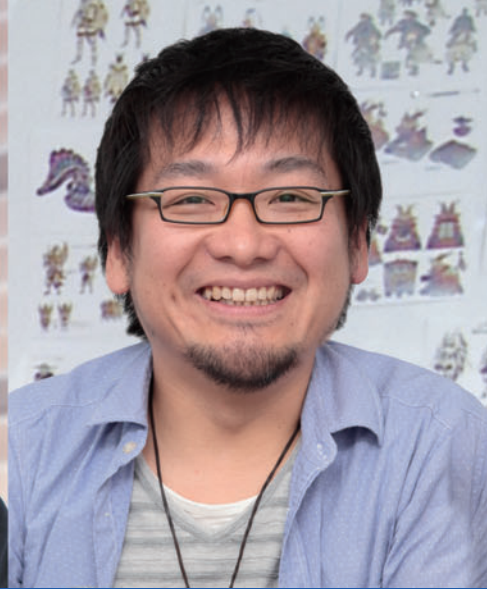


CAPCOM

The Latest
Development Report
2014



It takes the best to create the best



Creating Hit Titles through Development with Vision and Flexibility

Since its founding in 1983, Capcom has embraced the spirit of challenge to create games for a variety of platforms, from arcades and home video games to smartphones and next generation consoles. We will succeed in the diversifying game industry by executing a flexible strategy through careful selection and concentration.



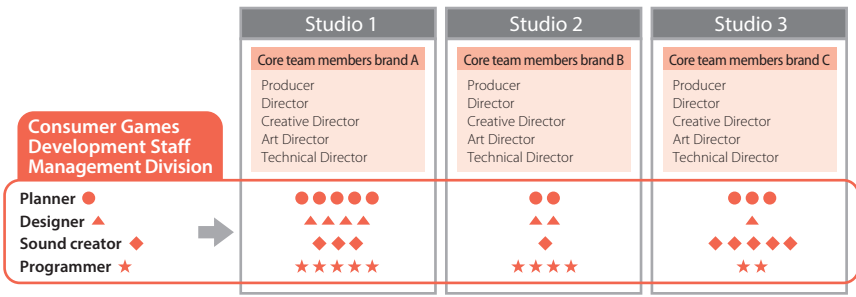
Focusing on Optimal Game Development by Ascertaining Market Needs

Given the upheaval in the game industry, how should Capcom proceed? We have always promoted development to bring unique and attractive games to the platforms users want to play on, including home game consoles, PCs and smartphones. Unfortunately, changes in the market have been more severe than anticipated, dictating the fate of Capcom's business.

Home video games (including digital download contents) performed well, with sales of "Monster Hunter 4", released in September 2013 for Nintendo 3DS, exceeding four million units, while "Dead Rising 3", released in November for the Xbox One, sold more than one million units. However, our mobile contents fought an uphill battle, failing to satisfy market needs for casual games in terms of simplicity and game elements. In addition, we suspended the development of a few titles with questionable quality in the mobile and PC online segments.

To overcome this situation, we reviewed titles under development and reorganized our development structure so we can focus on optimizing development for the market.





***Capcom development studio**
 Core team members (consisting of 10-30 developers) are assigned to each brand to advance development planning and strengthen brands over the medium- to long-term. Development staff belonging to the Consumer Games R&D Human Resources Division (planners, designers, sound creators, programmers) are assigned to each title to create an optimized and flexible development structure.

Reorganizing Our Development Structure to Strengthen Cooperation Among Divisions

To become more aggressive in our development of home video games, we identified the strongest titles to move forward with and restructured development to function more like studio*. To enable systematic development, each studio maintains a mid-term perspective and is responsible for quality and profits. Titles will be developed strategically over a long time span to heighten brand power.

We will continue to focus efforts on the expected growth of PC online games, moving forward with plans to establish several pillars of growth over the next 2-3 years in addition "Monster Hunter Frontier G". In mobile games, we will ensure our employees have the necessary skills and revisit initiatives to provide the mobile games business with a custom-built organization and unique game system.

Since 2013, our CEO has chaired marketing conferences attended by marketing, development and studio heads from Japan, North America, Europe and Asia. They engage in detailed discussions about the promotion and sales launch of each title in an effort to ensure the best timing for release.

Concentrating Capcom's Power to Meet User Expectations

No matter how the market may change, Capcom rides out the storm with ideas and technological capabilities that craft unique and high quality games. We want to meet user expectations without ever losing sight of the Capcom identity, creating titles with flexibility, making adjustments when there are signs of changes in the market, and having vision through a focus on market needs in Japan and overseas.

Moving to the next generation, Capcom is making an effort to streamline its development environment and cultivate human resources. Two new R&D buildings were constructed in Osaka, with plans to introduce the cutting-edge equipment necessary for next generation console development. Furthermore, we plan to hire approximately 100 new developers each year starting in April 2012 to strengthen human resource development. To bolster our competitiveness, we will increase the proportion of internally produced games to strengthen our development capabilities and accumulate expertise. I am confident Capcom will focus all these capabilities into the development of each and every title, without compromise, to forge ahead into the next generation.



Director and Executive Corporate Officer in charge of Consumer Games Business

Katsuhiko Ichii

Profile
 After integrating marketing, appointed as Managing Corporate Officer in 2006. From April 2011, appointed as General Manager of Consumer Entertainment Business Management Group and Head of Consumer Games Development, focusing on restructuring development organization and global development. At current post since June 2011.

Digital Contents business (Home Video Games)

The Series Concept: An Action Game Everyone Can Play Together

Note: Hereinafter, "Monster Hunter" is written as "MH".

"MH" was born more than ten years ago, around the time Internet optical line services launched in Japan. Anticipating a day when people would go online to play games together, we began full-fledged development of an online game for home game consoles based on the concept of a massively multiplayer online action game in which anyone could participate.

