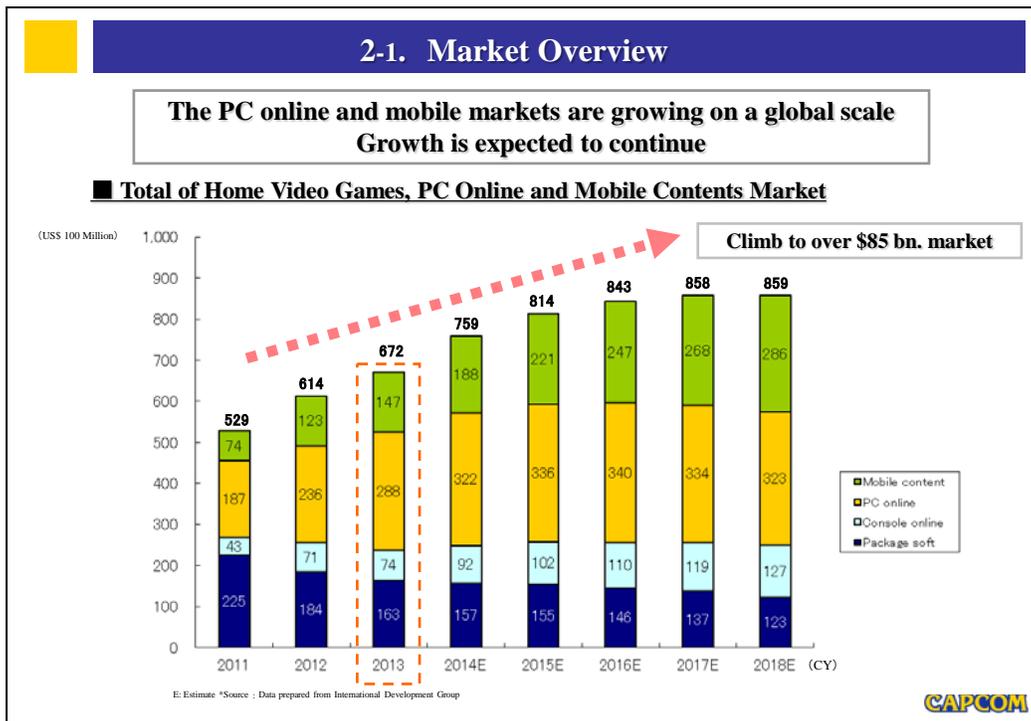


Explanation Summary of Financial Results
Briefing for the Fiscal Year ended March 31, 2014
 by Haruhiro Tsujimoto,
President and Chief Operating Officer
 (May 9, 2014)

My presentation today is about our business strategies and plans for the fiscal year ending in March 2015.

page 6. 2-1. Market Overview



The key point concerning our growth strategy is updates in the consumer game, PC online game and mobile game markets.

As you know, the operating environment in the game business is constantly evolving. In 2013, two next-generation consoles were introduced, the PlayStation® 4 and Xbox One®. In the mobile content category, the app market expanded along with growth in the use of smartphones and tablets worldwide. I view this as an extremely favorable environment for the creation of new game content.

Market surveys confirm this positive outlook. The game software market is expected to continue growing with global sales rising from \$67.2 billion in 2013 to \$85.9 billion in 2018.

The dark and light blue lines on this graph show sales in the home video game software market. As this business model changes, sales of package software are declining while sales of digital download contents for game consoles are increasing. Combined annual sales are expected to remain level at the current \$25 billion between 2013 and 2018.

In the mobile content market, very strong growth is foreseen with annual sales almost doubling from \$14.7 billion in 2013 to \$28.6 billion in 2018.

But only minimal growth is expected in the PC online game market. The cause is probably the ongoing unification of the PC online game and mobile content markets.

As you can see, the outlook is for consistent growth of the overall game market between 2013 and 2018. At Capcom, we are also aiming for steady growth by continuing to pursue three strategies, our single content, multiple use strategy, our multi-platform strategy, and our global strategy.

