



COMPANY PROFILE

July-2001

CAPCOM®

Capcom's position in the video game industry (Based on consolidated FY 2000 results)

(Unit: 100 Millions of Yen)

	Nintendo	Konami	Enix	Capcom	Koei	Namco	Square	Sega
Net Sales	4,625	1,715	453	491	201	1,466	755	2,429
Operating Profit	847	386	203	72	71	-29	-29	-520
of Operating Profit	18.3%	22.5%	44.8%	14.7%	35.3%	-2.0%	-3.8%	-21.4%
Net Income	966	218	112	60	41	-60	-32	-517

- * 1. Source "Financial Statement for FY2000" by respective company
- 2. Ranked by Operating Profit

Japanese market share based on consumer game sales in CY2000; and U.S. market share based on actual sales in CY2000

Company Name	Sales Units	Share
1. Nintendo	12,422	20.81%
2. Konami	9,190	15.40%
3. Enix	4,838	8.10%
4. Square	4,718	7.90%
5. Capcom	3,130	5.24%
6. Bandai	2,929	4.91%
7. Namco	2,808	4.70%
8. Sega	2,670	4.47%
9. Sony	2,494	4.18%
10. Koei	1,314	2.20%
Others	13,181	22.08%
Total	59,695	100.00%

※Source:The Analysis of Consumer Video Games 2001

Company Name	Sales	Share
1. Nintendo	601,584	18.25%
2. EA	430,402	13.06%
3. Sony	330,196	10.02%
4. Activision	257,613	7.81%
5. THQ	222,039	6.73%
6. Sega	186,639	5.66%
7. Infogrames	155,752	4.72%
8. Midway	135,443	4.11%
9. Acclaim	130,793	3.97%
10. Capcom	99,026	3.00%
Others	747,332	22.67%
Total	3,296,819	100.00%

* Software sales for 32 bit hardwares or above.

* Source:TRSTS Report

Management Objectives

● Medium-term business strategy

- ◆ Develop highly creative game software as a leading content provider.
- ◆ Strengthen the Capcom brand.
- ◆ Selectively utilize resources to make products that meet changes in the market environment.
- ◆ Strengthen and explore the network business structure with a view for the Internet market expansion .
- ◆ Stable cash flow.

● Medium-term business targets

FY2004 (year ending March, 2005)

- Target of ¥100 billion for net sales, ¥21 billion for operating profit, and ¥12 billion for net profit

● FY2001 Management Objectives

Consumer Market

- ◆ Increase profitability by allocating proper resources.

Arcade Operation

- ◆ Continue expansion and maintain stable earnings.

Coin-op Sales

- ◆ Streamline business structure and accommodate to change in market environment.

Tele-communication business

- ◆ Promote development of products with focus on building infrastructure.

1. FY2001 Business Strategy ~Consumer~

Strive for Number One Publishing Company

◆ Ample products line-up

■ Introduction of Mega-hit titles

- Devil May Cry
- Resident Evil Series
- Onimusha Series
- Dino Crisis Series

■ Continuous supply of Sequel titles

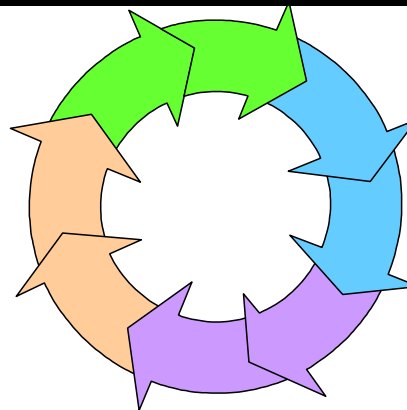
- Street Fighter Series
- Breath of Fire Series
- Megaman Series

■ Provide leading contents in every genre

◆ R&D Strategy

■ Multi-platform strategy

- Same games to multiple platforms will be released with help of Emulation Software for PlayStation2, GameCube, Xbox, Dreamcast and PCs.



◆ Create additional values from leading contents

■ Network Game

- Alliance with KDDI
- Enables Gaming between different platforms.