Word of mouth fueled the popularity of the first edition of "MH", released in 2004 for PlayStation 2, we decided to release "MHG" version just ten months later. As the "MH" name grew and user numbers expanded, we began the "MH Portable" project for handheld devices. This game enabled friends with mobile devices to get together and play. The game became a massive hit and "MH" was firmly established in the game world.

However, we were also developing "MH2 (Dos)" at that time, and ended up filling the game with too many new elements, creating problems for the development environment. Wanting to overcome this obstacle and move "MH" forward, we reviewed our development structure and procedures and I went on to direct "MH3 (Tri)" for Wii. This title for next-generation consoles replacing existing consoles was the first in the series to become a million-seller.

Continuing to Meet User Expectations with Ideas and Technological Capabilities

Some users might say the new "MH4G" is a way of saying thank you for enjoying "MH4". So users who played the previous edition can enjoy this new title even more, we provide nearly seamless continuation on data saved from the previous title, as well as upgraded communication functions enhancing the cooperative play environment

among friends in pursuit of more enjoyment and ease of play.

"MH4" was a big challenge for the development team. They created dynamic action and monster battles with the ups and downs of the field as an enjoyable element of the new hunt. The developers sensed a positive response when the title first launched, giving rise to the new objective of making users happier amidst continually changing user needs. This energy is the source behind the ideas and technological capabilities aimed at cutting through user needs to develop "MH4G".

The Next Ten Years: Fan Appreciation, Renewed Determination

We are currently developing "MH4 Ultimate", which will be launched overseas in North America and Europe. Localization staff is working on language and nuance while keeping the "Monster Hunter" world wholly intact.

"Monster Hunter" Continues to Evolve, Moving with Fans

"Monster Hunter" is a Capcom flagship title that, as a series, has sold more than 28 million copies. As this year marks the 10th anniversary of this title, we plan to hold a variety of events aimed at expressing appreciation to all our fans as we continue to develop this series.



In an aggressive appeal, we previewed the demo version at E3, the world's largest game show. Some say market dynamics and cultural differences make it difficult to take this title overseas, but we believe we can surely overcome those obstacles by offering a unique title so compelling people will want to play it.

In 2014, the 10th anniversary of the series, we plan to conduct collaborative events with Universal Studios Japan, hold "Monster Hunter" exhibits and orchestra concerts, and develop collaborative merchandise. We will convey our thanks and appreciation for the past ten years of dedication from fans and staff while looking forward to the next ten years. We will develop "Monster Hunter" over the long term, aiming to make this a truly national title well-known among both young and old.

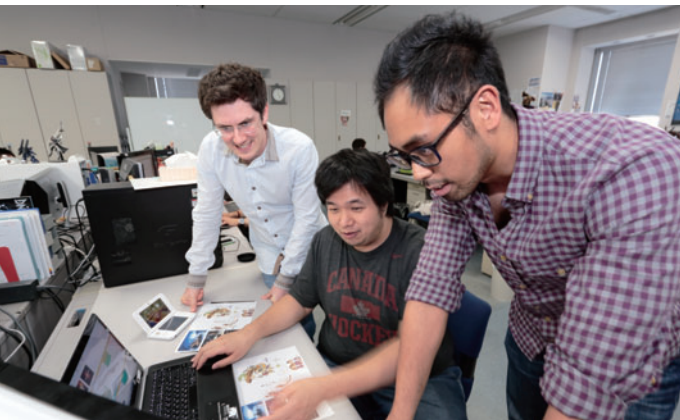


Director,
Consumer Games Development
Division 3 Department 3 Project
Planning Section

Kaname Fujioka

Profile

Began work at Capcom as a designer. Has been working on the "Monster Hunter" series as a director since his directorial debut on the very first title. At present, he is directing the new "Monster Hunter 4 Ultimate" title and overseeing the development of the series' unique world.



"Monster Hunter 4G"
Functions like being able to continue almost seamlessly from "Monster Hunter 4" saved data will make users happier.



"Monster Hunter" 10th Year Anniversary Website
Provides a wealth of content for "Monster Hunter" fans, including information on various events and commemorative merchandise and the posting of key development documents.

Breathing New Life into Next-Generation Consoles with “deep down”

The PlayStation 4 (PS4) was released in February 2014. This totally new title for the PS4 is being independently developed using the new “Panta Rhei” game engine. “deep down” is Capcom’s all-new challenge.



Creating a Game and an Organization “deep down”

We decided that, if we were going to make a new title for PlayStation 4 (PS4), it must be an online game. So we developed a title only Capcom can offer that makes the most of the PS4 advanced functionality. This is how the development of all-new title “deep down” got started.

Bringing the world of this new game to life requires a major effort involving the continued online provision of full high definition graphics and game elements. To accomplish this, we overhauled our game engine to ensure developmental quality and efficiency. Despite the difficulties involved, we took on the development of “deep down” at the same time as we developed the “Panta Rhei” game engine customized for next-generation consoles.

We also improved our development structure. For many years, consumer games were developed in Osaka and online games were developed and managed in Tokyo. As

“deep down” was the first online game developed for the PS4, it was necessary to integrate the game development and management functions. The Osaka and Tokyo development staff, along with the engine developers, have forged a stronger bond and united their capabilities to create “deep down”.

A New World to Attract Users

Making full use of all PS4 functions, we are attempting to create a new world drawing on ideas and technology to provide users with a fresh sense of excitement and fun.

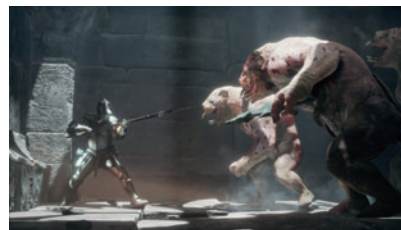
“deep down” is a “reading” RPG where players are ordered to dive into a past world “dungeon” where they use memories to solve riddles. Not only have we created rich story development, we upgraded the online functionality of the content and enhanced the matching function enabling players to explore and have adventures with other players they don’t know. The automatic genesis of the

dungeon and endless variation are just some of the appealing aspects of this game.

