

**Explanatory Summary of Financial Results Briefing
of the Full Year Results for FY2010
by President and Chief Operating Officer Haruhiro Tsujimoto
(May 10, 2011)**

The subject of my presentation today is our business strategies and plans for the fiscal year ending in March 2012.

P.2-7 Summary of strategies for growth

First, I will explain the key points of our strategies for growth.

Ongoing expansion of game platforms is creating a new definition of the game market in which Capcom operates. We need to view all categories as a single market. This includes conventional packaged software as well as PC online games, mobile content and digital downloads of consumer games. We expect the game market to grow from about 45,000 million dollars in 2010 to about 60,000 million dollars in 2015. Especially rapid growth is expected in the markets for PC online games and mobile content. The packaged software market is temporarily shrinking partly because there are currently no major new product introductions in the game hardware market. But the introduction of new hardware products, growth in downloadable content and other events will probably spark renewed growth in packaged software sales.

As in the previous fiscal year, we will concentrate on two strategies for growth. The first is enlarging the lineup of games under development. Here, our main objectives are to 1) shorten the development-to-launch cycle for series titles, 2) launch original content, and 3) make extensive use of overseas development companies.

The second is strengthening the Online Games business, which has much potential for growth. Here, the main objectives are to 1) add more games for smartphones and SNS, 2) reinforce PC online game operations in Asia and 3) increase the lineup of downloadable content for home video games.

In particular, the most important element of our strategies in the current fiscal year is our focus on titles for the smartphone and SNS markets. In April, we announced the launch of “Beeline,” our second brand. With this title, we aim to attract more new game users by developing social games like “Smurf’s

Village” for casual game players at bases in Japan, the United States and Europe. At Capcom, our strategic objective is to leverage our powerful brands of our franchises to capture synergies with the home video games. Using the smartphone as a new game platform to expand on a global scale is another objective.

We started providing downloads of SNS titles overseas in November 2010. Cumulative downloads reached 10 million in February and topped 15 million in April. In this fiscal year, we will introduce eight SNS games for smartphones overseas. We expect these introductions will help raise cumulative downloads to 45 million.

My next subject is our sales of online content. This is the sum of sales from downloads of PC online games, mobile content and consumer game software and other items.

We expect these sales to increase to about 16,000 million yen in the current fiscal year from about 13,000 million yen in the previous fiscal year. In the fiscal year ending in March 2015, our goal is to raise online content sales to approximately 30,000 million yen. We are determined to reach our medium-term target by continuing to focus our resources on the online content market.

Now I will explain our strategies for each business segment.

P.8-15 Consumer Online Games business

We position consumer online games as a grow business alongside mobile content. We are directing 90% of our management resources total development and capital expenditure budgets to these two businesses.

As I explained earlier, the packaged software market is temporarily shrinking because of a cyclical downturn in introductions of new hardware products for games. We believe that the packaged software market will start growing again as new game consoles and other products are introduced and the digital download market expands.

We foresee growth in the PC online game market to 20,000 million dollars in 2015 with expansion fueled by more growth in Asia. Consequently, this market will probably grow to the same scale as the packaged software market. Our strategies in the PC online game market will play a vital role in achieving growth over the next several years.

My next subject is our market share in each region of the world in 2010. In Japan, we significantly boosted our market share from 6.1% in 2009 to 11% in 2010 because of the launch of “Monster Hunter Freedom 3”. Overseas, our market share decreased from more than 2% in 2009 in North America and Europe. On a fiscal year basis, though, we held our market share basically level at 2.0% in North America and Europe. We will continue to examine ways to increase our market share in overseas markets.

In the past fiscal year, Capcom created five titles, including “Monster Hunter Freedom 3”, that had sales of more than one million units. The online game business also posted solid growth. Led by the 4.6 million units of sales for “Monster Hunter Freedom 3”, our major franchise titles performed well overseas, too. Overseas sales volume was much higher in the past fiscal year than one year earlier.

As part of our second phase of structural reforms, we reorganized and integrated our development sections for consumer software, online games and mobile content. This gives us the infrastructure for the global use of a broad-based multi-platform framework for supplying content for all types of hardware.

Furthermore, sales of “Dead Rising 2” were strong too because of our close oversight of overseas development companies. In response to this successful collaboration, we decided to acquire Blue Castle Games, which is the developer of “Dead Rising 2”. This gives us a more powerful overseas game development capability.