2-2. Strategies for Growth

Strategies for Growth

- **Strategy 1: Improve the Consumer business**
 - Reinforce the DLC (digital download contents) strategy
 - Upgrade quality and accumulate know-how by developing more titles internally
 - Realign the lineup of titles

- **Strategy 2: Strengthen the Online Games business**
 - Reinforce marketing activities and measures to monetize these games
 - Realign the lineup of titles
 - Aim for growth of PC Online business outside Japan



Our growth strategy has two main elements.

The first is improving our Consumer business. In the past fiscal year, there was a big increase in digital download content sales to 9.7 billion yen, which was 18% of total sales in this business. The benefits of measures we started last year to strengthen this business are emerging. We expect a further improvement in profitability this year as sales of digital download content continue to grow.

We are developing more games internally in response to the increasing diversity of the game market. Major objectives are improving quality, accumulating know-how in existing businesses and strictly following schedules.

In addition, we will realign our title lineup with respect to our multi-platform strategy to cover both current and next-generation game consoles.

The second element of our growth strategy is strengthening the Online Games business. As you heard from the chairman, we have consolidated our mobile development operations in Tokyo. This team has experience in monetizing PC online games. Furthermore, we placed this development unit underneath a marketing department. This provides the speed needed to create titles that reflect market characteristics.

For actions involving the title lineup, we have already stopped developing some titles in association with the special loss recorded at the end of the previous fiscal year. Based on our analysis of our markets, we plan to start the development of several new titles.

For overseas growth in the PC Online business, we plan to develop titles primarily for sale in Asian countries. Joint development work is under way with Tencent Holdings Ltd. in China on “Monster Hunter Online.”

page 9 3. Forecasts for FY 2014

3. Forecasts for FY 2014

Expect lower sales following strong sales of major titles in prior year but higher earnings resulting from cost cutting

(Million yen)

	2014/3	2015/3Plan	Difference
Net sales	102,200	80,000	-22,200
Operating income	10,299	10,500	201
Operating margin	10.1%	13.1%	-
Ordinary income	10,946	10,200	-746
Net income	3,444	6,600	3,156

- Expect lower sales chiefly in Digital Contents and Amusement Equipments but higher operating income because of cost cutting
- Earnings per share forecast is 117.37 yen
- Forecast a 15 yen interim dividend and 25 yen year-end dividend, resulting in a 40 dividend for the fiscal year



This slide shows our forecast for the fiscal year ending in March 2015.

We forecast lower sales mainly because of declines following the strong sales of major titles in the previous fiscal year. But we believe that cost cutting will result in higher operating income. We forecast a 22.2 billion yen decrease in sales to 80 billion yen, a 0.2 billion yen increase in operating income to 10.5 billion yen, and an improvement in the operating margin to 13.1%.

The ordinary income forecast is 10.2 billion yen, down 0.7 billion yen mostly because we anticipate a smaller foreign exchange gain. We forecast a 3.1 billion yen increase in net income to 6.6 billion yen and earnings per share of 117.37 yen. We plan to pay a fiscal year dividend of 40 yen per share, the sum of a ¥15 interim dividend and ¥25 year-end dividend.

Next, I will discuss our plans for each business segment.

page 12. 4-1. Digital Contents - Strategic Objectives and Plan (1)

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

**Aiming to improve Consumer business profitability
by focusing on fewer titles**

■ Consumer– Strategic Objectives

- **Develop titles for Japan and overseas while increasing development-marketing collaboration**
 - ⇒ Plan to introduce “Monster Hunter 4 Ultimate”, “Ultra Street Fighter IV” and other titles
 - ⇒ Plan to develop titles exclusively for online games, such as “deep down” for the PS4
- **Strengthen sales of digital download contents**
 - ⇒ For full-game digital contents, strengthen sales of past releases and lower-priced versions
 - ⇒ Strategically launch add-on DLC for major titles to extend their lives
 - ⇒ Activities targeting developing Country by STEAM and other online platforms

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In the Digital Contents business, we expect an improvement in profitability in the Consumer sub-segment resulting from a reduction in the number of titles. We believe that the profit margin is possible to be recovered to almost 20%, which is our current target.

