

11-Year Summary of Consolidated Business Performance Indicators

Financial Index

	2003	2004	2005	2006	2007
For the Year: Millions of yen					
Net sales	¥ 62,036	¥ 52,668	¥ 65,895	¥ 70,253	¥ 74,542
Operating income	6,680	1,402	7,752	6,580	9,602
Net income (loss)	(19,598)	(9,158)	3,622	6,941	5,852
Depreciation & amortization	2,202	2,081	2,101	1,936	2,774
Capital expenditures	2,289	4,678	1,665	1,600	4,495
R&D expenses	1,151	1,124	1,323	1,864	1,828

	2003	2004	2005	2006	2007
At Year-End: Millions of yen					
Total assets	¥ 106,648	¥ 93,096	¥ 106,361	¥ 98,457	¥ 91,478
Net assets	42,888	31,854	32,491	39,464	45,144
Net cash	(14,894)	(16,957)	(12,948)	(678)	9,200

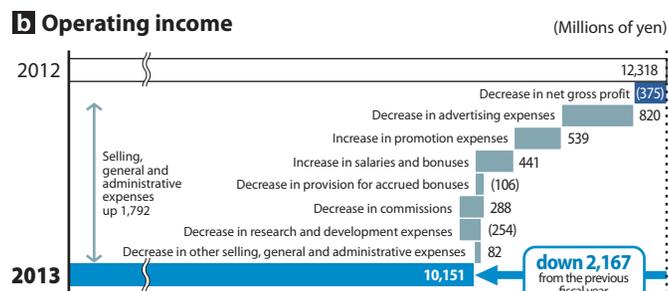
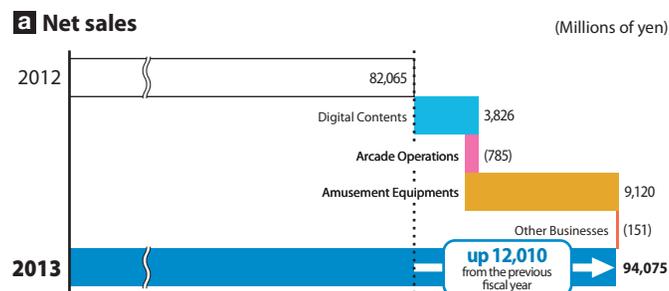
	2003	2004	2005	2006	2007
Cash Flows: Millions of yen					
Cash flows from operating activities	¥ 3,635	¥ 5,577	¥ 7,977	¥ 13,921	¥ 16,063
Cash flows from investing activities	(2,329)	(5,011)	(1,099)	(1,779)	(6,715)
Cash flows from financing activities	(2,000)	(395)	6,251	(18,259)	(15,206)
Cash and cash equivalents at end of year	33,444	32,131	45,538	40,652	35,020

	2003	2004	2005	2006	2007
Per Share Data: Yen					
Net income (loss) per share	¥ (338.01)	¥ (160.91)	¥ 63.37	¥ 125.19	¥ 107.52
Cash dividends applicable to the year per share	20.00	20.00	20.00	20.00	30.00
Net assets per share	753.47	559.66	589.99	716.91	799.35

	2003	2004	2005	2006	2007
Financial Index: %					
Operating margin	10.8	2.7	11.7	9.4	12.9
ROE	—	—	11.3	19.3	13.8
ROA	—	—	3.6	6.8	6.2
Net worth ratio	40.2	34.2	30.5	40.1	49.3
Debt-equity ratio	148.8	192.4	227.9	149.4	102.8
Foreign investors	16.85	16.59	14.79	23.35	32.60

	2003	2004	2005	2006	2007
Consumer Business Net Sales: Billions of yen					
Consumer Online Games business	¥ 48.0	¥ 33.9	¥ 39.9	¥ 42.7	¥ 43.8

	2003	2004	2005	2006	2007				
Number of Home Video Games Sold: Thousands									
Total number of units	16,300	11,600	13,500	13,400	12,200				
Sales of major titles									
Devil May Cry 2	1,400	Mega Man Battle Network 4	950	Resident Evil 4 (GC)	1,230	Resident Evil 4 (PS2)	1,810	Lost Planet Extreme Condition	1,370
Resident Evil 0	1,130	Onimusha 3	630	Devil May Cry 3	1,100	Onimusha DAWN of DREAMS	640	Dead Rising	1,220
Mega Man Battle Network 3	850	Resident Evil Outbreak	430	Resident Evil Outbreak	820	Monster Hunter Freedom	610	Monster Hunter Freedom 2	1,220

