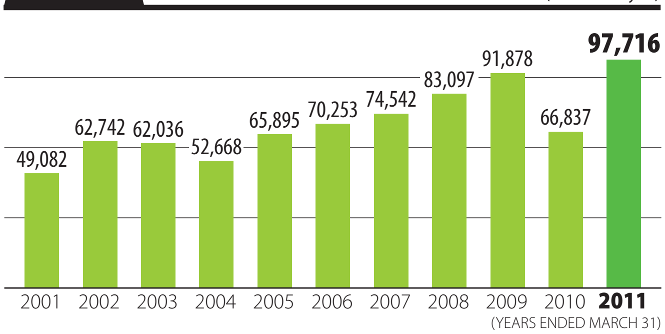
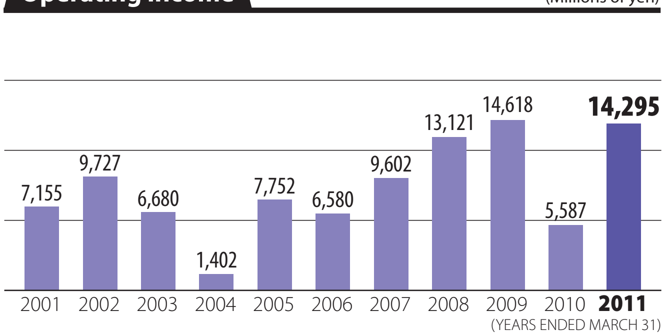
Commentary on Main Financial Indices

Net sales



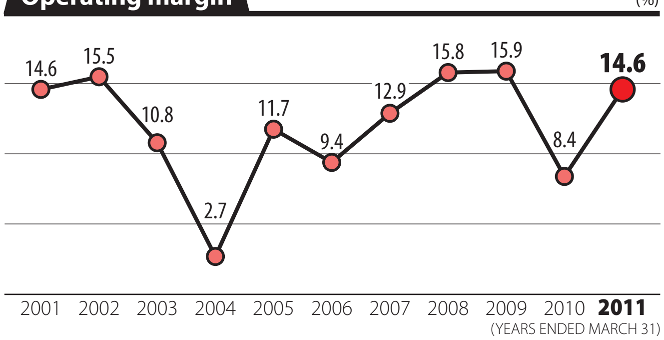
Structural reforms enacted in the fiscal years that ended in March 2003 and 2004 set the stage for stable growth in sales starting in the fiscal year ended in March 2005. In prior years, there were big differences in sales from year to year depending on whether or not any products became major hits. Most of the reforms took place the home video games business. The primary objective was to establish an efficient game development framework capable of launching highly profitable new games and more titles in popular game series in each fiscal year. This fiscal year, ended March 31, 2011, we achieved record-breaking net sales, a result of factors that included five titles selling over a million units each.

Operating income



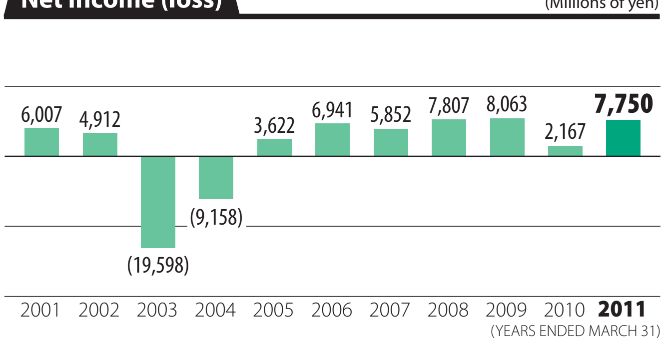
Structural reforms have enabled Capcom to sustain consistent growth in operating income. In the past, operating income varied greatly each year depending on the number of major hits, just as with sales. However, operating income started benefiting from structural reforms about two years after sales because a few years are normally required to develop new games. Starting in the fiscal year 2007, Capcom has been using a new game development framework to improve operating income by focusing activities on the most profitable titles. This fiscal year, income increased significantly on the boost in profitability contributed by five game titles that sold over a million units each.

Operating margin



Operating margin depends primarily on profitability of the home video game business, which accounts for about 70% of net sales. There was steady increase in operating margin as well as operating income from the fiscal year ended March 2007 thanks to the establishment of Capcom's efficient developmental organization. Operating margin for the fiscal year ended March 2010 worsened due to the postponement of launch of some major titles in consideration of its marketing strategy. This fiscal year, we recovered operating margins to previous year levels to increase sales and earnings on major title hits.

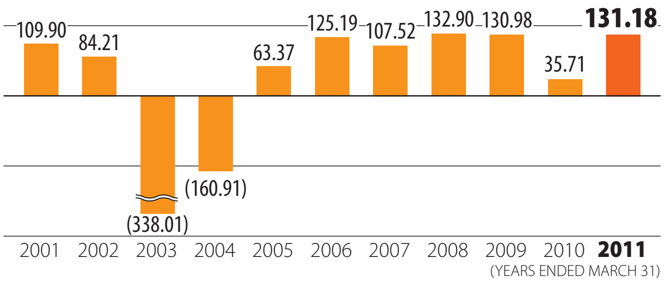
Net income (loss)



In the fiscal years that ended in March 2003 and 2004, Capcom posted large net losses because of special losses. One cause was valuation losses on land, buildings and structures and losses from termination game development projects, both associated with structural reforms. In the fiscal year that ended in March 2010, net income is expected to decline significantly despite a corporate tax refund for prior-year tax liabilities because of an agreement on transfer pricing taxation between Japanese and U.S. tax authorities. This refund will be more than offset by restructuring expenses resulting from a reexamination of the arcade game development system. Furthermore, despite posting losses on currency exchange business restructuring this fiscal year, the record net sales achieved this period were sufficient to realize a major increase in net income.