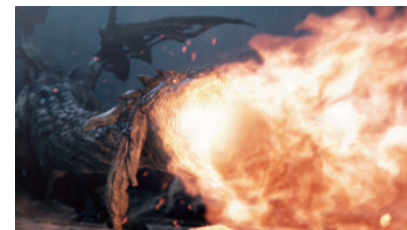
We also put a lot of effort into the visuals and production elements. The texture and rust of the player’s armor, the flames shooting out of the dragon’s mouth, even the way light is reflected are all rendered in a strikingly realistic fashion. Using “Panta Rhei” to create this title gives it the highest quality graphics of any PS4 game. We used a variety of production elements to enable players to slip right into the game world. This is a quality release that will make players say “Wow! Capcom pulled out all the stops”!

Strategizing with Users to Cultivate New Titles

Crammed full of new game elements, we want users to enjoy and play “deep down” for a long time, first as a free to play (F2P) game, then as a premium game. To achieve



Automatic generation calculations incorporate of all the dungeons, enemies and game knowledge accumulated up to now to provide a fresh experience every time as no two situations are alike.



Flame and water animation are depicted as calculated particles rather than processed images, resulting in highly detailed beauty reminiscent of a photograph.

this, we must continue to satisfy users. In other words, the challenge really starts after the game is released, so we must be ready with planned surprises and updates.

Fortunately, we received awards in the Future Division at the Japan Game Awards 2013, while Facebook and Twitter have helped us get advance publicity in online news. At present, we are proceeding with development at a fevered pitch ahead of the official launch of services.

F2P "deep down" for PS4 is the litmus test for Capcom's new business model. We are making an effort with respect to "deep down" so that users will want to play this game, and after release, we will continue to make an effort through addition content aimed at keeping users interested in the game, and ultimately, creating a hit title.



Senior Manager of
Consumer Games Development
Division 2 Department 2
Producers Section

Teruki Miyashita

Profile

Worked as business manager, management director and assistant producer of "Monster Hunter Frontier G". After that, launched "deep down" and became a management producer in 2013.



Digital Contents business (Online)

Clearly Identifying Targets to Create Games Meeting User Expectations

The online game market Capcom is attempting to take on is a massive market. Popular titles like "Monster Hunter Frontier G" have captured the hearts of heavy online game users of mainly PC games, but we are presently engaged in acquiring casual users, a new segment that is growing due to the adoption of smartphones. Right now, casual games such as puzzles and quizzes playable in a short period of time are popular, but needs are gradually changing as the popularity of RPG and other games enjoyed by a large number of people are growing.

The critical factor, rather than the current market, is the

ability to create games that anticipate market needs 1-2 years hence. Identify the main target user segment and decide on a development approach that will create a hit title. Capcom is engaged in development that fully integrates senior management and front line staff game development objectives. We are engaged in the creation of popular casual games today as well as games featuring Capcom's unique action and stunning visuals that can be played online to create richer trends in the future.

Optimized for Each Device and Play Environment "Breath of Fire 6"

In the spring of 2015, we plan to release "Breath of Fire 6"

as a strategic title for casual online users. During the planning stage, we decided that the extremely popular "Breath of Fire" series, with its unique worldview and storyline, was the strongest candidate for the development of a mobile RPG. It is being developed for smartphones and tablet devices as well as PCs. While out of the house, users can enjoy the challenge of short quests lasting a few minutes on their smartphones. When they get home, they can enjoy the longer version of the story on their PC. We imagined the types of environment in which users might play and are developing the game offering a variety of ways to enjoy it. In terms of smartphone apps, we plan to release "Monster Hunter Explore", a quick and easy touch screen game offering the high quality graphics and fast processing speeds of home games.

To promote these games, we use "Caplink", an original

Anticipating User Needs to Create New Games

The game market continues to grow. Capcom's approach to this market is to target customers by organizing them into three user segments: Heavy Online, Casual Online and Social Apps.



SNS tool developed in-house for use online. “Caplink” enables game users playing different Capcom games on any one of a variety of consoles to link up and chat. Using this function brings users of Capcom games together.

Emphasizing Content Appeal with Advanced Network Technologies

The “MT Framework” and “Panta Rhei” proprietary game development engines are the technological foundation supporting Capcom game creation, while server technologies support online game operations. Especially critical are advanced server and network technologies able to conduct multiple processes

simultaneously in response to heavy online users. We regularly employ unseen technological capabilities to create an environment providing users with stress-free game enjoyment.

Furthermore, we also perform big data analysis on a massive amount of user game data related to progress and usage, which we then incorporate into our body of knowledge used for operations.

We have created a solid foundation consisting of the content and technological capabilities necessary to succeed in the online games market. We will use these strengths to push forward, making use of operational expertise based on data analysis to create rich mobile games that anticipate future trends.

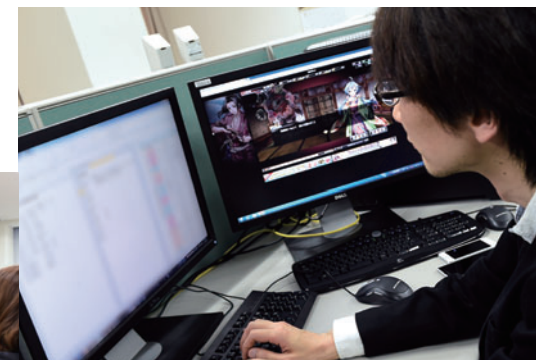


General Manager of
Consumer Games Development
Division 2 Department 2

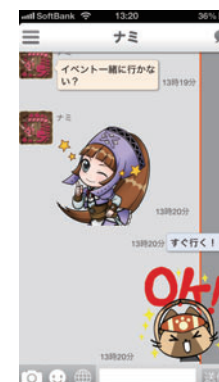
Kazunori Sugiura

Profile

Oversees all aspects of the Online Game business as General Manager of Department 2. His skills as a producer contributed to “Monster Hunter Frontier G” and “deep down”.



