

Directors

(As of June 17, 2019)



Kazushi Hirao
Director
Full-time member of
the Audit and
Supervisory Committee

Yoichi Egawa
Director and
Executive Corporate
Officer

Kunio Neo
Director and
Executive Corporate
Officer

Yutaka Mizukoshi
Director

Makoto Matsuo
Director
Member of the Audit
and Supervisory
Committee

Kenzo Tsujimoto
Chairman and
Chief Executive
Officer (CEO)



Haruhiro Tsujimoto
President and
Chief Operating
Officer (COO)

Masao Sato
Director

Toru Muranaka
Director

Yoshihiko Iwasaki
Director
Full-time member of
the Audit and
Supervisory Committee

Kenkichi Nomura
Director and
Executive Corporate Officer,
Chief Financial Officer (CFO)

Directors

(As of June 17, 2019)

Kenzo Tsujimoto

Chairman and Chief Executive Officer (CEO)

Jul. 1985	President and Representative Director of the Company
Apr. 1997	Head of The Association of Copyright for Computer Software (Currently The General Incorporated Association of Copyright for Computer Software) (to present)
Apr. 2001	Chief Executive Officer (CEO) of the Company (to present)
Jul. 2007	Chairman and Representative Director of the Company (to present)
Feb. 2010	Representative Director of Kenzo Estate Winery Japan Co., Ltd. (to present)

Haruhiro Tsujimoto

President and Chief Operating Officer (COO)

Apr. 1987	Entered into the Company
Jun. 1997	Director of the Company
Feb. 1999	Managing Director of the Company
Apr. 2001	Senior Managing Director of the Company
Jul. 2004	Director and Executive Corporate Officer of the Company
Apr. 2006	Director and Executive Vice President of the Company
Jul. 2007	President and Representative Director, Chief Operating Officer (COO) of the Company (to present)
Aug. 2016	President and Representative Director, and Director in charge of Global Marketing Business and Arcade Operations Business of the Company
Jun. 2018	President and Representative Director, and Director in charge of Arcade Operations Business of the Company (to present)

Yoichi Egawa

Director and Executive Corporate Officer

Apr. 1985	Entered into the Company
Apr. 1999	General Manager of Creative Division 5 of the Company
Aug. 1999	Corporate Officer, General Manager of Creative Division 5 of the Company
Apr. 2011	Managing Corporate Officer of the Company
Apr. 2013	Executive Corporate Officer of the Company (to present)
Jun. 2013	Director, in charge of Arcade Business and Pachinko & Pachislo Business of the Company
Jul. 2016	Director, in charge of Amusement Equipments Business, Arcade Operations Business and Consumer Games Development of the Company
Apr. 2019	Director, in charge of Consumer Games Development and Pachinko & Pachislo Business Division of the Company (to present)

Kenkichi Nomura

Director and Executive Corporate Officer, Chief Financial Officer (CFO)

Apr. 2009	Corporate Officer in charge of Internal Control of the Company
Jul. 2010	Managing Corporate Officer in charge of Financial and Accounting Division of the Company
Jun. 2015	Managing Corporate Officer in charge of Financial and Accounting Division and Secretarial Affairs, PR and IR Division of the Company
Apr. 2016	Executive Corporate Officer (to present) Head of Finance, Accounting and Public Relations Divisions
Jun. 2016	Director, Chief Financial Officer (CFO) and in charge of Corporate Management of the Company (to present)

Kunio Neo

Director and Executive Corporate Officer

Oct. 2012	Entered into the Company
Feb. 2013	Chief Executive Officer (CEO) of CE Europe Ltd.
Dec. 2014	Left from CEO of CE Europe Ltd.
Apr. 2015	Advisor of the Company
Apr. 2016	Managing Corporate Officer, Head of Global Marketing Division of the Company
May 2018	Executive Corporate Officer, Head of Global Marketing Division of the Company (to present)
Jun. 2018	Director, in charge of Global Marketing Business of the Company (to present)

Masao Sato

Director External Independent Director

Apr. 1975	Entered into the National Police Agency
Nov. 1995	Chief of Ehime Prefectural Police Headquarters
Jan. 2001	Chief of Miyagi Prefectural Police Headquarters
Aug. 2005	Chief of Chiba Prefectural Police Headquarters
Jan. 2007	Director General of Kanto Regional Police Bureau
Mar. 2008	Resigned from the National Police Agency
Jun. 2008	External Corporate Auditor of the Chugoku Electric Power Co., Inc.
Jun. 2016	External Director of the Company (to present)
Jun. 2017	Director, Public Interest Corporation, Furuoka Scholarship Foundation (to present)

Toru Muranaka

Director External Independent Director

Apr. 1995	Registered Lawyer (Osaka Bar Association) Entered into Daiichi Law Office (Currently Daiichi Law Office, P.C.)
Dec. 2007	Partner of Daiichi Law Office, P.C. (to present)
May 2014	External Corporate Auditor of Furuno Electric Co., Ltd. (to present)
Jun. 2015	External Corporate Auditor of Suzuken Co., Ltd. (to present)
Jun. 2016	External Director of the Company (to present)

Yutaka Mizukoshi

Director External Independent Director

Apr. 1980	Entered into Nippon Steel Corporation
May 2004	Senior Vice President of The Boston Consulting Group
Jan. 2005	Japan Co-chair of The Boston Consulting Group
Jan. 2016	Senior Partner and Managing Director of The Boston Consulting Group
Jun. 2016	External Director of Lifenet Insurance Company (to present)
	External Director of Asagami Corporation (to present)
Jan. 2018	Senior Advisor of The Boston Consulting Group, Tokyo (to present)
Jun. 2018	External Director of the Company (to present)

Kazushi Hirao

Director

<Full-time member of the Audit and Supervisory Committee>

Jun. 1988	Entered into the Company
Apr. 1997	General Manager of Overseas Business Dept. of the Company
Jul. 1999	Corporate Officer, General Manager of Overseas Business Dept. of the Company
Oct. 2002	General Manager of General Affairs Dept. of the Company
Apr. 2004	Senior Manager of Investor Relations Section of the Company
Jun. 2004	Corporate Auditor of the Company (full-time)
Jun. 2016	Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Yoshihiko Iwasaki