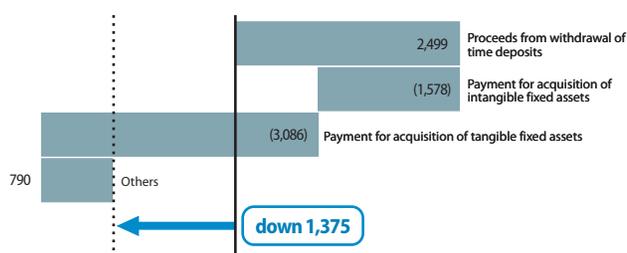


CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. YEARS ENDED MARCH 31

2008	2009	2010	2011	2012	2013	2013
Millions of yen						Thousands of U.S. dollars
¥ 83,097	¥ 91,878	¥ 66,837	¥ 97,716	¥ 82,065	¥ 94,075	\$ 1,000,709
13,121	14,618	5,587	14,295	12,318	10,151	107,993
7,807	8,063	2,167	7,750	6,723	2,973	31,632
3,393	4,143	3,368	3,315	3,123	3,406	36,235
4,503	2,906	2,205	2,758	4,153	8,724	92,811
2,972	2,329	2,125	2,924	2,236	1,982	21,086
Millions of yen						Thousands of U.S. dollars
¥ 93,606	¥ 106,210	¥ 86,621	¥ 90,408	¥ 98,247	¥ 104,365	\$ 1,110,266
53,660	59,349	53,956	58,007	59,352	62,828	668,386
13,061	7,378	12,299	27,655	11,348	14,327	152,415
Millions of yen						Thousands of U.S. dollars
¥ 7,452	¥ (551)	¥ 14,320	¥ 22,392	¥ (7,672)	¥ 6,647	\$ 70,714
(3,374)	(2,715)	(1,618)	(2,046)	(4,794)	(1,375)	(14,628)
(2,448)	(342)	(10,747)	(12,919)	587	1,162	12,366
32,763	28,611	29,815	35,011	22,287	31,522	335,345
Yen						U.S. dollars
¥ 132.90	¥ 130.98	¥ 35.71	¥ 131.18	¥ 116.10	¥ 51.64	\$ 0.55
30.00	35.00	35.00	40.00	40.00	40.00	0.43
881.31	961.38	913.18	981.76	1,030.70	1,091.08	11.61
%						
15.8	15.9	8.4	14.6	15.0	10.8	
15.8	14.3	3.8	13.8	11.5	4.9	
8.4	8.1	2.3	8.8	7.1	2.9	
57.3	55.9	62.3	64.2	60.4	60.2	
74.4	79.0	60.5	55.9	65.5	66.1	
27.72	33.73	24.22	22.17	27.05	32.37	
Billions of yen						
¥ 51.6	¥ 60.2	¥ 38.7	¥ 63.9	¥ 46.9	¥ 45.9	
Thousands						
15,600	17,300	12,500	20,500	15,700	14,000	
Devil May Cry 4	Resident Evil 5	Monster Hunter Freedom Unite (Best Price included)	Monster Hunter Freedom 3	Resident Evil: Operation Raccoon City	Resident Evil 6	
2,320	4,400	1,350	4,600	1,700	4,900	
Resident Evil 4 Wii edition	Street Fighter IV	Monster Hunter Tri	Dead Rising 2	Monster Hunter 3 (Tri) G	Dragon's Dogma	
1,300	2,500	1,150	2,200	1,600	1,300	
Resident Evil: The Umbrella Chronicles	Monster Hunter Freedom Unite (Best Price included)	Resident Evil 5	MARVEL VS. CAPCOM 3 Fate of Two Worlds	Street Fighter X Tekken	DmC Devil May Cry	
1,060	2,200	950	2,000	1,400	1,150	