■ Licensing Business

- strategy guide book, music CD, comics, movies

◆ Change on distribution channel

■ Build Direct Sales Distribution on worldwide basis

- Improve gross margin (16% sales improvement in Japan)
- Increase Sales of small titles

■ Publishing other third party's titles

- Enables us to achieve profit from one unit sale

2. FY2001 Business Strategy ~Others~

● Arcade Operation

◆ Open a new store to be #1 arcade in each region.

- Opening at large scale shopping malls in each region.
- Larger Spaces (Minimum Space: 14,000 sq.ft)

◆ Improve Operating Profit Margin

(100Millions of Yen)

	1999/3	2000/3	2001/3	2002/3
Net Sales	61	66	71	76
of Opreting Profit	5.9%	6.2%	10.6%	13.0%

● Coin-Op Business

◆ Reengineer the operation to respond to changes in the market environment.

◆ New Product-line other than video software in the market.



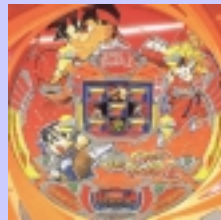
● Other Operations

◆ Meet next generations requirements for mobile phone.

- Domestic NTTdocomo (i-apri), KDDI (EZ-WEB)
- Overseas NOKIA, carriers in Southeast Asia



◆ Strengthen Pachinko-business



● Pursuit of New Business

◆ Battery charger “CHARBO”

- Creation of demands in the niche market.



◆ Internet café “DIGILOG LABO”

- Challenge new arcade operation with PC.

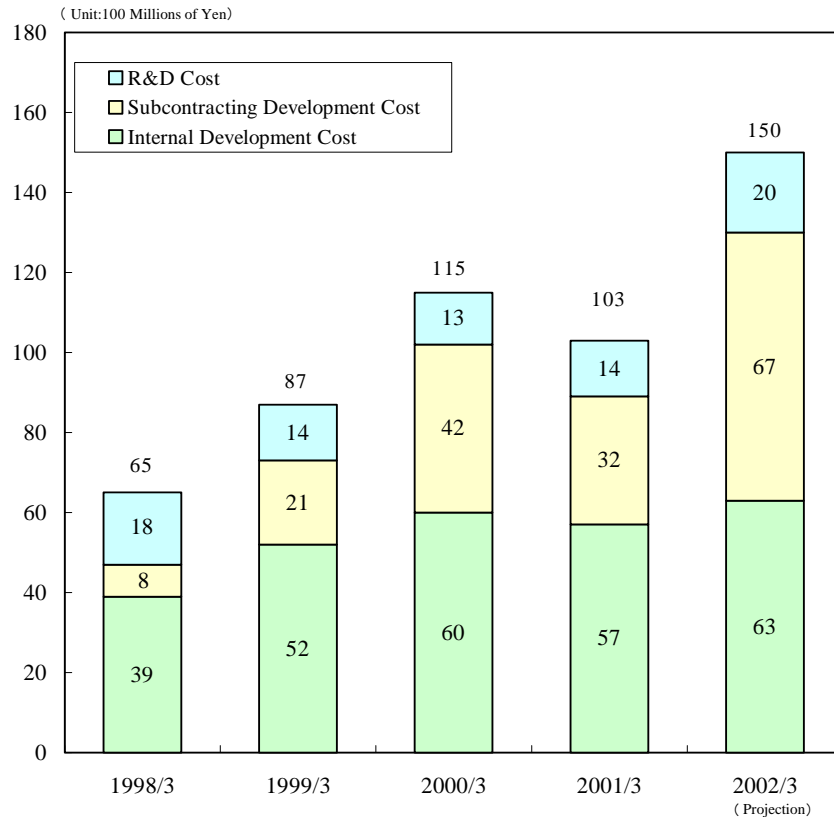


3. FY2001 Business Strategy ~R&D①~

● R&D Strategy

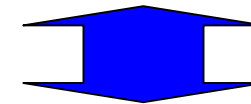
- Dedicated Mega-hit title for each platform.
- Leading content creation for multi-platforms.