Director External Independent Director

<Full-time member of the Audit and Supervisory Committee>

Apr. 1979	Entered into National Tax Agency
Jul. 1986	District Director of Ijuin Tax Office
Jul. 1997	Deputy Commissioner (Revenue Management and Collection) of Hiroshima Regional Taxation Bureau
Jul. 1999	Deputy Commissioner (Large Enterprise Examination and Criminal Investigation) of Hiroshima Regional Taxation Bureau
Jul. 2003	Director of Commissioner's Secretariat, the National Tax Agency
Jul. 2007	Assistant Regional Commissioner (Management and Co-ordination) of Nagoya Regional Taxation Bureau
Jul. 2008	Executive Director of National Tax College
Jul. 2009	Director-General of Kanazawa Regional Tax Tribunal
Jul. 2010	Director-General of Sapporo Regional Tax Tribunal
Jul. 2011	Vice President of National Tax College
Jun. 2012	External Corporate Auditor of the Company (full-time)
Jun. 2016	External Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Makoto Matsuo

Director External Independent Director

<Member of the Audit and Supervisory Committee>

Apr. 1975	Admitted to Japanese Bar (The Dai-ichi Tokyo Bar Association) Ozaki & Momo-o
Aug. 1978	Weil, Gotshal & Manges in New York
Mar. 1979	Admitted to New York Bar
Apr. 1989	Partner of Momo-o, Matsuo & Namba (to present)
Apr. 1997	Lecturer of Nihon University, Faculty of Law: International Transaction Law
Jun. 1999	External Corporate Auditor of Victor Company of Japan, Limited
Jun. 2000	External Corporate Auditor of Billing System Corporation
Jun. 2003	External Corporate Auditor of Yamanouchi Pharmaceutical, Co., Ltd.
Jun. 2004	External Director of the said Company
Apr. 2005	External Director of Astellas Pharma Inc. Lecturer of Hitotsubashi University Faculty and Graduate School of Law: World Business Law
Jun. 2007	External Director of the Company
Oct. 2008	External Director of JVC KENWOOD Holdings, Inc.
Jun. 2009	External Corporate Auditor of Toray Industries, Inc.
Mar. 2014	External Corporate Auditor of Solasia Pharma K.K. (to present)
Mar. 2015	External Director of TonenGeneral Sekiyu K.K.
Jun. 2016	External Director (Member of the Audit and Supervisory Committee) of the Company (to present)
Jun. 2018	External Corporate Auditor of Sumitomo Forestry Co., Ltd. (to present)

Features of Capcom Corporate Governance

Three Features of Capcom Corporate Governance

1 We are a company with an audit and supervisory committee

Since June 2016, we have been a company with an audit and supervisory committee. The Audit and Supervisory Committee works so that internal controls function effectively, monitoring the business affairs of directors and employees based on our auditing policies. Additionally, to ensure that the committee can perform duties smoothly and appropriately, we have established an Internal Audit Division under its direct control.

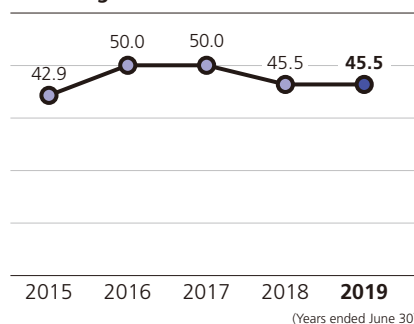
Composition of the Board of Directors

Directors	8 (of which 3 are external)
Directors (Audit and Supervisory Committee members)	3 (of which 2 are external)
Total	11 (of which 5 are external)

2 We proactively appoint external directors

Capcom's current ratio of external directors is 45.5% due to proactively appointing external directors since June 2001. The advice, opinions, and scrutiny provided by external directors increases the transparency and credibility of Board of Directors' meetings and vitalizes the same, while also strengthening the function of the meetings to supervise management.

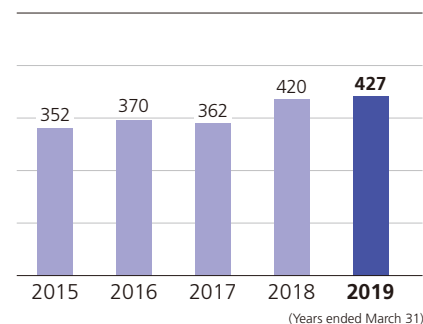
Percentage of External Directors (%)



3 We incorporate market opinions in management

Capcom's IR Department engages in discussions with analysts and investors over 400 times per year. In addition to promoting understanding of management policies and business strategies, the IR Department applies these activities to corporate management, summarizing market opinions and providing feedback to management personnel. Capcom is also further enhancing events and tools for investors, strengthening shareholder and investor relations activities.

