**

The problem of inadequate internal control has been raised every time a corporate scandal came to light in recent years, giving rise to calls for the development and enhancement of systems for legal compliance. In addition, the formulation of "basic policies for an internal control system", important for compliance and management efficiency, as well as the submission of "internal control reports" for financial reporting, is obligatory under the Companies Act and Financial Instruments and Exchange Act. Furthermore, amid the continued progression of the international convergence of accounting standards, it will be essential to establish "corporate governance" that includes strengthened management administration and information systems based on International Financial Reporting Standards (IFRS) as an internal control environment in accordance with the enforcement of IFRS implementation as early as 2015 in Japan.

I will utilize my experience and expertise accumulated in the legal profession when I voice objective and well-balanced opinions in an effort to exercise stronger management oversight of day-to-day operations, promoting internal control and legal compliance. Also, I will ensure that the company will be well prepared to take timely and appropriate actions when an unforeseeable event arises, by having systems for legal compliance and risk management firmly in place.

Comments **Strictly enforcing risk management by making optimal use of experience in other countries.**

For the past few years, adverse business conditions have caused significant volatility in the performance of Japanese companies. As an outside director, I feel the great responsibility and importance of improving stable earnings through healthy management.

Needless to say, the external director's role is to enhance the governance function by separating the supervision of day-to-day business operations from the execution of such operations, and of course, to prevent illegal acts, misconduct and other such incidents from arising by creating a sense of tension within the Board of Directors.

As a result of Capcom's accelerated overseas expansion in recent years, I aware that the creation of a risk management structure for addressing various country risks, including political, economic, currency exchange, legal, cultural and religious risks, as well as tax and customs regulations and the interpretation of law in countries where sales are conducted is an urgent issue.

I have many years of experience working overseas, and am particularly adept with respect to risk management. I hope to be able to meet my responsibilities and fulfill my role by making use of my international experience to suggest improvements and offer advice.

Masanao Ichika

Corporate Auditor

Apr 1962	Lawyer (to present)
Apr 1981	Vice President of Osaka Bar Association, Director of Japan Federation of Bar Association
Mar 1988	Member of Commercial Law Committee of Judicial System and Research Dept. of Ministry of Justice
Jun 2002	Director of the Company
Jun 2004	Professor of the Konan Law School
Jun 2008	Corporate Auditor of the Company (to present)

Koji Takito

Corporate Auditor

Apr 1967	Entered National Police Agency
Aug 1970	Chief of Foreign Affairs Section, Security Bureau, Yamaguchi Prefectural Police Headquarters
Jul 1978	Chief of Public Security First Section, Public Security Bureau, Tokyo Metropolitan Police Department
Apr 1986	Chief of Security Office, Public Security Second Section, Security Bureau, National Police Agency
Aug 1986	Head of Security Police Training Division, National Police Academy
Sep 1990	Chief, Okayama Prefectural Police Headquarters
Sep 1992	Deputy Director-General of Secretariat of the Commissioner General, National Police Agency
Apr 1994	Chief, Hyogo Prefectural Police Headquarters
Aug 1996	Deputy Superintendent-General, Tokyo Metropolitan Police Department
Jul 2004	Chairman of the Board, Horse Racing Security Association
May 2008	Advisor, Mitsubishi Motors Corporation (to present)
Jun 2008	Corporate Auditor of the Company (to present)

Reasons for selection of external directors: Selected as an individual with the skills to help ensure legal compliance based on work experience, insight, experience and other factors

Corporate Auditors' Comments **Stricter oversight of the internal control system to ensure appropriate business conduct.**

Capcom's Board of Corporate Auditors consists of four auditors, including two from outside the company.

We perform our daily auditing responsibilities in accordance with the auditing policy and job descriptions established by the Board of Corporate Auditors. To do so, we maintain close communication with the Board of Directors, Office of Internal Auditing and other employees to collect relevant information and to lay the groundwork for audits. Also, we attend important corporate meetings such as board meetings to receive activity reports from directors and other key managers on their day-to-day execution of operational duties, request clarification as required, review documents of important corporate decisions, and investigate the operational and financial status of the company.

As established in the Companies Act, it is our responsibility to monitor and verify the effectiveness of the system that ensures directors' day-to-day execution of their duties is compliant with laws and regulations, as well as the internal control system designed to ensure the company's business operations are conducted appropriately. We maintain close communications with directors at our subsidiaries, exchanging information and receiving updated business reports as needed.