● R&D Cost



● R&D Management Control

- Producer System
- Title-based Profit Control System
 - Minimum Operating Profit =
(R&D Cost + Promotional Expense) x 2
- Create marketing strategy to appeal to market needs
 - Build “Capcom Brand Images”
 - Control advertising cost by using fee based agencies.



● Incentive Program

- R&D Incentive Program based on Profit Contribution by Division
- R&D Incentive Program based on Profit Contribution by title
- Stock Option Program

3. FY2001 Business Strategy ~R&D②~

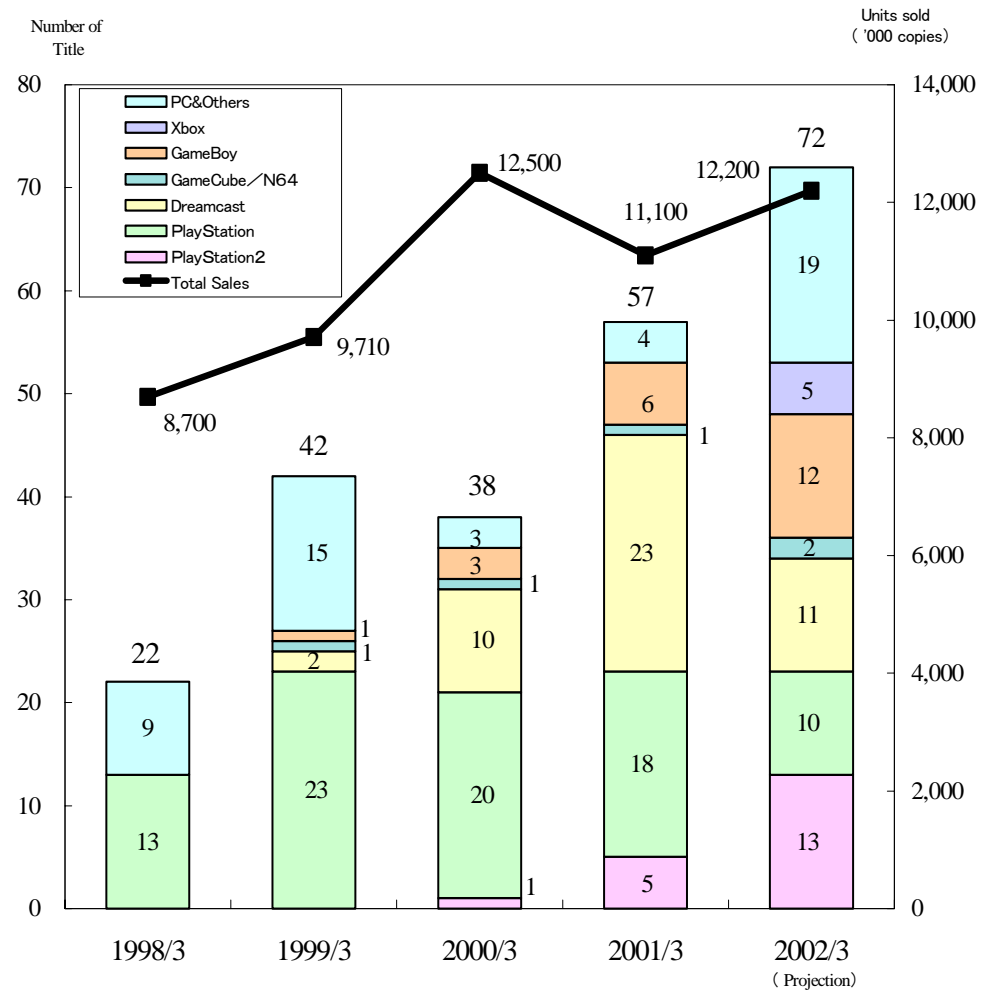
● Sales Units shipped

		('000 copies)			
		1999/3	2000/3	2001/3	2002/3
Playstation 2	Total titles	-	1	5	13
	Domestic	-	210	1,700	4,250
	Overseas	-	-	500	2,650
	Sub Total	-	210	2,200	6,900
Playstation	Total titles	23	20	18	10
	Domestic	2,070	3,550	1,300	350
	Overseas	4,830	5,700	2,800	350
	Sub Total	6,900	9,250	4,100	700
Dream Cast	Total titles	2	10	23	11
	Domestic	550	600	800	150
	Overseas	60	1,200	1,950	100
	Sub Total	610	1,800	2,750	250
Game Cube Nintendo 64	Total titles	1	1	1	2
	Domestic	50	70	50	550
	Overseas	130	470	100	250
	Sub Total	180	540	150	800
Game Boy	Total titles	1	3	6	12
	Domestic	70	50	1,050	950
	Overseas	500	300	150	1,450
	Sub Total	570	350	1,200	2,400
Xbox	Total titles	-	-	-	5
	Domestic	-	-	-	150
	Overseas	-	-	-	500
	Sub Total	-	-	-	650
PC & Others	Total titles	15	3	4	19
	Domestic	820	50	200	200
	Overseas	630	300	500	300
	Sub Total	1,450	350	700	500
Total	Total titles	42	38	57	72
	Domestic	3,560	4,530	5,100	6,600
	Overseas	6,150	7,970	6,000	5,600
	Total	9,710	12,500	11,100	12,200

* FY2000 Domestic Greatest Hits Title... PS 8titles, DC 7titles

* FY2001 Domestic Greatest Hits Title... PS 3titles, DC 1titles, PC 2titles

● Number of Consumer Software Titles Developed



3. FY2001 Business Strategy ~R&D③~