Number of annual discussions



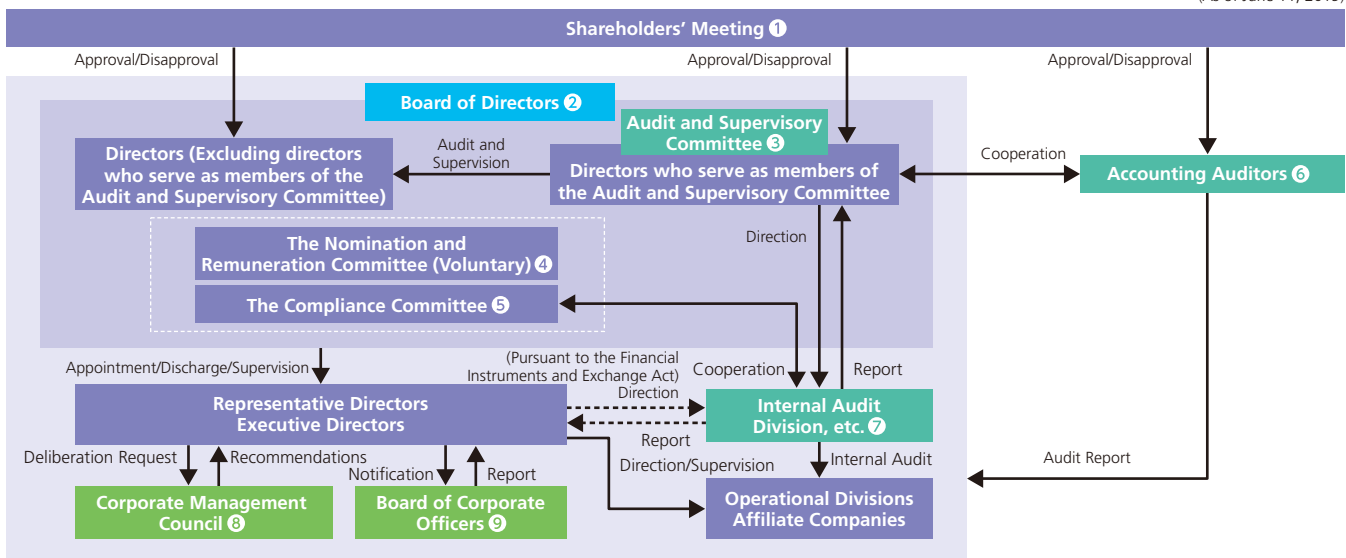
Directors' Skill Matrix

	Management	International business	Development & technology	Sales & marketing	Financial accounting	Independence	Legal	Environment & society
Kenzo Tsujimoto	✓	✓	✓	✓	✓			
Haruhiro Tsujimoto	✓	✓	✓	✓	✓			
Yoichi Egawa			✓					
Kenkichi Nomura	✓				✓			
Kunio Neo		✓		✓				
Masao Sato						✓	✓	✓
Toru Muranaka						✓	✓	✓
Yutaka Mizukoshi	✓	✓			✓	✓		
Kazushi Hirao		✓			✓			
Yoshihiko Iwasaki					✓	✓	✓	✓
Makoto Matsuo						✓	✓	✓

Corporate Governance Structure and Initiatives

Shareholders and investors have made the effective functioning of internal control into a key issue amidst an epidemic of corporate misconduct in Japan and overseas. In this section, Capcom will explain the corporate governance structure and systems that it has initiated so far based on the key concepts of “effectiveness and visibility” in terms of the results of third party assessment. (Assessment areas are highlighted in yellow.)

(As of June 11, 2019)



Corporate Governance Structure

Enhancing management soundness and transparency while responding to changes in the environment

Capcom is aware that comprehensive corporate governance ranks among management’s most important priorities. Because of this, in addition to enhancing management soundness and transparency, we are increasing corporate value by building a trusting relationship with our stakeholders. These stakeholders include shareholders, business partners, employees and regional societies.

1 Shareholders’ Meeting

(Convened on June 17, 2019)

Determines important matters as the highest decision-making body

The general shareholders’ meeting serves as Capcom’s highest decision-making body and determines important matters prescribed by laws, regulations, and the Company’s Articles of Incorporation, as well as serves as a place for communicating the audit results of divisional reports and consolidated financial statements.

Invitations to the general shareholders’ meeting are issued approximately three weeks before convening the session, and efforts are made to allow for greater attendance by having the session about 10 days before the date on which most other companies hold their meetings. We have also made it possible for shareholders to exercise their voting rights over the internet using a computer or smartphone. In addition, we participate in an electronic voting rights exercise platform for institutional investors.

2 Board of Directors

Supervision

(Convened 10 times in the year ended March 31, 2019)

Management decisions that incorporate external directors’ opinions

The Board of Directors is composed of 11 directors (chaired by the Representative Director and Chairman of the Board), with five (45.5%) of the directors being external directors.

The Board deliberates on important matters stipulated by laws, regulations, and the Rules of the Board of Directors, and strives to strengthen supervisory functions through the guidance, suggestions, and active comments of external directors.

In order to enrich deliberations, a portion of decision-making authority for the execution of important business is entrusted to the representative directors, while matters brought before the Board are narrowed to those of high importance, and the number of times the Board of Directors is convened is reduced. As a result, the efficiency of business execution has increased due to quick decision making and dynamic management practices.

3 Audit and Supervisory Committee

Audit

(Convened 10 times in the year ended March 31, 2019)

Cooperating with accounting auditors and the internal audit department to audit and supervise

The Audit and Supervisory Committee (chaired by an external director) is composed of three directors (two of whom are full-time members), with two of the three directors being external directors.

In principle, the committee meets before a Board of Directors’ meeting is convened. The committee deliberates on important

matters stipulated by the Rules for the Audit and Supervisory Committee and strives to strengthen audits and supervision.

Audit and Supervisory Committee members selected by the same committee carry out on-site audits themselves and, in order to increase the efficacy of audits, carry out dynamic organizational audits, including issuing instructions and other actions as necessary to, among others, the Internal Audit Division (directly under the control of the Audit and Supervisory Committee). The Internal Audit Division strives to ensure that audits function effectively by reporting the status of audits and improvements, and other issues to Audit and Supervisory Committee members.

4 The Nomination and Remuneration Committee

(Convened three times in the year ended March 31, 2019)

Selection of candidates for director and deliberating and recommending details of director compensation

The voluntary Nomination and Remuneration Committee (chaired by an external director) is composed of five directors (two of whom are internal directors and three of whom are external directors), with a majority of members being external directors.

Each committee member is selected based on the Board of Directors' appraisal of his or her knowledge, insight, experience, and other qualities.

In determining candidates to be nominated for director (excluding directors who are members of the Audit and Supervisory Committee) and candidates to be nominated for director who are members of the Audit and Supervisory Committee, and for setting the compensation of directors (excluding directors who are members of the Audit and Supervisory Committee), the Board of Directors finalizes decisions from an objective, transparent and fair perspective after consulting with the voluntary Nomination and Remuneration Committee and receiving their recommendations.

5 The Compliance Committee

(Convened four times in the year ended March 31, 2019)

Focusing on Compliance as an Important Management Issue

The Compliance Committee is composed of 10 directors (half of whom are external directors and the committee chairman is an attorney and external director). In principle, the committee convenes once per quarter.

Its primary activities are to analyze and assess risks to Capcom Group compliance and consider what action to take. In addition, the committee strives for early detection and prevention of legal violations or inappropriate conduct by finding internal risks and reporting their probability of materializing to the Board of Directors.

6 Accounting Auditors

Audit

Ensuring and Verifying Accounting Transparency

Capcom has concluded an auditing contract with KPMG AZSA LLC for financial audits as prescribed by the Companies Act and financial audits as prescribed by the Financial Instruments and Exchange Law. There is no special relationship involving financial or other interests between Capcom and this audit corporation or the engagement partners at this firm who perform audits at Capcom.