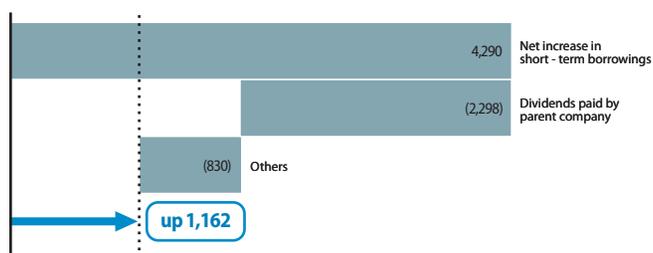
c Cash Flows from Investing Activities

(Millions of yen)

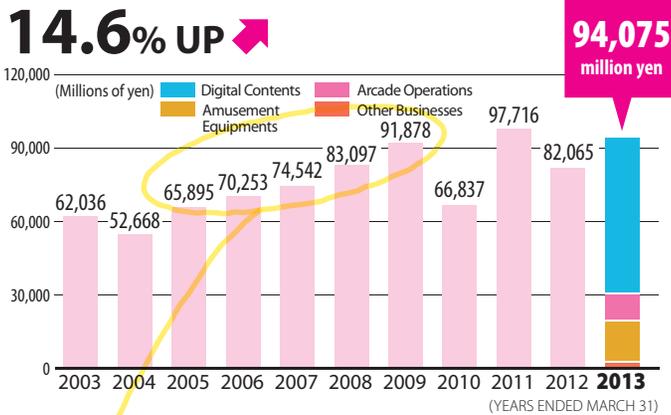


d Cash Flows from Financing Activities

(Millions of yen)

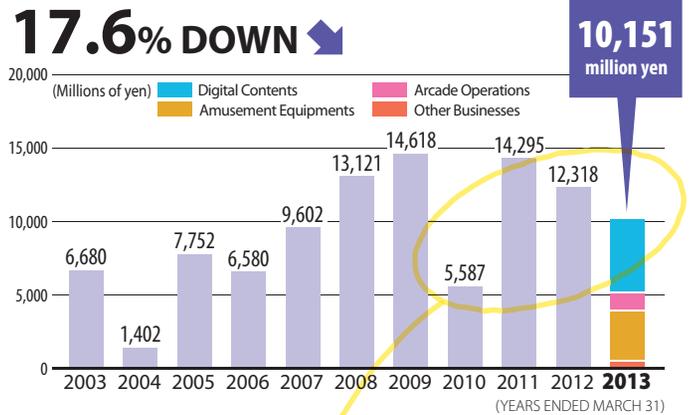


1 Net sales



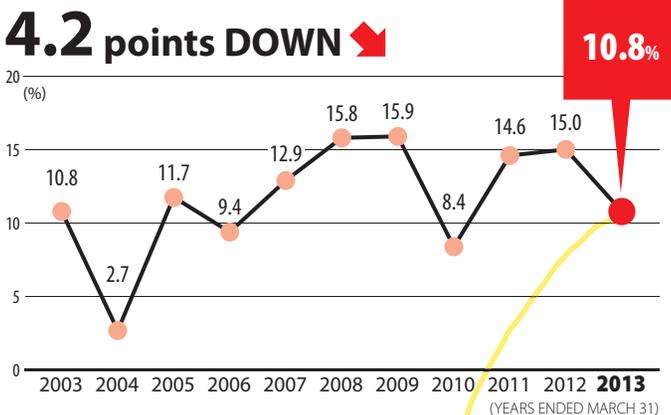
Structural reforms enacted in the fiscal years that ended in March 2003 and 2004 set the stage for **stable growth in sales starting in the fiscal year ended March 2005**. This was mainly due to the creation of an efficient development structure able to launch popular, highly profitable home video games each year. In the fiscal year ended March 2013, strong sales of Pachislo machines developed in-house for the Amusement Equipments business and growth of mobile and other content in the online business resulted in a 14.6% increase in net sales from the previous year.