The strategic goal in the Consumer sub-segment is to develop titles for sale in Japan and overseas while reinforcing ties between development and marketing sections. We plan to start selling “Monster Hunter 4G,” “Ultra Street Fighter IV” and other titles in this fiscal year. We are also developing titles exclusively for the online market. One is “deep down” for the PlayStation 4.

To increase digital download content sales, we will use a flexible pricing strategy for full-game downloads for old, lower-priced games. We will also strategically provide add-on DLC for major titles to extend the lives of these games. In addition, we will continue to grow in emerging countries by using STEAM and other online platforms.

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

■ FY2014 Sales Plan for Major Consumer Titles

(Thousand units)				
Hard	Title	Region	Releasing Date	Plan
3DS	Monster Hunter 4 Ultimate	Japan	Autumn 2014	3,900
		North America	Early 2015	
		Europe		

* Result includes the units of download sales
 * Japan includes other Asian countries



"Monster Hunter 4 Ultimate"



Our plan for “Monster Hunter 4G” is to sell 3.9 million units worldwide this fiscal year. Sales are to begin in Japan in the fall of this year and in North America and Europe early in 2015.

This is the only major title that we plan to launch at this time. We will announce the launches of other titles at the appropriate times based on our sales strategy.

4-1. Digital Contents – Strategic Objectives and Plan (3)				
Foresee drop in sales volume caused by dual effects of hardware transitional period and business restructuring				
■ FY2014 Unit Sales Plan (Consumer)				
(Thousand units)				
	2013/3	2014/3	2015/3 Plan	Difference
Titles	46	42	25	-17
Package				
Japan	4,500	6,700	5,200	-1,500
North America	5,400	3,800	2,600	-1,200
Europe	3,600	1,900	1,000	-900
Asia	500	300	200	-100
Package Total	14,000	12,700	9,000	-3,700
digital download contents				
Full-game	2,700	4,800	4,000	-800
Total	16,700	17,500	13,000	-4,500



We foresee a 13 million unit sales in the Consumer sub-segment in this fiscal year. The causes of this decline are the current transitional period for hardware and our ongoing business restructuring activities.

We plan to introduce 25 new titles, 17 fewer than in the previous fiscal year.

For package software sales, we expect a 1.5 million unit decline to 5.2 million units in Japan. This is attributable mostly to downturns in sales of distribution titles of other companies, such as “Grand Theft Auto V” and “DARK SOULS II”. Outside Japan, we forecast lower sales because of the smaller number of major titles. We expect North American sales to decrease 1.2 million units to 2.6 million units, European sales to decrease 90 thousand units to 1 million units, and Asian sales to decrease 10 thousand units to 20 thousand units.

Our plan for full-game digital download is a decline of 80 thousand units to 4 million units. The main reason is a smaller number of new titles overseas.

page 15. 4-1. Digital Contents - Strategic Objectives and Plan (4)

In the Mobile Contents sub-segment, we are restructuring operations and concentrating on creating hit titles.

For the Capcom brand, we are centralizing development activities and upgrading measures to monetize software. In addition, we plan to accumulate operational expertise by developing more content internally. “Monster Hunter Freedom Unite for iOS” was launched on May 8 and sales have been strong. For “Monster Hunter Smart,” we are reexamining our plans and expect to start selling this title later in 2014.

For the Beeline brand, our strategy in the past fiscal year was to target men and expand coverage to include super casual game users. Since this strategy was unsuccessful, we are once again going back to the core elements of this brand. “Smurfs’ Village” and “Snoopy Street” are still very popular among casual female game users. To achieve an earnings recovery, our plan is to target this user segment by introducing titles that use existing game series.

page 16. 4-1. Digital Contents - Strategic Objectives and Plan (5)

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

**Use major updates to energize major titles
Reinforce the profit structure
by introducing new titles in Japan and Asia**

■PC Other– Strategic Objectives

- **Reinvigorate major titles with major updates and other actions**
 - ⇒ Started services for “Monster Hunter Frontier GG” PC online game on April 23, 2014
- **Introduce new titles for sale in Japan and Asia**
 - ⇒ Plan to launch “Breath of Fire 6” (PC/Tablet/iOS/Android), the latest version of this popular franchise, in the summer of 2014
 - ⇒ Plan to launch “Monster Hunter Mezeoporuta Kaitakuki” (PC) in the autumn of 2014
 - ⇒ In China, plan to use collaboration with Tencent Holdings Limited to develop “Monster Hunter Online” and start beta testing in the summer of 2014

CAPCOM

In the PC Other sub-segment, which includes PC online games, we have two strategic initiatives for restoring profitability.