Auditor Remuneration (Year ended March 31, 2019)

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	44 million yen	–
Consolidated subsidiary	–	–
Total	44 million yen	–

Auditing Company	Names of Certified Public Accountants	
KPMG AZSA LLC, a limited liability audit corporation	Designated Limited Liability Partners	Yasuhiro Kondo
		Hiroshi Miura
		Takuya Obata

Note: The financial audit team was composed of: certified public accountants (eight members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (eight members).

7 Internal Audit Division

Audit

Ensuring and verifying legal compliance and operating efficiencies

In order for effective audits to be carried out, Capcom has established an Internal Audit Division and determines auditing policies, schedules, methods, and the allocation of duties after the end of the general shareholders' meeting.

The Internal Audit Division verifies and evaluates the status of employees' execution of duties and the efficacy (and status of operation) of internal control systems, and reports to the Audit and Supervisory Committee. When needed, division members also accompany selected Audit and Supervisory Committee members and carry out on-site audits of offices and subsidiaries inside and outside Japan.

8 Corporate Management Council

Implementation

(Convened 18 times in the year ended March 31, 2019)

Supporting the Board of Directors' decisions

The Corporate Management Council (chaired by the Representative Director and Chairman of the Board) is composed of six internal directors and, in principle, is convened several days before a meeting of the Board of Directors, or whenever necessary.

In addition to meeting to carry out preliminary deliberations of Board of Directors agenda items, it also deliberates other important items.

9 Board of Corporate Officers

Implementation

(Convened 13 times in the year ended March 31, 2019)

Executing operations based on clear management policy

Capcom utilizes a Corporate Officer System. In addition to clarifying the roles and responsibilities of directors focused on management and corporate officers focused on business execution, the system boosts management efficiency by allowing officers to swiftly execute business following instructions from executive directors regarding important matters determined at the Board of Directors.

The Board of Corporate Officers is composed of 21 corporate officers (four of whom serve concurrently as directors), and in principle, convenes around the end of each month.

Each corporate officer reports on the status of business execution and works to ensure that information is shared, while also discussing business items and issues that require resolution.

External Directors

Using external perspectives to ensure effective governance

External directors ensure the effectiveness of the corporate governance function by playing key roles in the Compliance Committee and the Nomination and Remuneration Committee. They also focus efforts on compliance and the prevention of corrupt or illegal activities, and openly exchange opinions and provide counsel at Board of Directors meetings in an effort to

strengthen the management audit function. The Secretariat staff helps with the work of the external directors who are not members of the Audit and Supervisory Committee. For external directors who are members of the Audit and Supervisory Committee, the full-time staff of the Internal Audit Division helps with their work.

Since all five of the external directors meet the criteria for independent directors, these five individuals have been registered with Tokyo Stock Exchange, Inc. as independent directors.

Reasons for Selection of External Directors and Their Rate of Attendance (Year ended March 2019)

	Name	Independent director	Reasons for selection	Board of Directors/Audit and Supervisory Committee Rate of Attendance (Year ended March 2019)
External Directors	Masao Sato	✓	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through his rich experience and knowledge from many years serving in police administration	Board of Directors: Attended 10 of 10 meetings (100%)
	Toru Muranaka	✓	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through precise counsel and advice as a legal expert	Board of Directors: Attended 10 of 10 meetings (100%)
	Yutaka Mizukoshi	✓	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through his experience and knowledge as a business consultant	Board of Directors: Attended 8 of 8 meetings (100%)
External Directors (Audit and Supervisory Committee)	Yoshihiko Iwasaki	✓	Due to his experience with tax administration, he is expected to be beneficial to the Company	Board of Directors: Attended 10 of 10 meetings (100%) Audit and Supervisory Committee: Attended 10 of 10 meetings (100%)
	Makoto Matsuo	✓	Due to his ability to enable effective corporate governance through precise counsel and advice as a legal expert	Board of Directors: Attended 10 of 10 meetings (100%) Audit and Supervisory Committee: Attended 10 of 10 meetings (100%)

Officer Remuneration

The Nomination and Remuneration Committee is consulted to ensure fairness and transparency

To ensure fairness and transparency, the Board of Directors consults the voluntary Nomination and Remuneration Committee, which has an external director as chairman, on the compensation of Directors (excluding directors who are members of the Audit and Supervisory Committee) and then sets remuneration based on this committee's recommendations.

Policy for setting the calculation method and amount of directors' remuneration

1 Regarding remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)

To ensure the fairness and transparency of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which has an external director as chairman. The Nomination and Remuneration Committee considers each board member's position, duties, tenure, and status as either an executive director or non-executive director, evaluates individual job performance and recommends an appropriate amount. The Board of Directors then makes a decision based on this amount.

- Monthly remuneration is fixed.
- The bonuses are set within a reasonable range based on monthly remuneration and the Company's performance.

The Company has adopted a single fiscal year bonus as short-term performance-linked remuneration. Upon consultation with the Board of Directors, the Nomination and Remuneration Committee deliberates on the following items, then makes a preliminary recommendation. The Board of Directors discusses this recommendation before making a final decision.

- Monthly remuneration (fixed)
- Consolidated operating income performance
- Evaluation of individual performance

2 The remuneration of the directors who serve as members of the Audit and Supervisory Committee

In order to secure their independence, the remuneration of the directors who serve as members of the Audit and Supervisory Committee is not linked to performance; it is a fixed amount determined through discussions, taking the difference of full-time or part-time service and other factors into account, by the directors who serve as members of the Audit and Supervisory Committee.

Officer Remuneration (Year ended March 31, 2019)

Total remuneration, total amount by type of remuneration, and number of directors the remuneration was paid to, by type of director

Type of director	Total Remuneration (million yen)	Total of remuneration by type (million yen)				Number of directors paid
		Basic remuneration	Stock options	Performance-linked Remuneration	Severance	
Director (excluding Audit and Supervisory Committee and external directors)	357	272	–	85	–	5
Member of Audit and Supervisory Committee (excluding external directors)	21	21	–	–	–	1
External director	29	29	–	–	–	4
Member of Audit and Supervisory Committee (external directors)	35	35	–	–	–	3

Note: The above includes one external director and one external director who was an Audit and Supervisory Committee member who left at the end of the 39th General Shareholders' Meeting on June 11, 2018 due to the expiration of their terms.