2 Operating income



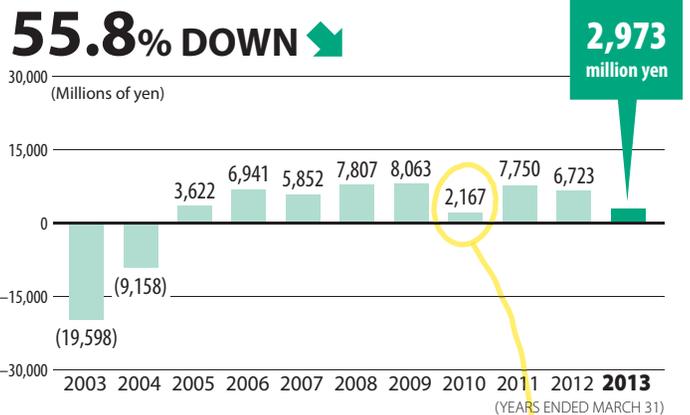
Structural reforms have enabled Capcom to sustain consistent growth in operating income. Moreover, the contribution to net sales occurred two years later in the fiscal year ended March 2007 because it took two years to put together a highly profitable lineup after restructuring. However, **in recent years, rapid changes in the market, including the expansion of mobile content and DLC, as well as the impact of the transitional period before the sales of next-generation game consoles has increased the volatility of our earnings**. In the fiscal year under review, operating income decreased 17.6% as a result of major titles failing to achieve their sales targets or being postponed.

3 Operating margin



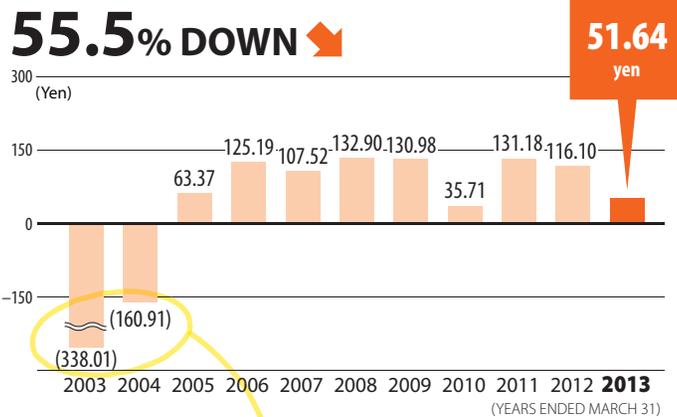
Operating margin depends primarily on profitability of the Digital Contents business, which accounts for about 70% of net sales. There was steady increase in operating margin as well as operating income from the fiscal year ended March 2007 thanks to the establishment of the efficient developmental organization. However, **in the fiscal year ended March 2013, despite increased sales, major titles failing to achieve their sales targets or being postponed in the Digital Contents business resulted in a higher cost to sales ratio and increased selling, general and administrative expenses, narrowing the operating margin to 10.8%**.

4 Net income (loss)



In the fiscal years that ended 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 the termination of game development projects, both associated with structural reforms. **In the fiscal year ended March 2010, we recorded a loss on restructuring in accordance with a drastic review of poorly performing businesses as a secondary structural reform to adequately respond to market volatility, resulting in a significant decrease in net income**. This fiscal year in the Digital Contents business, expenses related to structural improvements, such as revisions to our development structure, resulted in a significant 55.8% decline in net income from the previous year.

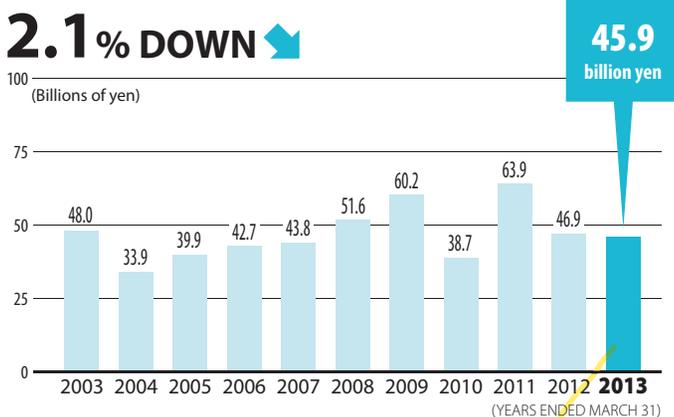
5 Net income (loss) per share



For the fiscal years ended March 2003 to 2004, net income (loss) was in the red due to special losses on valuation actually stemming from structural reform, resulting in a significant decline in net income (loss) per share.