In the online game category, the Xbox 360 version of “Monster Hunter Frontier Online” recorded sales of about 200,000 units as both the Xbox 360 and PC versions of this game posted strong sales.

For individual game titles the past fiscal year, “Monster Hunter Freedom 3” was our best seller at 4.6 million units. “Dead Rising 2” and “MARVEL VS. CAPCOM 3 Fate of Two Worlds” each had sales of more than 2 million units, and sales of “Super Street Fighter IV” and “Lost Planet 2” topped 1.5 million units. In Japan, sales of “Sengoku BASARA Samurai Heroes” and “MONHAN NIKKI POKAPOKA AIRU MURA” each topped 500,000 units. Overall sales volume in the past fiscal year set a new record at 20.5 million units.

Next, I will discuss our strategies in the current fiscal year.

This year, our goal is to achieve new growth by reinforcing our lineup of games under development. We plan to accomplish this by using our highly efficient development organization and the use of external vendors.

We expect to start making concrete progress in the next fiscal year with regard to shortening the launch cycle for series game titles. In addition, we plan to launch new franchises, such as “Dragon’s Dogma” and “Asura’s Wrath”. Furthermore, we will continue to make extensive use of overseas game development companies for partnership titles like “Resident Evil: Operation Raccoon City” and “Dmc Devil May Cry”. At this time, these are the only partnership titles with overseas companies that we are selling. But work is proceeding on several more titles.

For “Monster Hunter Frontier Online”, our goal in Japan is to stabilize earnings by continuing to introduce updates on a regular basis. Plans also include increasing sales of this game in Asia. For home video games, we will provide downloadable content for all major titles.

My next subject is our plan for sales of specific games in this fiscal year.

At last month’s Capcom Captivate 2011, we announced major titles to be introduced during this fiscal year. Members of the press and executives at retail stores were very impressed with our plans.

We plan to release “Resident Evil: Operation Raccoon City” in the winter of 2011 as another story associated with “Resident Evil 2”. Our plan is to sell 2.5

million units of this new game in this fiscal year. We have not yet decided when we will start selling “Street Fighter X Tekken”, which uses collaboration of major fighting games that are popular worldwide. We plan calls for fiscal year sales of 2 million units of this game.

We plan to sell 1.5 million units of “Dragon’s Dogma” in this fiscal year. We have very high expectations for this game because we believe it can ultimately achieve an even higher sales volume. We plan to sell 800,000 units of “Dead Rising 2: Off The Record.” Our plans for the fiscal year include “Resident Evil: The Mercenaries 3D” for the Nintendo 3DS and several other titles, too.

My last topic is our plan for the consumer online game business. In the fiscal year ending in March 2012, we are planning on sales of 58,000 million yen, operating income of 12,500 million yen, an operating margin of 21.6%, 55 titles, and sales of 18 million units, 550,000 units of other companies’ games and 3 million units of old and lower-priced games. Sales will be lower along with a decline in the number of major titles. But we expect that improvements to the profit structure from structural reforms will result in an operating profit in this business.

P.16-19 Mobile Contents business

This is one of the businesses that Capcom is targeting for growth. Mobile Contents and Consumer Online Games together account for 90% of our management resources development and capital expenditure budgets.

We expect the mobile content market to grow steadily because of the emergence of smartphones and other devices.

Our strategy in this business is to focus on developing social games in Japan and overseas. We want to be the trailblazer in this market worldwide.

To accomplish our strategic goals overseas, we established Beeline Interactive as our second brand. We will use the “Beeline” brand to sell games to casual users. Furthermore, we will differentiate the “Beeline” brand from the “Capcom” brand to target a broad range of customer segments that use smartphones.

We will conduct operations worldwide, mainly in our three bases of North America, Europe and Japan, to develop markets by focusing on the development of freemium titles. The number of these titles is still small outside Japan. Another overseas initiative of ours is extensive activities to increase sales in emerging markets. We will do this by utilizing the capabilities of cell phones because home game consoles are not widely used in these markets. Our overseas plans also include using our CRAM specialized analysis tool to perform marketing activities that allow us to supply content that matches users' needs.

In this fiscal year, we plan to distribute eight titles that use the new "Beeline" brand.

In Japan, we will sell mobile content using the "Capcom" brand. We plan to introduce "Resident Evil: Outbreak Survive" for GREE, "Sengoku BASARA Mobile" for Mobage, and "Resident Evil: Mercenaries VS". and "Devil May Cry 4 Refrain" for smartphones. By launching these and other games, we plan to capture synergies with our home video game business.