“Breath of Fire 6”
The latest title in the “Breath of Fire” series, launched in 1993. This popular RPG features a story and worldview involving the travails of a main character possessing the power of a dragon.



“Caplink”
Since its launch in October 2013, original SNS tool “Caplink” has been a feature of all Capcom online games.

Taking the Initiative in Base Region Taiwan and Other Asian Markets

The Asian online game market is expanding due to an increasing number of users adopting smartphones and using SNS, including for various business purposes. Capcom is committed to increasing its share in this market.



Expanding to China and Southeast Asia Through Capcom Taiwan

Established in August 2012, Capcom Taiwan developed a Taiwanese version of "Onimusha Soul" localized and customized by Taiwanese staff. This popular game got a solid start by winning a gold medal in the browser game category of the 2013 "Bahamut Game Awards". As a result, Capcom Taiwan was able to turn a profit (on a non-consolidated basis) in its first year.

There is a reason Capcom selected Taiwan as its strategic base for online game development in the Asia region. Not only is the Taiwan market still being established, but it offers significant cultural similarities that facilitate the permeation of Japanese content such as TV dramas, music, comics and

animation. The government also supports the content industry, and there is a wealth of skilled developers in the game segment. With a population of 23 million people, this is not a huge market, but it has significant merits from an economic perspective in terms of development capabilities and cost performance as a base from which we can enter China, Thailand, Singapore and other southeast Asian markets. As we continue to take advantage of the high potential in Taiwan, we will expand our presence in the wider Asian market.

Note: Popular voting event held by popular Taiwanese game website "Bahamut".

Aiming to Enter the Chinese Market Through Collaboration with Tencent Inc.

Turning our focus to China, the biggest market in Asia,

for the past several years we have been collaborating with Tencent Holdings Limited (Tencent), China's largest Internet service portal on the development of "Monster Hunter Online". Tencent boasts a high level of development technologies, management capabilities and earnings power. Working with such a solid company in China mitigates our country risk while leveraging developmental and operational expertise. Going forward, we are considering developing similar relationships to further generate stable profits.

Tencent conducts the actual development and management, establishing business models and conducting events that are different from what we are doing in Japan. At the same time, Capcom sends development staff to the Shanghai studio to provide direction on game elements with the aim of combining powers to create a hit. At present,



“怪物猎人 Online” currently being developed in collaboration with Tencent Holdings Limited. Although the characters and worldview are “Monster Hunter”, the game is being localized to feel familiar to local users.



With links to development bases in Osaka, Tokyo and South Korea. Taiwan is the base for our expansion into Asia.



we are making adjustments geared toward release by monitoring user trends through a limited participation game test online. We are also moving forward with a China strategy from our Taiwan base. We are currently ramping up mobile and casual games able to be developed in a relatively short timeframe for distribution in China.

Envisioning the Future of the Market to Establish the Capcom Brand in Asia

With online games, you don't sell the completed product; rather, the business model is a service that provides content on an ongoing basis. No matter where the content is distributed, it must meet exactly the interests and preferences of the game users in that area, flipping their “fun switch” in

order to be a hit. In other words, rather than introducing a popular Japanese title as is, it is necessary to provide a service optimized for the region from as close to a local perspective as possible. This is why establishing local subsidiaries and collaborations are an indispensable aspect of our Asia strategy.

Capcom is well-known for arcade games in this region, but that is not the case when it comes to the mobile age. The Capcom brand alone is not an advantage, meaning we need to start from the ground up. In an attempt to establish our brand in the Asian mobile content market, we will develop business with an awareness of scale merits in terms of user numbers and differences between customer unit prices based on economic standards while gathering information on each country. We will establish a unique set of Capcom rules in an attempt to turn a profit in these growth markets over the next 5-10 years.



Corporate Officer
Head of Consumer Games
Development Division 2

Yoshinori Ono

Profile

Producer of a number of popular home video game and online game titles, including “Street Fighter IV” and “Monster Hunter Frontier Online”. Currently heads online title development and management in Consumer Games Development Division 2.



The First Pachislo Machine Made In-House Based on “Monster Hunter” to Sell More than 50,000 Units

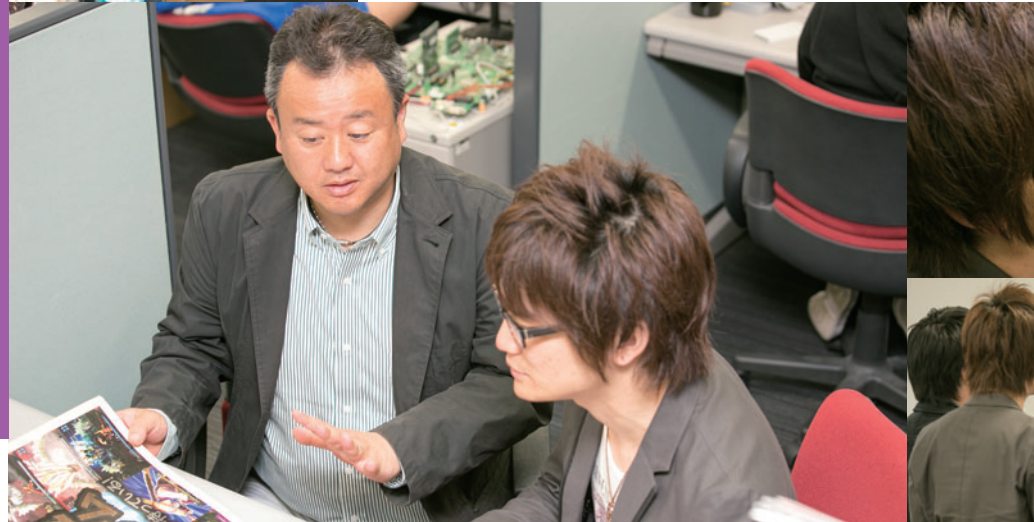
Released in March 2014, “Monster Hunter Gekka Raimei” is the eighth Pachislo machine to be made in-house at Capcom. The synergetic effect of the content’s power and game characteristics made it a huge hit with over 50,000 units sold.