Since the fiscal year ended March 2005, this has generally been linked to the rise and fall of net income, but there has been a slight impact from exercising conversion rights on convertible bonds and executing share buybacks. Furthermore, in the fiscal year under review, the recognition of special losses caused net income to decrease, resulting in a significant decline in net income per share.

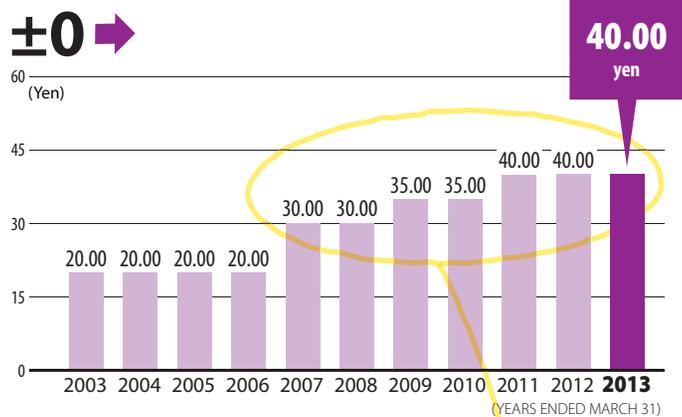
7 Consumer Business net sales



Capcom recognizes earnings from the sale of home video games within Digital Contents, Capcom's flagship business representing the core of our sales. The introduction of a two-step approval system and a shared development engine through structural reforms enabled us to realize a more efficient development process and improve profitability that, in turn, has led to the stable creation of million-seller hits and continued growth. In recent years, DLC sales, including the digital sales of full titles and additional contents, has been expanding rapidly. In the fiscal year ended March 2013, although some major titles failed to achieve their sales targets or were postponed, the growth of DLC enabled us to generally maintain the same level of sales as the previous year.

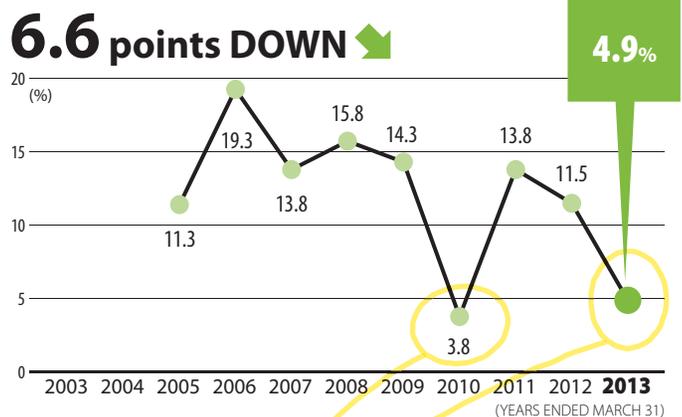
* Net sales in the fiscal year ended March 2008 include a portion of PC online business earnings. However, the impact on the sales ratio was negligible.

6 Cash dividends applicable to the year per share



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 ended March 2007 to 2008 was raised to 30 yen thanks to its stable revenue base brought by its structural reform. Moreover, we continued to incrementally increase dividend payments in line with earnings based on our policy of providing stable dividends; from the fiscal year ended March 2009, the annual dividend was increased to 35 yen and again up to 40 yen in the fiscal year ended March 2011.

8 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 increases in retained earnings and common stock, etc. by the exercise of conversion rights of the convertible bonds. Moreover, in the fiscal year ended March 2010 and 2013, net income decreased due to recognition of special losses, including losses on restructuring and business structure improvement expenses, causing a temporary downturn in numerical values.

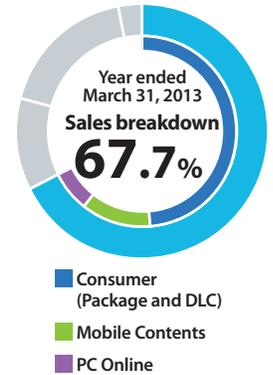
Business Profile

Digital Contents



This business engages in the development and sales of package games for consumer consoles and digitally distributed content (DLC), as well as the development and operation of mobile content and PC online games. As this is our core business representing approximately 70% of company sales, we concentrate management resources on these activities to meet diverse user needs.