In the mobile content business, we plan on higher sales but lower earnings in the current fiscal year with sales of 4,700 million yen, operating income of 800 million yen and an operating margin of 17.0%. One reason is expenses for subsidiaries associated with Beeline. Another is higher development expenses for the shift to smartphones. Earnings will also be held down by up-front investments associated with growth in the number of titles under development outside Japan.

P.20-23 Arcade Operations business

Next, I will discuss Arcade Operations, which is a mature and stable business. Japan's arcade market has been shrinking mainly because of the economic downturn that started in the middle of 2010 and the lack of popular arcade machines. But this contraction has finally ended. Nevertheless, the impact of the March earthquake makes the outlook unclear.

As in the previous fiscal year, we are rigorously cutting costs in this business, such as by holding down investments. We are also working on improving operating efficiency. We also aim to achieve a quick recovery at facilities damaged by the earthquake. As of the end of this April, all arcades that were damaged by the earthquake had resumed operations. During the current fiscal year, we plan to open one arcade.

Our fiscal year plan for this business, which includes the impact of the earthquake, is for a 6% decrease in existing arcade sales, total sales of 11,000 million yen, operating income of 800 million yen, an operating margin of 7.3% and 38 arcades as of the end of March 2012. In April, which is our most recent data, existing arcade sales were up 5% from one year earlier.

P.24-27 Amusement Equipment business

My next subject is our Amusement Equipments business.

The amusement equipment market in Japan is contracting along with the downturn in the amusement arcade market. The market for pachinko and pachislo machines was expected to grow in the past fiscal year as it did in the prior fiscal year. However, the outlook for this market is unclear due to the Tohoku Earthquake.

First, I will explain our strategic goals for this fiscal year in the Pachinko & Pachislo business.

The market for pachinko and pachislo machines in Japan is enormous. To make this a business that contributes to earnings, we are aggressively utilizing content from popular home video game series in these machines. Regarding machines that we develop and manufacture, we sold more than 15,000 “Sengoku BASARA 2” machines in the past fiscal year because of the success of our alliance with FIELDS CORPORATION. This achievement set the stage for more progress in selling our own machines. We will continue using this alliance in the current fiscal year.

We plan to generate stable earnings by continuing to supply products for other companies. “Onimusha: Dawn of Dreams,” a machine that was sold in the March 2009 fiscal year, is a prime example.

In the Arcade Game Sales business, our strategy is to make no changes in our current operations. We will generate earnings by consistently introducing medal-winning and other game machines that use our own content and popular content licensed from other companies. Many new medal-winning games will be launched, including “New Super Mario Brothers Wii Coin World.”

Our business plan in the Amusement Equipment business for the fiscal year ending in March 2012 is sales of 8,800 million yen, operating income of 1,200 million yen and an operating margin of 13.6%. In the past fiscal year, the operating margin was up significantly because a revaluation on parts in the Pachinko & Pachislo business caused the margin to fall. We forecast lower earnings because we expect the operating margin to drop back from the past year’s high level.

P.28-29 Other businesses

My next subject is our strategy and plan in Other businesses.

This segment is the core element of our “Single Content Multiple Usage” strategy. Utilizing characters in our games to increase brand value is the primary role of this segment. As in the past fiscal year, this segment will sell books and merchandise and create movies and other visual content that utilizes our home video game software. The goal is to raise public awareness of this software, thereby maximizing the sales volume of our games. One illustration of a movie using our content is “The Movie: Sengoku BASARA – The Last Party –”. The movie will make its debut in June 2011. In addition, we are currently negotiating with Japanese and Hollywood movie production companies about movies that use Capcom content.

Our plan for Other Businesses is sales of 3,500 million yen, operating income of 800 million yen and an operating margin of 22.9%.

P.30-31 Forecasts for Year Ending March 2012

My final topic is our forecasts for consolidated performance in the current fiscal year.

We forecast sales of 86,000 million yen, operating income of 12,100 million yen, an operating margin of 14.1%, ordinary income of 12,000 million yen and net income of 7,000 million yen. We expect sales and earnings to decrease because the past fiscal year's performance included contributions from the launches of many major titles. But we are determined to reach our fiscal year forecasts by making improvements in the cost of sales and operating expenses.

We forecast net income per share of 118.47 yen and an annual dividend of 40 yen per share, the sum of a 15 yen interim dividend and 25 yen year-end dividend.

Capcom is determined to continue making the improvements and other progress that are needed to achieve our goals for consolidated performance in the current fiscal year.