Sales Window for Major Titles by Genre		
◆ Genre/Major Title	# of Titles	Unit Sales (000 copies)
◆ Shooting Game		
1942 Series	6 titles	1,300
◆ Action Game		
Ghosts 'n Goblins series	10 titles	3,800
Commando Series	3 titles	1,200
Mega Man Series	56 titles	14,800
Disney Series	25 titles	12,900
Final Fight Series	7 titles	3,000
Devil May Cry		
◆ Fighting Game		
Street Fighter Series	51 titles	23,800
Marvel Comic Series	15 titles	3,200
◆ RPG		
Breath of Fire Series	5 titles	2,000
◆ Adventure		
Resident Evil Series	19 titles	18,800
Dino Crisis Series	4 titles	3,900
Onimusha	1 titles	1,350

Million Titles				
	Release	Titles (1985/12 ~ 2001/3)	Platform	'000copies
1	1992/6	Street Fighter	SuperNES	6,300
2	1998/1	Resident Evil 2	PlayStation	4,950
3	1993/6	Street Fighter Turbo	SuperNES	4,100
4	1999/9	Resident Evil 3 Last escape	PlayStation	3,500
5	1996/3	Resident Evil	PlayStation	2,750
6	1999/7	Dino Crisis	PlayStation	2,400
7	1994/6	Super Street Fighter	SuperNES	2,000
8	1993/11	Aladdin	SuperNES	1,750
9	1989/9	Duck Tales	NES	1,670
10	1993/9	Street Fighter ' Plus	Genesis	1,665
11	1986/6	Ghosts'n Goblins	NES	1,640
12	1988/12	Megaman 2	NES	1,510
13	1990/12	Final Fight	SuperNES	1,480
14	1990/9	Duck Tales	GameBoy	1,430
15	2001/1	Onimusha war Lords	PlayStation2	1,350
16	2000/9	Dino Crisis 2	PlayStation	1,230
17	1992/11	Magical Quest Starring Mickey	SuperNES	1,210
18	1998/8	Resident Evil DC Dual Shock	PlayStation	1,200
19	1990/5	Chip'n Dale Rescue Rangers	NES	1,195
20	1993/12	Megaman X	SuperNES	1,165
21	2000/2	Resident Evil Code Veronica	Dream Cast	1,140
22	1986/9	Commando	NES	1,137
23	1997/9	Resident Evil Director's Cut	PlayStation	1,120
24	1991/9	Super Ghoul'n Ghosts	SuperNES	1,090
25	1990/9	Megaman 3	NES	1,080
26	1993/5	Final Fight 2	SuperNES	1,030