Pachislo Machines Flood the Market with User Support

The Pachinko & Pachislo (P&S) Business is positioned to continue achieving results in the market.

Right after the sales launch of “Monster Hunter Gekka Raimei”, which went to market in March 2014, we received orders for additional units among other indicators of a strong start. As of April 30, 2014, sales had already hit 50,000 units. I think this is the result of being able to provide the market with the products it demands.

The Pachinko and Pachislo market is contracting as a result of scrap and build policies in line with larger arcades and declining user numbers. That being said, this is a 19 trillion yen market. To continually stimulate user interest, we will launch new products nearly every month, while weeding others out. Amid this intensely competitive environment, users liked “Monster Hunter Gekka Raimei” so much that we received orders for additional units. Since Enterrise Co., Ltd., was made a subsidiary in 2008 and we formally entered the Pachislo market, we have made steady advances with a flurry of hits including “Resident Evil 5” in 2012 (sold 48,000 units) and “DEVIL MAY CRY 4” in 2013 (sold 25,000 units).



Recreating the “Monster Hunter World” with Exciting Clips and Game Elements

When developing “Monster Hunter Gekka Raimei”, as a development producer, the most critical questions were how do we bring the world of a hugely popular home video game like “Monster Hunter” to a Pachislo machine? How do we express “Monster Hunter” game elements, visuals and other features? During production, we worked closely with video directors and systems directors who are game fans and the home video game development manager who oversees the world of “Monster Hunter”. In line with the design review flow*, we held assessment meetings at each juncture where we exchanged frank opinions, enabling product improvements each time we moved forward.

In the end, we succeeded in bringing that sense of excitement from the home game by skillfully connecting it via clips of monster conquests and bonus settings linked to winning pachinko balls. This is the birth of a Pachislo machine like no other that makes you want to play (hunt) again and again. The synergy effect of popular titles and development capabilities can make 1 + 1 = 3 or even 4.

Heightening Brand Power as a Pachislo Machine Maker, Heading to the Next Stage

Having a highly valued product in the market gives rise to a virtuous cycle leading to expectations for the next machine. As a Pachislo machine maker, we will heighten Capcom’s brand power and ride that wave to develop one new machine in-house each quarter, with the aim of realizing our management objective of stably supplying the market with four machines each year—and we are well on our way towards that goal. Our strength is Capcom’s popular content. Based on the Single Content, Multiple Usage strategy, we will proceed with development through sequels to popular machines and the incorporation of unused proprietary content.

As Capcom’s presence as a Pachislo machine maker began to be felt around 2013, a growing number of people have come forward who want to design Pachislo machines. We have assembled a group of people who want to use popular contents and have a high degree of freedom during development. We will continue to make significant advances with motivated development staff by promoting projects in fiscal 2014 that go beyond “Monster Hunter Gekka Raimei”. The next stage for Capcom as a Pachislo machine maker begins now.

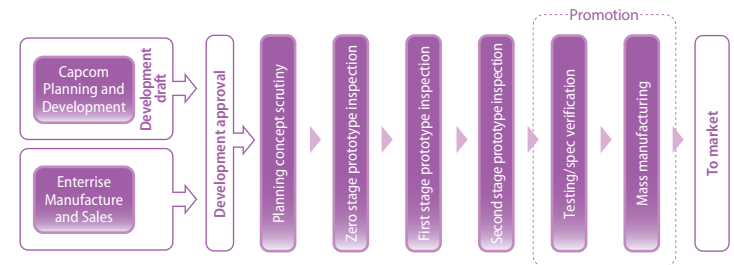


General Manager of P&S Software Development Department, P&S Business Division

Osamu Izumi

Profile

Joined the P&S Business Division in January 2011 after being involved in the development of arcade machines and consumer games. Responsible for devising titles for development, budget planning and management based on the medium-term plan as a both a producer and General Manager of the department.



* Development design review flow

During the development process, the development, production, sales and quality control divisions confirm and verify manufacturing from a variety of angles.

Aiming to Attract New Customer Segments with through the Concept of Safety, Peace of Mind and Health

Since 1991, Capcom has operated Plaza Capcom arcade facilities, which entertain young people and offer fun for the whole family, providing services that change flexibly with the times. They are a stable source of earnings.



A Strategy Focused on New Targets and Attracting Customers

Aiming for the long-term, stable acquisition of customers, Capcom establishes arcades mainly in large commercial complexes such as shopping centers (SC) frequented by target users in the family segment. We make an effort to create and manage arcades where customers can play lightheartedly during a break from shopping, using bright interiors and creating an atmosphere that beckons customers.

However, with the advent of mobile games and SNS, the way people play is diversifying. Add the consumption tax hike into the mix and the environment surrounding arcade facilities becomes increasingly challenging. We must promote the cultivation of new customers, providing services that men and women of all ages can enjoy.

We realized that young children, senior citizens and women don't go to arcades very often. We believe there is an opportunity to expand this business by introducing content and holding events that appeal to these groups.