The first is a major update for “Monster Hunter Frontier G,” the most important title in this sector, and the launch of “Monster Hunter Frontier GG” to invigorate this game franchise.

Service for “Monster Hunter Frontier GG” started on April 23 and this title’s performance has been well.

The second initiative involves building a stronger foundation for earnings by launching new titles in Japan and other Asian countries. We plan to launch “Breath of Fire 6” in the summer of 2014 and the new PC browser game “Monster Hunter Mezeperuta Chronicles” in the fall of this year.

In China, we plan to start beta testing this summer to prepare for this official start of services for “Monster Hunter Online,” which is under development with Tencent Holdings Ltd..

page 17. 4-1. Digital Contents - Strategic Objectives and Plan (6)

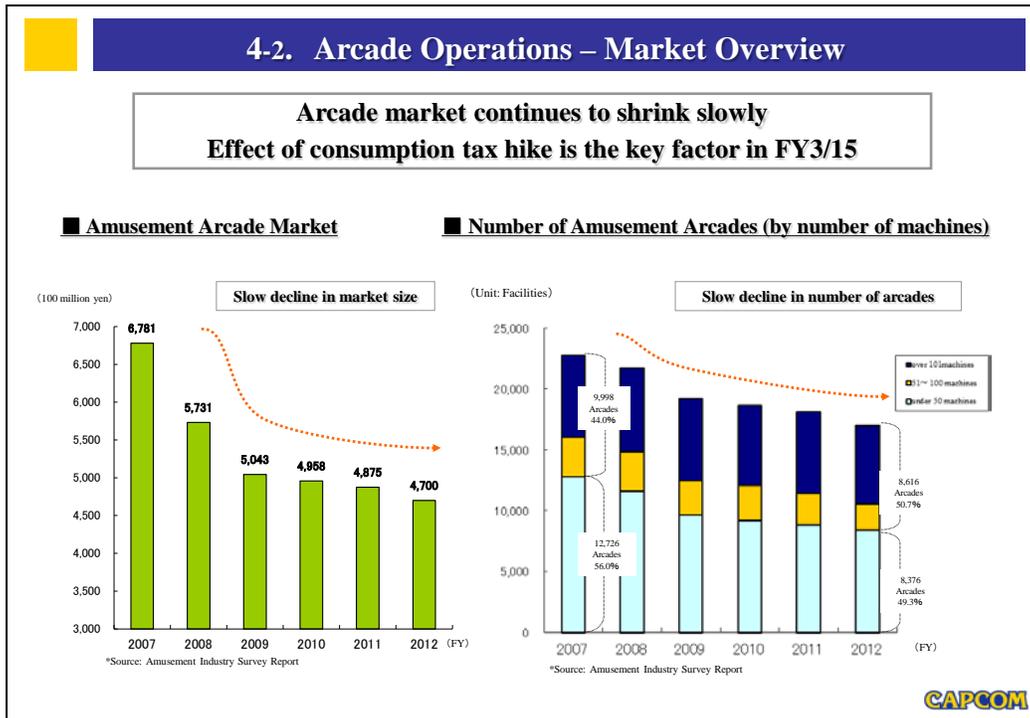
4-1. Digital Contents – Strategic Objectives and Plan (6)				
Expect lower sales following strong sales of major titles in prior year but higher earnings resulting from a tightly focused lineup and cost cutting				
■ Digital Contents Plan				
(100 million yen)				
	2013/3	2014/3	2015/3Plan	Difference
Net sales	636	658	500	-158
Operating income	70	44	68	24
Operating margin	11.1%	6.8%	13.6%	—
(Composition)				
Package	407	433	290	-143
Digital Download Contents	52	97	80	-17
Consumer total	459	530	370	-160
Mobile Contents	110	65	50	-15
PC Other	67	63	80	17

CAPCOM

In the Digital Contents business, we plan on higher earnings in the current fiscal year. Cost savings from a more focused lineup of titles is expected to offset the negative effect of lower sales following the strong sales by major titles in the previous fiscal year.