Streamlining In-Company structure

● Revise Management System

- ◆ CEO
- ◆ CFO, COO, CIO
- ◆ Deployment of Officer's System
- ◆ Board members from outside of the company

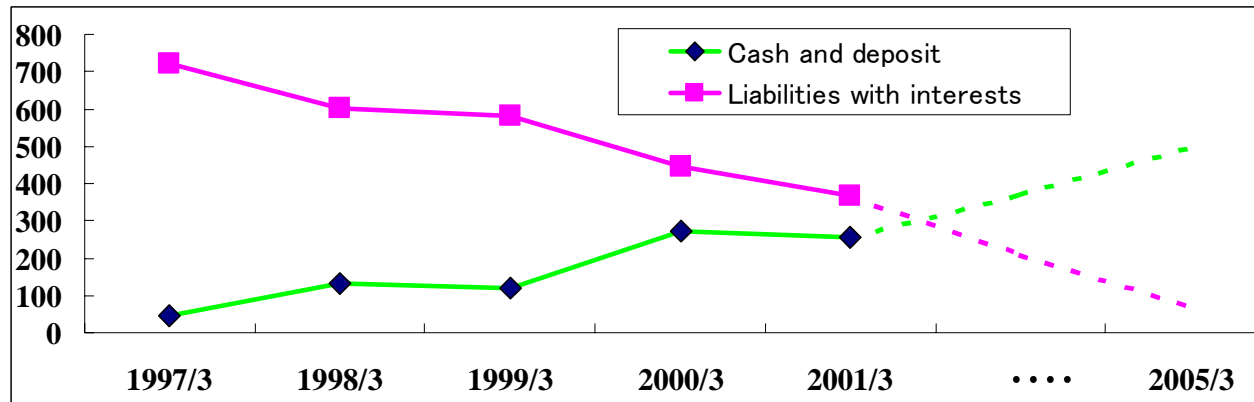
● In-company Reform

- ◆ Introduction of Enterprise Resource Planning
- ◆ Introduction of In-House Company system

● Effectiveness

- ◆ Speedy Management
- ◆ Efficiency in Management
- ◆ Strengthening Competitiveness
- ◆ Delegation of Authorization to officers.

● History of Cash Balance and Balance of Liabilities with Interests



Cash and deposits	46	130	120	274	257
Liabilities with Interests	720	604	580	444	368
Equity Ratio	30.6%	29.4%	30.7%	47.6%	55.5%

(Unit: 100 Millions of Yen)

Consolidated Financial Review on Fiscal Year 1999, 2000 and Projection for Fiscal Year 2001

● Profit and Loss Sheet

(Millions of Yen)

	Capcom Japan				Captron				Status				Flagship			
	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%
Net Sales	36,897	37,488	48,000	128.0%	1,277	1,213	1,212	99.9%	290	325	337	100.7%	111	160	200	125.0%
Gross Profit	12,784	11,619	17,400	147.2%	274	243	238	97.9%	6	15	78	520.0%	47	46	53	115.2%
% of Gross Profit	34.6%	31.5%	36.3%		21.5%	20.0%	19.6%		2.1%	4.6%	23.1%		42.3%	28.8%	26.5%	
Sales and G&A Expenses	8,035	8,218	10,600	129.0%	122	100	101	101.0%	44	45	40	88.9%	51	55	59	107.3%
Operating Income	4,750	3,601	6,800	188.8%	153	144	138	95.8%	△ 38	△ 30	38	-	△ 3	-8	-6	-
% of Operating Income	12.9%	9.6%	14.2%		11.9%	11.9%	11.4%		-12.9%	-9.2%	11.3%		-2.7%	-5.0%	-3.0%	
Ordinary Income	4,590	4,260	7,000	164.3%	148	138	132	95.7%	△ 40	△ 33	33	-	8	1	2	200.0%
% of Ordinary Income	12.4%	11.4%	14.6%		11.6%	11.4%	10.9%		-13.8%	-10.2%	9.8%		7.2%	0.6%	1.0%	
Net Income	4,236	2,749	4,000	145.5%	69	81	69	85.2%	23	△ 383	49	-	6	0	1	-
% of Net Income	11.5%	7.3%	8.3%		5.4%	6.7%	5.7%		7.9%	-117.8%	14.5%		5.4%	0.0%	0.5%	