Total amount of consolidated remuneration by director of delivery company

Name	Total of consolidated remuneration (million yen)	Type of director	Type of company	Total of consolidated remuneration by type (million yen)			
				Basic remuneration	Stock options	Performance-linked Remuneration	Severance
Kenzo Tsujimoto	130	Director	Delivery company	100	–	30	–
Haruhiro Tsujimoto	104	Director	Delivery company	80	–	24	–

Note: Total consolidated remuneration, etc. is listed only for those with remuneration of 100 million yen or more.

Third-Party Assessment

Promoting more “visible” governance

An analysis of an assessment performed by a third-party organization into the validity and effectiveness of Capcom’s corporate governance shows that the company ranked 31st among 3,592 listed companies in Japan in the “NEEDS-Cges” assessment developed by Nikkei Digital Media, Inc.

NEEDS-Cges has an established reputation as a system that quantitatively assesses corporate governance using scores on a scale of 1 to 10 for eight categories, including capital efficiency, information disclosure, and external regulations, among others, based on some 150 indicators calculated from data of publicly released company documents, such as financial reports.

As of the end of June 2019, Capcom’s total score was 8.00 points, placing us in the top 0.9% of Japan’s listed companies, exceeding the 4.94-point average for all listed companies and the 7.02-point average for the industry. We also received the maximum score of 10 for “information disclosure.”

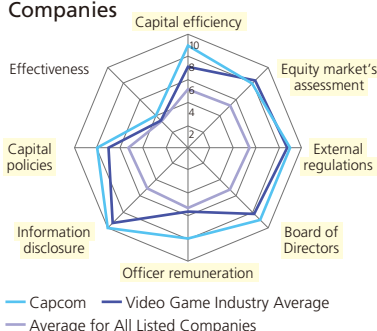
The main evaluation factors are given in the table below, but areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements based on consideration of external data to earn an even stronger assessment, and further promote the external visibility of our governance by posting this and other data on our IR web page.

Third-Party Assessment Results of Capcom’s Corporate Governance

Details of Capcom’s Corporate Governance

Total Score	8.00
Rank	31
Categories	Score
Capital efficiency	9
Equity market’s assessment	8
External regulations	9
Board of Directors	9
Officer remuneration	8
Information disclosure	10
Capital policies	8
Effectiveness	4

Comparison of the Industry Average and the Average for All Listed Companies



Details of Highest Rated Categories

Highest Rated Categories	Score	Areas that Received Particular Notice
Capital efficiency	9	Statistics related to free cash flow
External regulations	9	Presence (or absence) of takeover defense measures
Board of Directors	9	Percentage of independent external directors, tenure of directors
Information disclosure	10	Timing of Shareholders’ Meetings (avoiding congested periods), degree of website detail, early timing of Shareholders’ Meeting invitations, utilization of electronic voting, presence or absence of English disclosure materials

Source: NEEDS-Cges from Nikkei Inc.

Basic Policies Regarding IR Activities

1. Disclosure policies

Capcom is aware that comprehensive corporate governance ranks among management’s most important priorities. As such, in addition to increasing corporate value by enhancing management soundness and transparency, we are building a relationship of trust with our stakeholders, such as shareholders, business partners, employees and regional societies.

2. Disclosure criteria

Capcom provides timely disclosure in accordance with the Securities and Exchange Law and other regulations including the “Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security” (hereinafter Timely Disclosure Rules) stipulated by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange.

It is our policy to disclose as much information as possible, including the disclosure of information not required by the Timely

Disclosure Rules and other regulations, to accommodate our investors’ needs. We also disclose information through our corporate website in an attempt to provide quick and fair disclosure. Shareholders are informed of operating results and business conditions through shareholder letters and the convocation notice for the general shareholders’ meeting.

3. Quiet period

To prevent the unauthorized disclosure of quarterly earnings information prior to official announcements, Capcom has established a quiet period starting the day following the end of a fiscal period and ending on the day that financial information for that period is announced. During this period, we refuse all inquiries relating to our business performance. However, if significant changes to our earnings outlook are anticipated during the quiet period, we will disclose information pursuant to the Timely Disclosure Rules and other regulations.

Initiatives for the General Shareholders' Meeting

Making shareholders' meetings lively and facilitating the exercise of voting rights

To ensure our General Shareholders' Meetings are lively, we hold our meeting about 10 days before the period when most Japanese companies typically hold their meetings in an attempt to encourage the attendance of as many shareholders as possible.

Also, voting rights can be exercised online via smartphone,

PC or other such devices. In addition, we have participated from an early stage in a platform for the online exercise of voting rights, so institutional investors are ensured a sufficient amount of time to consider proposals starting on the day the convocation notices are distributed. We also post convocation notices in English on our corporate website to promote the exercise of voting rights by shareholders worldwide.

Shareholders' Meeting Resolutions

The following presents the results of voting at the fiscal 2018 General Shareholders' Meeting.

Resolutions	Approval Votes	Opposed Votes	Abstained Votes	Approval Rate (%)	Voting Results
First proposal: Proposed Appropriation of Retained Earnings	895,445	313	184	99.34	Approved
Second proposal: Proposed Partial Amendments to the Articles of Incorporation	895,522	236	184	99.35	Approved
Third proposal: Election of Eight Directors (excluding Directors who are members of the Audit and Supervisory Committee)					
Kenzo Tsujimoto	845,846	40,938	9,157	93.84	Approved
Haruhiro Tsujimoto	876,376	19,382	184	97.22	Approved
Yoichi Egawa	886,297	9,461	184	98.32	Approved
Kenkichi Nomura	870,816	24,942	184	96.61	Approved
Kunio Neo	886,234	9,524	184	98.32	Approved
Masao Sato	891,191	4,567	184	98.87	Approved
Toru Muranaka	890,414	5,344	184	98.78	Approved
Yutaka Mizukoshi	889,976	5,782	184	98.73	Approved

➔Please refer to the "Resolutions of the 40th Ordinary General Meeting of Shareholders" section of our IR web page for information about the conditions for each proposal to be passed <http://www.capcom.co.jp/ir/english/stock/meeting.html>

Third-Party Assessment of IR Activities

High praise for proactive IR initiatives

In recognition of our ongoing pursuit of timely and appropriate information disclosure, our IR activities and various IR tools have received a number of awards from third-party organizations. With an awareness of the importance of accountability, we will continue our efforts to earn the trust of investors and provide timely disclosure.