"Monhan Sweets Airou Crepe Shop"
 These cute Airou and monster-themed original crepes are gaining popularity with families and "Monster Hunter" fans alike.



"Monster Hunter Free Experiential Tour"
 Capcom holds events for families so fans can meet popular characters such as Airou. We also hold free arcade experience tours for senior citizens.

Creating Play Areas for Young Children and Conducting Events for Seniors

To attract children, we must first capture the heart of their mothers. To achieve this, we plan to introduce an "edutainment" area inside arcades where children can learn while playing. In September 2013, we launched "Asobi Oukoku peekaboo", a timed rate structured play area for kids located inside Plaza Capcom Shitoro in Shizuoka Prefecture. This collaboration with Gakken Holdings Co., Ltd., and Dai Nippon Printing Co., Ltd., leverages the achievements of both companies in the education and educational IT areas. The positive response to this new type of play area led to it being rolled out in other locations, one in Hanyu City, Saitama Prefecture and the other in Oita Prefecture. From fiscal 2014, we plan to introduce play areas at three arcade locations per year to coincide with renovations.

In terms of the senior segment, we have conducted free arcade experience tours since 2012 where staff demonstrates how to play claw crane and other coin-operated games. In evidence of this success, seniors who met on these tours have been heard to say "meet you at the Capcom arcade", indicating arcades are becoming a community space for this segment. In addition to talking with customers and maintaining a clean and hygienic atmosphere, we are making an effort to improve hospitality and recommend staff study materials designed for caregivers so that seniors can have fun with peace of mind.

Attracting Customers by Developing Business Using Proprietary Content

To attract women and Capcom game fans, in March 2014, we opened the "Monhan Sweets Airou Crepe Shop" at Capcom Plaza Oita, a "Monster Hunter" themed crepe shop incorporating characters from the game. "Monster Hunter" crepes proved popular with customers visiting the shopping center, with lines forming several days in a row. The synergy effect of holding events for seniors, opening a crepe shop and launching the "Asobi Oukoku peekaboo" children's play area after renovations has significantly increased the number of customers visiting the Oita arcade.

The owners of shopping centers where Capcom operates its arcades also have big expectations concerning the role arcade facilities play in attracting customers. We will continue to promote the creation of arcades only Capcom can offer by making use of the Capcom brand, hospitality and ideas based on the concept of arcades offering safety, peace of mind and health. I hope all customers experience Plaza Capcom as a place of relaxation and enjoy playing games there.



General Manager of
 Arcade Operations Department

Profile

Joined the Head Office Arcade Development Team after working in arcades. Engaged in planning and market research related to opening of new arcades. Became Arcade Development Deputy General Manager in 2008, has held current position since November 2009. Involved in arcade operations strategy and business development.



Development Personnel Diversity



Promoting Diversity: Aiming to Become a Truly Global Company

The Intermingling of Various Values Gives Rise to New Creations

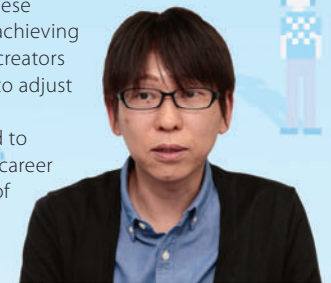
Creating employment opportunities regardless of race, religion, disability, gender or age and offering a variety of working arrangements is indicative of diversity. Above all, in the game industry, where the range of user hobbies and tastes continues to diversify, making use of a variety of different people is important for a company to achieve predominance. Of course, when people with different values get together, some of their opinions may clash. Yet a chemical reaction occurs among people with differing values that promotes mutual understanding and enables the creation of interesting new things that never existed before.

In the Consumer Games R&D Human Resources Division, there are no special boxes for foreigners or women in terms of employment. At present, there are about 900 developers, of which 20% are women and 5% are foreigners. That people were hired based on their capability is evident in the diversity of our workforce. In development, there is a comparatively large percentage of women. The number of "mommy creators", women who continue working after giving birth, is on the rise. This, I think, is the result of having a wealth of support systems in place, such as shortened working hours, childcare leave and pre-/post-natal leave. We are also moving forward with the establishment of on-site daycare centers among other efforts to create an environment where female employees can make the most of their abilities.

The Foreign Creator Perspective in Overseas Titles

Overseas employment, including work as a programmer, in the United States, England, China, South Korea and Indonesia is on the rise. To develop games that meet the needs of a changing global market, non-Japanese perspectives, ideas and sense are critical. For example, in creating games for overseas markets, despite achieving a high degree of production quality from inception to actual game play, we have been told by foreign creators that overseas users would find certain aspects of a game to be verbose. We can use this cultural input to adjust game content, making the presence of foreign employees very valuable indeed.

However, in general, some foreigners have a strong desire to move up the career ladder, and tend to leave workplaces they feel aren't directly linked to career progression. For this reason, Capcom offers career path guidance, proactively promotes foreigners into management positions and is always thinking of ways to increase the motivation of foreign employees. Diversity is indispensable for Capcom as we attempt to lead the game industry as a truly global company.



Consumer Games R&D
Human Resources Division

Nariyuki Nobuyama



Overcoming Differences in Language and Culture to Promote Capcom Games Worldwide

Creating Games From the Ground Up Customized for Target Regions

I have worked on the localization of numerous titles since joining Capcom, including the "Street Fighter" and "Resident Evil" series. Localization isn't just translation – there are many cultural changes that should be considered in order to give the player a more personalized, stress-free experience. To better accomplish that goal, localization directors join the dev team from the early stages of development. They work closely with the team to ensure that localization in all languages can proceed smoothly, but also help to provide advice and support with various issues that may arise in selling the game worldwide.