Net income (loss) per share

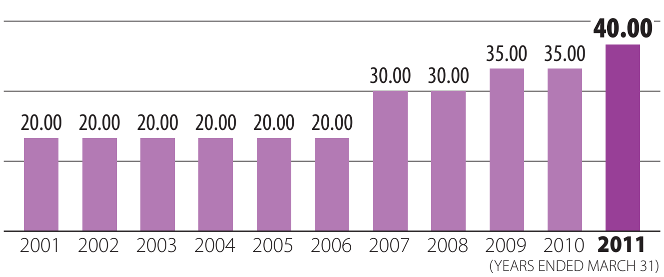
(Yen)



Net income per share for the fiscal year ended March 2001 fell sharply due to decrease in the net income and the implementation of stock split. Net income (loss) per share for the fiscal years ended March 2002 to 2009 generally reflected net income (loss) for each fiscal year, even though increase in the number of shares by the exercise of conversion rights of the convertible bonds had a slight influence on the result. Since fiscal 2010, acquisition of treasury stock has been generally linked to the rise and fall of net income.

Cash dividends applicable to the year per share

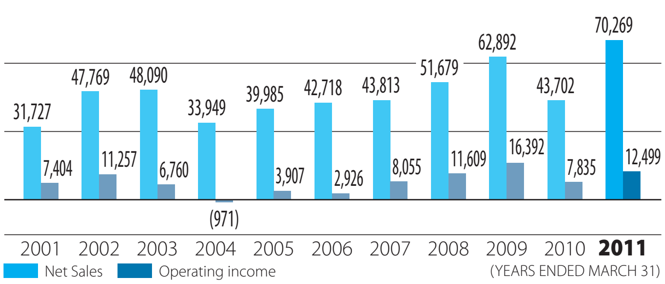
(Yen)



Capcom has its fundamental dividend policy of providing a continued and stable dividend to the shareholders. In accordance with its policy, an annual dividend of 20 yen per share was paid from the fiscal year ended March 1998 to that ended March 2006. Cash dividend per share for the fiscal years March 2007 to 2008 was raised to 30 yen thanks to its stable revenue base brought by its structural reform. The dividend was raised again to 35 yen in fiscal 2009. In consideration of the record-breaking net sales in fiscal 2011, as well as upward revisions to forecasts, the ordinary dividend was increased a further five yen, bringing the full-year cash dividend per share for fiscal 2011 to a total of 40 yen.

Consumer Online Games business net sales and operating income

(Millions of yen)



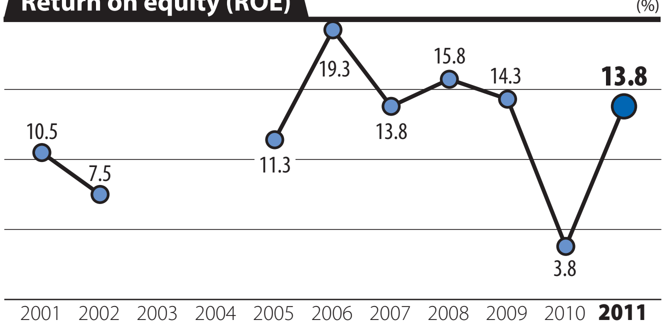
*1 Before the fiscal year ended March 31, 2009, the Consumer Online Games Business is described as the Home Video Games Business.

*2 In the fiscal year ended March 31, 2011, Capcom restructured its business segment divisions, and as a result, some figures before the fiscal year ended March 31, 2009 have been retroactively adjusted.

This core business accounts for approximately 70% of net sales. Performance in this segment is significantly affected by the presence or absence of hit titles, which has resulted in repeated erratic fluctuation. However, structural reforms in pursuit of higher quality and profitability implemented in the fiscal year ended in March 2003, including a "two-step authorization process" and the introduction of a common development engine, resulted in more efficient title distinction and development. These efforts enabled Capcom to turn out three million-seller titles since the fiscal year ended in March 2006 and increase earnings for three straight years. Moreover, although we experienced a temporary slump in fiscal 2010 when we made the decision to postpone the release of major titles for strategic purposes, we were once again able to create multiple million unit selling hits and achieve record net sales in fiscal 2011.

Return on equity (ROE)

(%)



Net loss was run for the fiscal years ended March 2003 and 2004 due to the implementation of structural reform. ROE has been stable around 14% since the fiscal year ended March 2005 (except for 2010), even though net assets increased due to increase in retained earnings and common stock etc. By the exercise of conversion rights of the convertible bonds. ROE for the fiscal year ended March 2010 temporarily decreased due to the postponement of launch of some major titles, however, levels returned to those of the previous year in fiscal 2011.