Fiscal 2018 Third Party Evaluations

Corporate	US-based financial publication Institutional Investor's 2018 All-Japan Executive Team rankings, Software sector "Honored Companies" Third Place
	US-based financial publication Institutional Investor's 2018 All-Japan Executive Team rankings, Software sector "Best Corporate Governance" First Place
	US-based financial publication Institutional Investor's 2018 All-Japan Executive Team rankings, Software sector "Best ESG/SRI Metrics" Third Place
Integrated Reports	Capcom's integrated report chosen for excellence by asset management companies contracted with GPIF (Government Pension Investment Fund)
	Nikkei Inc.'s 21st Nikkei Annual Report Awards, Excellence Prize
IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), "Internet IR Award 2018," Grand Prize
	Morningstar Japan K.K., Gomez Consulting Dept.'s "Investor Relations Site Ranking 2018," Second Place
	Nikko Investor Relations Co., Ltd., "Fiscal 2018 Listed Company Website Quality Ranking," First Place

Making Use of Shareholder and Investor Opinions

Reflecting results of dialogues with investors and analysts in management

Through meetings with investors and analysts, Capcom's IR Department attempts to promote an understanding of management policies, strategies and future outlook. Furthermore, their opinions are gathered and provided to management, and are utilized for corporate management going forward. While we are headquartered in Osaka, these proactive IR meetings enable us to minimize asymmetric information as we strive to achieve appropriate corporate value.

In fiscal 2018, we set up top management meetings between the chairman and CEO, the president and COO, and investors where medium- to long-term strategies and the direction of marketing strategies were explained. This also included candid discussions concerning management and development. Furthermore, we hold an online individual investor briefing to allow individual investors from anywhere in the world to take part, as one of a variety of new pursuits informed by stock market views and demands. In addition, Capcom conducts a perception gap study every year targeting institutional investors and analysts in Japan and overseas. Being aware of investor perception gaps gives us feedback on corporate management and IR activities.

Questionnaires are also given to attendees at our Presentation of Financial Results and individual investor briefing sessions, allowing us to make proactive use of market opinions as one criterion in management decisions. Specific initiatives and examples of considerations include: (1) holding efficient discussions combining IR and SR, (2) holding on-going management meetings featuring top management, and (3) reviewing the need for meetings that include personnel responsible for development and cover explanations of development policies and strategies.

Fiscal 2018 IR Measures

By category	Frequency
Interviews accepted	225
Visited domestic investors	115
Visited overseas investors	87
Total	427

IR Events

Event	Details
Top Management Meeting	Speakers: Chairman and CEO, Kenzo Tsujimoto President and COO, Haruhiro Tsujimoto Executive Director and CFO, Kenkichi Nomura
Supplementary earnings call	Earnings call after results announcement / before results presentation to explain earnings
Online individual investor briefing	Held information sessions online for individual investors
Conducted perception gap study	Conducted assessment survey targeting domestic and international institutional investors and analysts regarding Capcom's management targets, strategies and IR activities, provided feedback to management

Outcomes from our perception gap study with investors (excerpts)

Q. Currently, Capcom is using Street Fighter to actively target esports. How much is this contributing to performance figures? Expectations are for the industry to grow, but is it still premature to expand in this area?

A. We have addressed this.

1. Explanation of the medium- to long-term business strategy
2. Disclosure of our expectations of profit from esports
Esports are rising in popularity recently and Capcom sees our response to this as an important management issue. To date, we have encouraged sales through promotions and esports events in the U.S., and further established a dedicated department in April, as we proceed to analyze this market.

In the coming three to five years, we will explore whether we can grow business opportunities and draw in casual as well as professional players as the market develops.

IR Activities on Our Website

Providing a website easily accessible to everyone

Since 2001, Capcom has made proactive use of its corporate website as a tool for disseminating information pertaining to IR activities. The main reasons for this are to ensure fairness for a wide range of stakeholders, and because it ensures information is easily available for inspection immediately in approximately 200 countries worldwide. Capcom's corporate website is also positioned as our most cost-effective tool and we strive to use it in various ways, including video content for communicating information and social networking sites for timely information updates.

IR Team

Full-time staff engaged in a wide variety of activities

Capcom IR activities are conducted by three full-time staff members in addition to the chairman, the president, and the director overseeing IR for shareholders and investors in Japan and overseas. For earnings information and other IR-related inquiries, please use the contact information below.

Public Relations & Investor Relations Section

Phone: +81-6-6920-3623 E-mail: ir@capcom.co.jp
Business Hours: 9:00–12:00, 13:00–17:30 (JST)
(excluding weekends and public holidays)

Message from an External Director

The management philosophy and corporate governance of Capcom's leaders

as seen by External Director Toru Muranaka

In the approximately three years since being appointed external director at the June 2016 Shareholders' Meeting, I have seen steady activity directed toward growth in Capcom's operational divisions, in addition to an unwavering approach to governance by top management. All of this has been against the backdrop of great change in the video game market as Capcom pushes to promote digital sales and global growth. I feel that my role is to present constructive questions to management personnel, drawing on my experience as an external director at other companies and my legal knowledge as an attorney.



Toru Muranaka
External Director
Independent Director

Q Since being appointed external director, what have you noticed about Capcom's Board of Directors?

A The adoption of external directors is compulsory for a company with an audit and supervisory committee, and at Capcom independent external directors account for more than one third of all its directors.

We receive explanations of agenda items before Board of Directors meetings are convened and, on each occasion, have opportunities to exchange opinions on wide-ranging management issues not limited to those agenda items. The advice and input given during these discussions are then reflected in the deliberations of the Board of Directors. I feel that being able to grasp Capcom's management risks, initiatives, and issues during these talks prior to Board of Directors meetings is effective in supporting discussions at the board meetings.