Delivering "Made in Japan" to Countries with Different Languages and Cultures

While localization is an important part of overseas game development, we should avoid trying to completely localize a game. Capcom is a Japanese company, and attempting to make a 100% western game will only result in creating an imitation of a western game. It's important to preserve the creator's vision when taking localization into account, as well as emphasizing what makes Capcom games unique. I feel that Capcom games have deep systems that become more interesting the more they are played. A good localization will present the game in terms that the user is familiar with, while retaining the essence and quality of what makes a Capcom game.

Localization Director,
Global R&D Section

Jeff Windham

(joined in 2010)



Animator,
Animation Section

Yoko Kinoshita

(joined in 1997)



Employees with Various Backgrounds Can Maximize Their Abilities on the Front Lines of Capcom Development

Being Different From Other People is the Source of My Creative Abilities

At Capcom, regardless of gender or nationality, the work environment enables a diverse range of people to develop skills in their specialty area. I feel inspired when people from different backgrounds share ideas and I strive to be able to contribute to game development.

During a discussion about how to create monsters that make people feel afraid, I said "Main monsters are always viscerally scary and in your face, but what about creating a monster that invokes a slow-building emotional fear in the user?" A male coworker told me "A man would have never saw it like that". Although I've never placed an emphasis on gender, I did feel that that I was able to provide an opening for new expressions as a female creator.

New Hires and Veterans Contribute Different Strengths

I was motion production leader on the "Monster Hunter" series and have been involved in a number of other core titles including "Resident Evil 6" and "Dragon's Dogma". I guess I am in the "veteran" category. This year marks the 10th anniversary of "Monster Hunter", we hired new employees who chose Capcom because they are "Monster Hunter" fans. New hires study game creation while offering fresh ideas and boundless energy. Veterans pass on their wealth of experiences while making significant contribution to maintaining and improving quality. We make use of the strengths of new hires and veterans, inspiring one another to create as much synergy as possible. This is how it works on the front lines of Capcom development.

Selection for Exceptional Promotion Indicative of Meritocracy Taking on the Creation of a Variety of Games as a Female Planner

An Assessment System Based on Skills and Motivation Not Gender and Age

As a planner, I was involved with "Monster Hunter 3G" and "Monster Hunter 4". At present, I have been assigned as a leader supervising two units totaling about 15 people: the "progress" unit, which writes stories for new projects and lines for the script, and the "facilities" unit, which creates villages and shops. I also manage staff schedules and coordinate with people in other types of jobs.

I decided to work at Capcom because of the people. The staff I met during my interviews were all unique, making me feel comfortable to speak my mind. To make fun games, work with fun people. Even now, in my fourth year of employment, I am still able to speak my mind and offer my perspective on what elements will appeal to women, like using a pop-inspired text design with rounded font.

Blazing a Trail for Future Female Planners Raising Children While Working

Up to now, I followed the advice of those with more experience at Capcom. However, possibly because many female employees began working at Capcom after me, it is now my turn to look back and help newer employees with concerns they find difficult bringing to male employees. Although I have limited experience, I aim to become a self-reliant unit leader able to pull everyone through.

At Capcom, we can select our own working conditions, such as shortened working hours or childcare leave, that best suit our lifestyle requirements. We don't yet have any female developers who are raising children while they work. Blazing a trail for future female planners who are satisfied both raising children and working, I want to create games in a variety of genres women and children will enjoy.



Planner,
Game Design Section
Sachio Kuno
(joined in 2011)



Composer,
Audio Design and
Production Section
Miwako Chinone
(joined in 2010)

Making Use of Each Person's Strengths to Create Unique Game Music

Receiving Opportunities to Compose As a New Hire, Developing into a Main Composer

I joined Capcom after graduating from music college. Despite being new, I was immediately put in charge of composing a song for use in a game the development team called "Planet Work" was putting together. I also participated in the production of various titles after that, and was responsible for the short theme song heard when the cute character Airou appears in "Monster Hunter 4". As this game is also popular with women, the song was composed with the intention of creating a melody with a soft tonal quality that resonates with women, a melody one might hum to themselves absent-mindedly. Currently, I am working as main composer on "Monster Hunter 4G". I have been given big chances from the very beginning here at Capcom, and feel I have truly grown through the success of my efforts.

Various People Cooperating to Create Unique Music

Music in games is the result of cooperation between many creators. The way people evoke feelings and write music differs, but by combining the various strengths and specialties of each, we can create unique and fantastic songs. This is the best part of creating songs with a team.

Capcom proactively adopts advanced technologies and is always taking on the insatiable challenge of newness. I am taking on challenges in areas besides games, including supervising album arrangements and providing a theme song for the "Monster Hunter" event at Universal Studios Japan. I get inspiration from areas other than games, then reflect that sensibility and knowledge in the creation of game music. I will continue to take on new challenges and create songs that touch the hearts of our fans.

The Challenge of New Value Creation from a Female Creator's Perspective

If Only With Skills and Motivation You Can Make Dreams Come True

The RPG "deep down" for PlayStation 4 has been created using "Panta Rhei", the new development engine for next-generation consoles and the heart of Capcom game development. I am responsible for the graphics function, specifically game screen "post-effects" such as lens flare, final tone corrections and chromatic aberrations.

I have had an interest in the game industry since I was an elementary school student, when I was first impressed by the gorgeous graphics of video games. I chose Capcom because I felt attracted to their unique development engine. In other words, being responsible for development engine graphics is my dream job. At Capcom, gender makes no difference; anyone can get the job they want as long as they possess skill and motivation. I am living proof.

Aiming for Game Creation Incorporating a Female Perspective

Every day, new technologies from Game Developer Conferences and other sources are being adopted, enhancing developer skills. In a workplace dominated by men, the topic of conversation often turns to action games, robots and "mecha" characters, which I wouldn't normally know about, making it a considerably stimulating place to work.

At the same time, I feel there is still plenty of room to make more use of female sensibilities. Now, stern-faced male characters and grotesque creatures are commonplace.