We forecast a 15.8 billion yen decrease in sales to 50 billion yen but a 2.4 billion yen increase in operating income to 6.8 billion yen and an improvement in the operating margin to 13.6%.

The sales forecast is the sum of the Consumer sub-segment sales of 37 billion yen, down 16 billion yen because of fewer new titles, Mobile Contents sales of 5 billion yen, down 1 billion yen because this business is in the midst of enacting various reforms, and PC Other sales of 8 billion yen, up 1.7 billion yen because of the expected sales from new titles.



In the Arcade Operations segment, the arcade market in Japan is continuing to shrink gradually. Our outlook for this business also takes into account the effect of the April 2014 increase in the consumption tax to 8%.

4-2. Arcade Operations – Strategic Objectives and Plan

Goal is to hold sales and earnings steady by attracting more seniors and kids and using other actions

■ Arcade Operations – Strategic Objectives

- **Increase efficiency and target new user segments**
 - ⇒ Hold events for seniors and operate kids’ corners with fees based on time
 - ⇒ Sell food at arcades that uses themes linked to Capcom characters
 - ⇒ Planning on a 2% decrease in sales on an existing-arcade basis
 - ⇒ Plan to open 3 arcades and close 1 in FY3/15, total of 35 facilities



Plaza Capcom Hanyu

■ Arcade Operations Plan

(100 million yen)

	2013/3	2014/3	2015/3 Plan	Difference
Net sales	109	106	100	-6
Operating income	17	16	15	-1
Operating margin	15.6%	15.2%	15.0%	-
Year-to-year ratio off existing stores	-5%	-5%	-2%	-

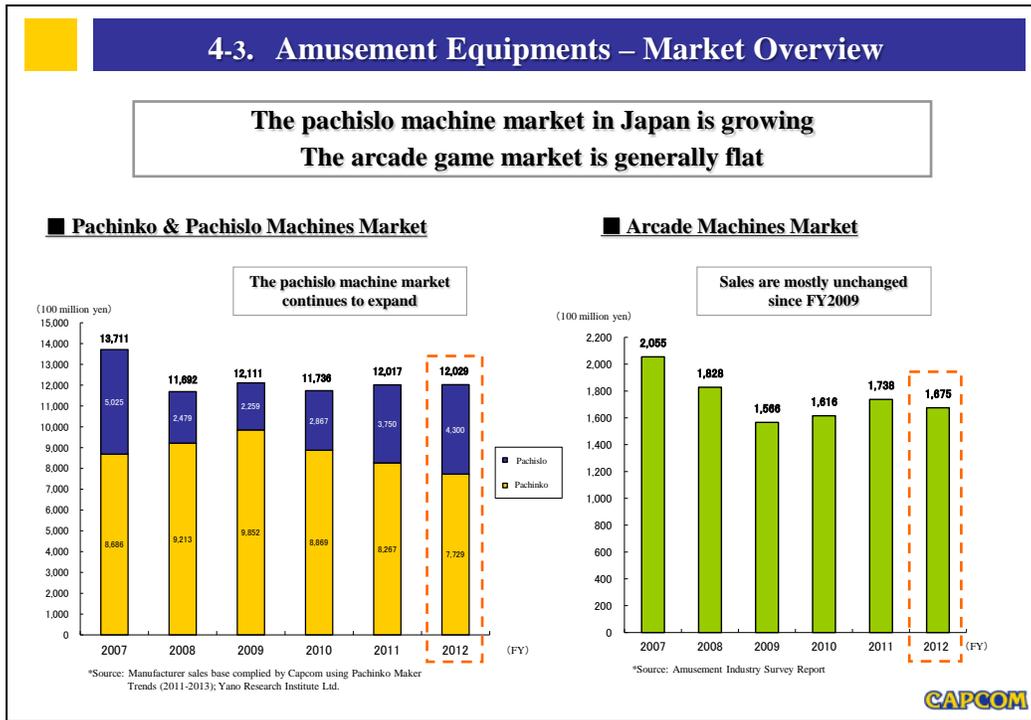


The main goals in this fiscal year are to operate more efficiently and attract new user segments.