Additionally, although the schedule is irregular, independent external directors also set up opportunities to exchange opinions with the CFO and Company directors who are full-time Audit and Supervisory Committee members, which allows us to discuss company-wide management issues that are difficult to fully delve into at Board of Directors meetings. Each independent external director focuses on Capcom's management issues using his or her particular acumen, which I think represents a diverse range of talented human capital.

Q As an external director, what do you emphasize within Capcom's Board of Directors?

A Under its system of being a company with an audit and supervisory committee, Capcom's Board of Directors entrusts deliberation on what is called "execution of critical business" to the Corporate Management Council, which is primarily comprised of internal corporate officers, and said business is largely excluded from items brought up to the Board of Directors. Consequently, all basic matters related to business execution, except for business plans, budgets, and the like, are positioned as items reported on at Capcom's Board of Directors meetings. As an external director, I draw on my experience in similar roles at other companies and my legal knowledge as an attorney, and make sure to present questions and opinions to the Board of Directors addressing the consistency of decision making and the logic of judgment rationale pertinent to management.

Since I am an external director who is not an Audit and Supervisory Committee member, I am not directly involved in audits by that committee. However, as the chair of the Compliance Committee, I am involved in reports and deliberations on the status of Capcom's internal hotline and cases of compliance violations. Through these activities, I am committed to building ties with the Internal Control Division and other divisions, while also monitoring initiatives to prevent and, when necessary, quickly detect legal violations and inappropriate conduct.



What is necessary to further strengthen the functions of Capcom's Board of Directors, and what are your goals going forward as an external director?



Under the strong leadership of the CEO, who is Capcom's founder, the Company has not only handled risks, but has also channeled management resources in a courageous direction. In recent years, the Company has been devoting energy to new fields, such as global business expansion and the area of esports. With regard to promoting existing business, the Company has established and deployed the systems necessary for internal

control, while also progressively building and rolling out organizational and control structures for corporate governance that contributes to achieving even more intricate and flexible business expansion.

A challenge going forward—which I, as an external director, would like to have a hand in tackling—will be developing a governance structure able to propose and promote new, effective growth strategies even if the current CEO retires.



Message from an External Director

The fitness of Capcom's growth strategies

as seen by External Director Yutaka Mizukoshi

Since being appointed external director at the June 2018 Shareholders' Meeting, I have closely observed the structure of Capcom's marketing strategies from my perspective as a management consultant. Going forward, I will offer my advice and input on formulating and rolling out future strategies as Capcom pursues the business of creating markets around the globe.



Yutaka Mizukoshi
External Director
Independent Director

Q One year has passed since your appointment as external director. How do you feel looking back at the year?

A I get the impression that the environment surrounding Capcom is changing drastically. Even compared to a year ago, the digital strategies on which Capcom focused and promoted have yielded clear results. Furthermore, I have a visceral sense of the possibilities for new business development as the rapid global momentum of esports also spreads into Japan.

In this environment, I think that my role is to help Capcom continue its growth into the future by using my experience and knowledge as a management consultant while—from an independent, outside perspective as an external director—actively providing suggestions and advice to help structure and organize the Company's management. In particular, I would like to strengthen supervision of the Board of Directors by lending my efforts to building management-based marketing strategies.

Q How do you feel about the current video game industry compared to the 1990s, when Capcom made its full-fledged entry into developing software for home video games?

A It feels like just yesterday that a game could be built by a small team of developers over the course of a few months, and that physical cartridges were the only way games were sold. Through the advance of game consoles and PCs, plus the emergence of smartphones and the dramatic evolution of the communications environment, the platforms and sales regions of the video game market have rapidly expanded. Likewise, there has been a major transition in the industry's business environment, as the method of providing the product is changing from physical packages to digital distribution. Responding to this evolution, and given the longer duration and increasing complexity of developing blockbuster games, I think the industry has become a highly developed area, second to that of the automobile industry.

In this type of business environment, our approach to core marketing practices is of the highest importance for management. We must work out plans for the story of our long-term corporate growth and profit maximization. In my opinion, we must strive for one approach unifying marketing, development, and sales.



From your experience as a management consultant, what elements do you think are necessary for improving corporate value?



Management consultant professionals must offer concrete suggestions for transforming the companies we advise. At the same time, we have to provide proposals that the company can execute with its own resources.

In growth strategies, I think that, ultimately, the key elements for video game companies are how human resources are leveraged and how their development structures and environments are organized.

In that sense, I think that Capcom's key assets are being equipped with world-class development facilities, an environment with an array of high-tech equipment, and a successful track record of making quality games that have won the support of customers. I have seen a continuous stream of young developers who joined Capcom because they sought this sort of environment. Additionally, in terms of management, I would like us to maintain our commitment to creating new value alongside young talent while further creating a comfortable working environment for developers through initiatives such as the on-site childcare facility we have built.



What are the necessary elements for Capcom to grow its global business and what are your goals going forward as an external director?



Although video games are now widely recognized as a major industry, this is a somewhat new development.

As 5G, for example, emerges in the future, one of the features grabbing my attention is the elimination of latency in data transmission. This is expected to spur its adoption in various areas, including remote surgery in the medical field. In video games, too, I think there will likely be a revolution in content, through such activities such as multiplayer matches over the Internet.

Also, Capcom is carrying out other new initiatives, like esports, which could bring dramatic market transformations. My goal is to see Capcom, who owns globally competitive content, become a leading company in the video game industry.

To that end, as an external director, I would like to provide advice and input from various perspectives addressing Capcom's framework for advancing its strategies. At the same time, I feel called upon to fulfill the role of managing risk while avoiding opportunity cost, as we strive to improve corporate value.

Going forward, it is my goal to create a framework that yields new business chances for Capcom, while, as an external director, providing encouragement for management strategies aimed at further global growth.

Risk Management

Capcom is driving its growth strategies forward in order to achieve our medium-term business goal of increased operating income every fiscal year. To make this a reality, however, entails business risks. We implement measures for each expected risk, thereby mitigating or avoiding risks, and promote risk management that allows for generating new growth opportunities.