However, technology enabling hair to be depicted as more silky-looking, for example, is one point male creators don't really focus their attention on. I hope to create new value in the graphics industry by making use of the female perspective and mastering new technologies related to game depiction.



Programmer,
Technology Section
Haruna Akuzawa
(joined in 2012)



Production Manager,
Global R&D Section
Mikhail Ignatov
(joined in 2012)

Moving Toward a Common Goal: Mutual Understanding Creates Fantastic Games

Working to Connect Creative People

As a production manager, I work closely with Capcom's development teams and our outsource partners overseas. My colleagues and I are involved in finding and selecting our vendors, negotiating contracts, and facilitating accurate and efficient communication with them throughout the life of the project. The key to achieving the above is building relationships based on trust, understanding, and a spirit of collaboration. Creating such a relationship is particularly important when dealing with people from all over the world, as the risk of miscommunication increases due to differences in culture, language, and business practices. This requires us to be adaptable and comfortable navigating disparate cultural and linguistic spaces.

Born in Russia and raised in America, I experienced multiculturalism from an early age, which stoked my interest in other cultures. Not surprisingly, I majored in Art and Japanese Literature at university, and moved to Japan upon graduation to work as a Coordinator for International Relations (CIR) in Mie Prefecture. I was responsible for promoting international exchange with the local community and providing support to foreign residents then, and now I am fortunate enough to draw on these experiences in my current position, linking creators from around the world.

Fulfillment through Collaboration

For me, understanding the contexts and realities of development is crucial to maintaining a high level of accuracy in our communication with vendors. As such, we must be involved from the earliest stages of production, especially on titles that target the global audience and projects that involve overseas outsourcers.

Although the job can be stressful at times, it is personally fulfilling because it allows me to interact with highly creative people from different backgrounds and to utilize all of my knowledge and experience. Whenever our efforts reward us with hearing our vendors say how enjoyable it was to work with Capcom, it makes it all worth it. Moving forward, I want to continue working with our partners to make fantastic Capcom games.

Corporate Profile (As of March 31, 2014)

Name of Company	CAPCOM CO., LTD.
Date of Establishment	May 30, 1979
Date of Initiation	June 11, 1983
Business Segments	Planning, development, manufacture and sale of home video games, online games, mobile games and arcade games as well as management of amusement arcades.
Paid-in Capital	¥ 33,239 million
End of Term	March 31
Number of Employees	2,601 (Including consolidated subsidiaries) 1,951 (Capcom CO., LTD.)
Head Office	3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan PHONE: 81-6-6920-3600 FAX: 81-6-6920-5100
R&D Building	3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan PHONE: 81-6-6920-7600 FAX: 81-6-6920-7698
Tokyo Branch	Shinjuku Mitsui Building 2-1-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-0425, Japan PHONE: 81-3-3340-0710 FAX: 81-3-3340-0711
Ueno Facility	3902 Hatta, Iga, Mie, 518-1155, Japan PHONE: 81-595-20-2030 FAX: 81-595-20-2044



Please see the Annual Report 2014.

History

- Mar. 1991** Released the arcade video game "Street Fighter II" and it triggered the "Street Fighter II" boom.
- Jun. 1992** Released "Street Fighter II" for Super NES, and it was a mega-hit.
- Jul. 1993** Opened "CapcoCircus Nigata East", the largest arcade in Nigata.
- Dec. 1994** Premiere of the Hollywood movie "Street Fighter".
- Mar. 1996** Released "Resident Evil" for PlayStation, a long selling title which had record breaking sales, and established the genre of survival horror.
- Aug. 2001** Released "Devil May Cry" for PlayStation 2, and it was a mega-hit.
- Oct.** Released "Phoenix Wright: Ace Attorney" for Game Boy Advance, and it drew public attention as a courtroom battle title.
- Mar. 2002** Premiere of the Hollywood movie "Resident Evil" which recorded sales of 102 million dollars worldwide.
- Sep. 2004** Premiere of the Hollywood movie "Resident Evil: Apocalypse" and it grossed 100 million dollars worldwide.
- Jul. 2005** Released "Sengoku BASARA" for PlayStation 2, which enjoyed popularity especially among young gamers for its innovative worldview.
- Aug. 2006** Released "Dead Rising" for Xbox 360. More than 1 million units were sold, an extraordinary feat for a new title for a new game console.
- Dec.** Released software "Lost Planet" for Xbox 360. Over 1 million units were sold following the trails of "Dead Rising", another exceptional accomplishment for a new title.
- Mar. 2007** "Monster Hunter Freedom 2" becomes the first Japanese PSP software to exceed 1 million units shipped.
- Nov.** The Hollywood movie "Resident Evil: Extinction" was released. Its box-office revenue exceeded 147 million dollars.
- Feb. 2009** Takarazuka Revue Company launches theatrical performance of "Phoenix Wright: Ace Attorney - The Truth Comes Back to Life".
- Apr.** Began broadcasting the TV animation program "Sengoku BASARA".
- Jul.** Initial shipments of "Monster Hunter Tri", a third-party title for the Wii, surpass one million units.
- Oct.** "Sengoku BASARA" character Date Masamune used for PR activities in support of the Miyagi Prefecture gubernatorial elections.
- Nov. 2010** Distribution of social game "Smurfs' Village" for iPhone began. It became the top download in 80 countries around the world.
- Sep. 2013** Released "Monster Hunter 4" for Nintendo 3DS. The "Monster Hunter Craze" sparked again with the sales over 4 million units sales.
- Nov.** Released "Dead Rising 3" for Xbox One. Capcom's first title for this new game console, marked over 1 million units sales.
- Feb. 2014** "Sengoku BASARA" was used by police departments in three Kinki region prefectures as part of a campaign to prevent auto break-in.

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