Arcades will hold more events for seniors and operate kids’ corners, which charge fees based on time. In another move to attract more customers, arcades will start selling food that use themes based on Capcom characters.

We plan on a 2% decrease in existing arcade sales. During the fiscal year, we will continue our scrap-and-build strategy by opening three locations and closing one.

In this segment, we forecast sales of 10 billion yen, operating income of 1.5 billion yen and an operating margin of 15%.



In the Amusement Equipments segment, the market for pachislo machines in Japan is growing. Sales of arcade machines have been generally flat since 2009.

4-3. Amusement Equipments – Strategic Objectives and Plan

Expanding the Pachinko & Pachislo business to three new models per year, but expect downturn by the backlash of hit titles

- **Pachinko & Pachislo – Strategic Objectives**
 - Strengthen production of Capcom models and subcontracting business
⇒ Plan to introduce three new Capcom pachislo machines
- **Arcade Games Sales – Strategic Objectives**
 - Earn profits by consistently launching new products
⇒ Plan to launch “Ultra Street Fighter IV” (video game) and “Onimusha Soul Card Rush” (coin-operated game)
- **Amusement Equipments Plan** (Sum of Pachinko & Pachislo and Arcade Games Sales)

	2013/3	2014/3	2015/3 Plan	Difference
Net sales	167	231	175	-56
Operating income	48	71	50	-21
Operating margin	29.1%	30.8%	28.6%	-

(100 million yen)
*FY2014 sales will be 9: 1 between Pachinko & Pachislo and Arcade Games Sales



In the Pachinko & Pachislo business, sales and earnings are expected to decrease even though we will start introducing three Capcom models each year. The declines are anticipated because of strong sales from a hit model in the previous fiscal year. We will continue to strengthen the production of Capcom models and our subcontracting business.

For Arcade Game Sales, we plan to consistently introduce new machines in order to earn profits. “Ultra Street Fighter IV,” which debuted on April 17, has been performing well and we plan to launch “Onimusha Soul Card Rush” in the summer of this year.

For this segment, we forecast sales of 17.5 billion yen, down 5.6 billion yen, operating income of 5 billion yen, down 2.1 billion yen, and an operating margin of 28.6%.

4-4. Other Businesses – Strategic Objectives and Plan

**Maximize the value of our main contents
by the Single Content Multiple Usage strategy**

■ **Character Contents – Strategic Objectives**

- **Raise awareness of characters by using TV programs and stage productions based on home video games**
 - ⇒ Stage production “Ace Attorney - Gyakuten no Spotlight” April 2014 debut
 - ⇒ Stage production “Sengoku BASARA 3 -Togakuruwasikizuna -” April 25, 2014
 - ⇒ Animated TV program “Sengoku BASARA Judge End” to start in 2014
- **Sell character products that use characters of major game series**
 - ⇒ Launch many products in conjunction with the 10th anniversary of the “Monster Hunter” series

■ **Other Businesses Plan**

	(100 million yen)			
	2013/3	2014/3	2015/3 Plan	Difference
Net sales	27	25	25	0
Operating income	7	10	9	-1
Operating margin	27.3%	38.6%	36.0%	-



10th anniversary of the “Monster Hunter” series



In Other Businesses, our main objective remains maximizing the brand value of our main content based on the single content multiple usage strategy. For Character Contents, we plan to raise awareness by using characters in TV programs and stage productions. The stage productions “Ace Attorney – Gyakuten no Spotlight” and “Sengoku BASARA,” which both started in April, have been very popular. In addition, an animated TV program called “Sengoku BASARA Judge End” is to start later 2014.

The Character Contents business uses links with major Capcom game franchises to boost sales. One example was a variety of collaborative events held in conjunction with the 10th anniversary of “Monster Hunter.”

In this segment, we forecast sales of 2.5 billion yen, operating income of 0.9 billion yen and an operating margin of 36%.

Special losses forced us to revise our forecasts in the past two fiscal years. This year, we are determined to achieve or exceed the sales and earnings in our forecast.