Pursuit of growth strategies



Digital Contents Business

Risks	Capcom's response measures
Surge in development costs due to increasingly complex/diverse functionality in CG, VR, artificial intelligence (AI), and 5G technologies	Build an in-house development engine; increase and efficiently place development personnel to improve both quality and development efficiency; direct effort toward containing development spending
Rapid obsolescence of game software	Remake previous titles and/or make derivative products from them in order to continue effectively utilizing IP; secure long-term earnings
Expansion of the used software market and a flood of pirated software in Asian markets	Boost the ratio of digital sales to restrain supply to the used game market, suppress pirated copies, and expand sales of genuine products [Diagram A]
Arguments claiming a connection with/influence on violent incidents and other criminal cases due to depictions of violent scenes and similar content in games	Comply with rules on the ratings system for game software
Arguments that excessive preoccupation with games impacts health and social activity	Educate children, students, educators and parents/guardians by conducting on-site classes and having visits to the Company
Fluctuations in the proliferation of, or any problem with, home video game consoles	Use surveys and analysis of home game console market trends to predict future trends, while hedging earnings risks by releasing products on multiple game platforms
Sluggish sales growth in the transition stage ahead of next-generation home video game console launches	Lengthen the duration of game sales by boosting the digital sales ratio; strengthen catalog sales and increase unit sales through flexible pricing strategies [Diagram B]
Inability to keep up with new technologies	Utilize a cutting-edge development environment and talented developers to continually strive for development that leverages new technologies
Decrease in users due to diversifying entertainment options, diversifying consumer needs, etc.	Deliver games that leverage our popular IP and gain new user segments by releasing games on multiple platforms
Market fluctuations outside Japan and intensification of competition among companies	Closely share information with overseas subsidiaries and sales companies; assess market trends in each country; respond to local needs
Country risks outside Japan, including political, economic, legislative, cultural, religious, and custom risks	Use in-house specialist teams to carry out localization while keeping regional politics, economics, laws, culture, religion, and customs in mind
Retirement/transfer of development personnel	Devote effort to aggressively hiring and training personnel so that we can secure talented developers
	Promote systems for shortened working hours and usage of paid leave, in addition to building daycare centers near our offices

Arcade Operations Business

Risks	Capcom's response measures
Reliance on the popularity of installed machines	Multi-faceted roll out, such as of themed food shops, shops dedicated to selling character-themed products, and special corners targeting younger demographics
Changes in the market environment, such as diversification of entertainment, falling birth rates, intensified competition	Attract families and female customers by holding various events; hold senior-oriented events aimed at attracting middle-aged to senior citizens

Amusement Equipments Business

Risks	Capcom's response measures
The risk of non-compliance with the model certification test to sell pachislo machines	By joining the Japan Pachislo Machine Industry Association (Nichidenkyo), get an understanding of trends with regulatory agencies and build a framework that immediately responds to regulatory changes [Diagram C]

Creation of new opportunities

Opportunities

- Raise competitiveness in the environment of new technology and new services, such as 5G
- Grow earnings in the global market

- Develop new regions
- Attract new users
- Boost brand strength
- Stabilize earnings through a recurring/cumulative revenue model

- Boost brand strength
- Expand new sources of earnings

- Grow earnings in the global market
- Boost performance by strengthening human resource capabilities

Opportunities

- Attract new customers
- Boost brand strength at Company arcades

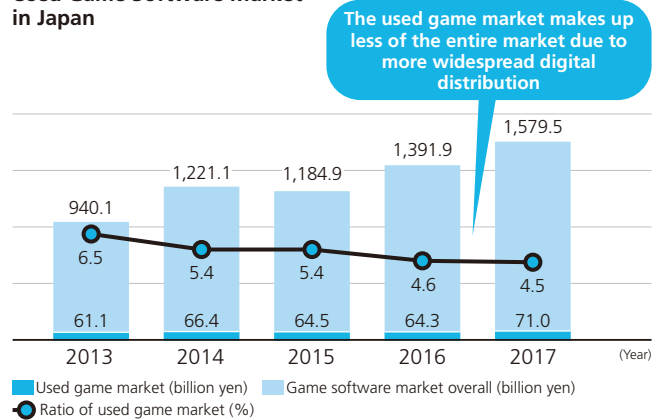
Opportunities

- Enhance lineup of titles

Business Opportunities Shown in Market Data

Diagram A

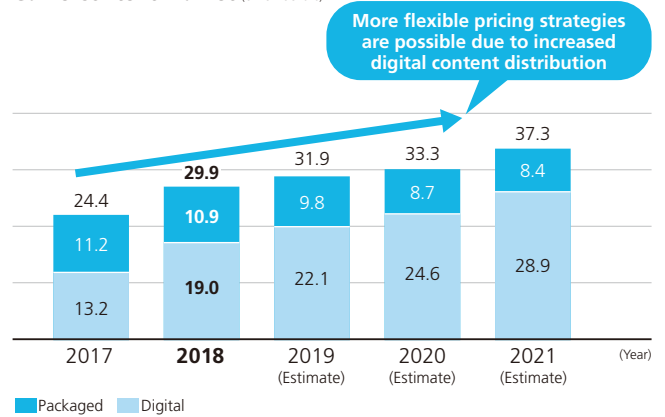
Used Game Software Market in Japan



Source: Ministry of Internal Affairs and Communications' Survey on Media Content Production and Distribution

Diagram B

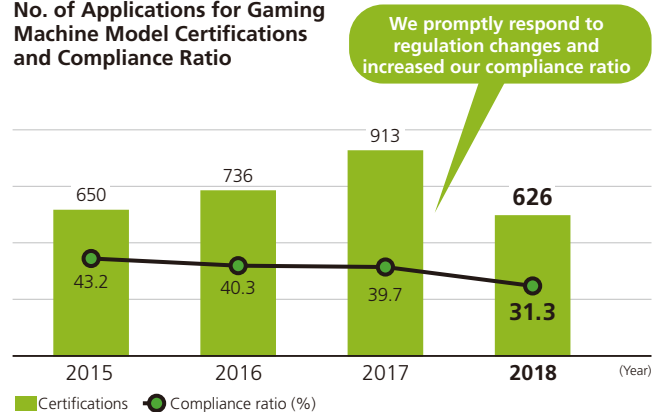
Game Content Market (billion dollars)



Source: International Development Group

Diagram C

No. of Applications for Gaming Machine Model Certifications and Compliance Ratio



Source: reference statistics from the Security Communications Association