	Capcom USA Total				Capcom Asia				Capcom Europe				Sub Total			
	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%
Net Sales	18,000	13,885	14,502	106.0%	739	602	896	148.8%	78	5	0	-	57,396	53,479	65,146	121.8%
Gross Profit	8,084	6,398	6,507	101.7%	249	245	218	89.0%	52	0	0	-	21,496	18,767	24,494	130.5%
% of Gross Profit	44.9%	46.8%	44.9%		33.7%	40.7%	24.3%		68.7%	0.0%	-		37.5%	35.1%	37.6%	
Sales and G&A Expenses	3,472	3,436	4,273	124.4%	174	194	151	77.8%	70	31	0	-	11,967	12,078	15,224	126.0%
Operating Income	4,613	2,962	2,234	75.4%	75	52	67	128.8%	△ 18	△ 31	0	-	9,530	6,890	9,270	138.6%
% of Operating Income	25.6%	21.6%	15.4%		10.1%	8.6%	7.5%		-23.6%	-620.0%	-		16.6%	12.5%	14.2%	
Ordinary Income	4,802	3,454	2,459	71.2%	63	57	66	115.8%	34	△ 10	0	-	9,605	7,867	9,891	123.2%
% of Ordinary Income	26.7%	25.2%	17.0%		8.6%	8.5%	7.4%		44.1%	-200.0%	-		16.7%	14.7%	14.9%	
Net Income	6,126	4,074	1,494	36.7%	59	55	66	120.0%	14	△ 4	0	-	10,533	6,573	5,877	89.4%
% of Net Income	34.0%	29.8%	10.3%		8.0%	8.1%	7.4%		17.9%	-80.0%	-		18.4%	12.3%	8.7%	

	Elimination				Year Total			
	2000/3	2001/3	2002/3	%	2000/3	2001/3	2002/3	%
Net Sales	△ 5,821	△ 4,396	-5,146	-	51,575	49,082	60,000	122.2%
Gross Profit	△ 29	551	506	91.8%	21,467	19,318	25,000	129.4%
% of Gross Profit	-	-	-9.8%		41.8%	39.4%	41.7%	
Sales and G&A Expenses	439	85	-124	-	12,408	12,183	15,100	124.1%
Operating Income	△ 468	466	630	135.2%	9,062	7,155	9,900	138.4%
% of Operating Income	-	-	-12.2%		17.8%	14.6%	16.5%	
Ordinary Income	△ 863	156	309	198.1%	8,742	6,022	10,000	124.7%
% of Ordinary Income	-	-	-6.0%		16.9%	16.3%	16.7%	
Net Income	△ 832	△ 566	323	-	9,700	6,007	6,000	99.9%
% of Net Income	-	-	-6.3%		18.8%	12.2%	10.0%	

● Sales by Business segments

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Consumer	35,752	31,727	45,290	142.7%
Coin-Op & Revenue Share	5,009	7,108	4,091	57.6%
Arcade Operation	6,616	7,147	7,594	106.3%
Others	4,196	3,099	3,025	97.6%
Total	51,574	49,082	60,000	122.2%

● Depreciation

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Capcom Japan	2,226	2,054	2,192	106.7%
Consolidated Subsidiaries	397	357	32	9.0%
Capcom Total	2,623	2,411	2,224	92.2%

● Capital Expenditure

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Capcom Japan	1,949	1,824	2,940	161.1%
Consolidated Subsidiaries	653	307	350	113.9%
Capcom Total	2,602	2,132	3,290	154.3%

● Sales by Geographic Area

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Japan	32,862	34,838	45,006	129.2%
North America	17,957	13,326	10,405	78.1%
Other territories	754	917	4,590	500.5%
Total	51,574	49,082	60,000	122.2%

Non-consolidated Financial Review on Fiscal Year 1999,2000 and Projection for Fiscal Year 2001

● Profit and Loss Sheet

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Net Sales	36,896	37,488	48,000	128.0%
Gross Profit	12,784	11,819	17,400	147.2%
% of Gross Profit	34.6%	31.5%	36.3%	
Sales and G&A Expenses	8,034	8,217	10,600	129.0%
Operating Income	4,749	3,601	6,800	188.8%
% of Operating Income	12.9%	9.6%	14.2%	
Ordinary Income	4,590	4,260	7,000	164.3%
% of Ordinary Income	12.4%	11.4%	14.6%	
Net Income	4,236	2,749	4,000	145.5%
% of Net Income	11.5%	7.3%	8.3%	

● Sales by Segments

(Millions of Yen)

		2000/3	2001/3	2002/3	%
Consumer (including PC)	Domestic	17,404	18,313	31,128	170.0%
	Overseas	5,532	3,889	3,835	98.6%
	Sub Total	22,936	22,202	34,963	157.5%
Coin-Op	Domestic	3,000	5,442	3,813	70.1%
	Overseas	800	399	111	27.8%
	Sub Total	3,800	5,842	3,925	67.2%
Revenue Share	Domestic	1,085	674	111	16.4%
Arcade Operation	Domestic	5,175	5,924	6,478	109.4%
Movie Project	Domestic	4	11	100	909.1%
	Overseas	440	196	103	52.3%
	Sub Total	444	207	203	97.8%
Royalty revenue and Others	Domestic	1,812	1,439	1,787	124.2%
	Overseas	278	223	197	88.3%
	Sub Total	2,090	1,662	1,984	119.4%
Pachinko-system	Domestic	1,365	974	337	34.6%
Total		36,896	37,488	48,000	128.0%

● Domestic/Overseas Sales Ratio

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Domestic	29,845	32,780	43,754	133.5%
Overseas	7,051	4,708	4,246	90.2%
Total	36,896	37,488	48,000	128.0%

● Break-down of Major Expenses

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Promotion Expense	2,348	2,427	3,443	141.9%
Personnel Expense	7,624	7,349	8,683	118.1%
Technical R&D Cost	1,374	1,452	2,050	141.2%

● Number of Employees

(Unit: Persons)

	2000/3	2001/3	2002/3	%
Capcom Japan	1,019	1,009	1,039	103.0%
Consolidated Subsidiaries	137	141	145	102.8%
Capcom Total	1,156	1,150	1,184	103.0%
R&D	585	586	616	105.1%

● Break-down of Depreciation

(Millions of Yen)

	2000/3	2001/3	2002/3	%
G&A Expenses	1,038	927	1,274	137.4%
Revenue Share Equipment	374	346	82	23.7%
Arcade Equipment	814	781	835	107.0%
Total	2,226	2,054	2,191	106.7%

● Capital Expenditure

(Millions of Yen)

	2000/3	2001/3	2002/3	%
Arcade Ope.	1,742	1,638	1,250	76.3%
Others	207	186	1,690	908.6%
Total	1,949	1,824	2,940	161.2%

● Sales Units shipped of Coin-Op

(Unit: copies)

		2000/3	2001/3	2002/3
Coin-Op	Total titles	10	10	8
	Domestic	17,525	17,000	12,400
	Overseas	13,825	4,000	800
PCB	Total	31,350	21,000	13,200

● Number of Arcades

(Unit: locations)

	2000/3	2001/3	2002/3
Capcom Japan	44	42	44
Consolidated Subsidiaries	5	6	6
Capcom Total	49	48	50