Capcom creates many million-seller titles for consumer consoles that are overflowing with creativity, mainly in the action and adventure game genres. These include proprietary content and licensed titles utilized flexibly for smartphones and tablet devices, which continue to expand globally, as well as PC online games. We aim to expand earnings through worldwide distribution.



Arcade Operations

We operate "Plaza Capcom" amusement facilities in Japan. These arcades are predominantly in large commercial complexes and host various events designed to attract families and female customers. We have diligently followed a scrap-and-build policy to maximize our efficiency in arcade operations.



Amusement Equipments

We are engaged in two other businesses based on the content used for our home video games. The Pachinko & Pachislo (P&S) business is involved in the development, manufacture and sales of frames and LCD devices for gaming machines as well as software. The Arcade Games Sales business develops, produces and distributes arcade games for amusement facilities, creating synergy between businesses.



Other Businesses

Based on a Single Content Multiple Usage strategy of developing game content for various media, we will pursue a variety of copyright-related business opportunities including publishing (walkthrough and strategy guides as well as game settings collections) and licensing (music CDs and licensed merchandise). Furthermore, we are concentrating on developing game content into movie and TV animation programs.



Market Trends

Capcom's Strength and Strategy

Consumer (Package and DLC)

- The home video game (package) market contracted for the fourth year in a row due to a decline in annual unit sales of game consoles caused by deferred purchases ahead of the introduction of next-generation game consoles and a drop in the average unit price of game software.
- DLC is undergoing rapid growth through online networks.

Mobile Contents

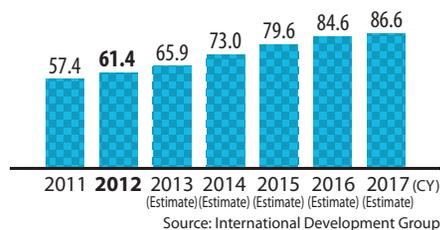
- The market is expanding quickly due to the global adoption of smartphones and tablet devices.
- The advent of app stores and other global distribution systems are enabling the cultivation of game users in new regions such as the Middle East and Asia.
- The new light game user segment is growing as a result of the popularity of freemium-style social games.

PC Online

- Growth, primarily in the Asian region, is on track and forecast to expand to a scale equal to the home video game market in the future.

Consumer (Package and DLC), Mobile Contents and PC Online Markets

(Billions of dollars)



Consumer (Package and DLC)

- We own numerous "intellectual properties with universal market appeal".
- We maintain an advanced ability to develop original game content. We also possess a high level of technology, assisted by an integrated development environment built to provide common software development tools for a variety of devices.

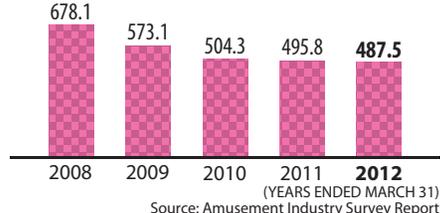
Mobile Contents PC Online

- The Mobile Contents/PC Online segment makes efficient use of original content created for consumer games.
- The Beeline brand distributes social games for smartphones around the world in an attempt to capture the light user segment (women, families, etc.) rather than the traditional Capcom user.
- We will continue to develop popular series for mobile phones by making effective use of the content and expertise accumulated over years of consumer game development with the Capcom brand.

- From the previous year, both the scale of the market and the number of arcades declined slightly.
- Although the latest round of unprofitable arcade closures has increased the appetite for arcade investment, the unavoidable repercussions of heightened demand after the Great East Japan Earthquake have weakened the market.
- We forecast new investment in the form of continued aggressive capital expenditure on new arcade openings and the renovation of existing arcades, resulting in a stabilizing trend in the market.

Amusement Arcade Market

(Billions of yen)

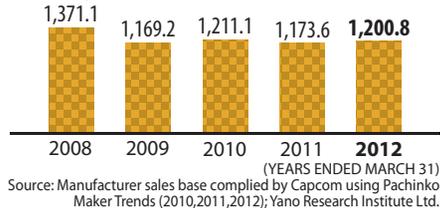


- We specialize in opening mall-based large-scale facilities which secure a long-term, stable number of customers.
- We have built an organizational structure to design and operate sales venues supported by customers.
- We also maintain relatively higher profitability than the competition by either selling or closing unprofitable facilities in an attempt to secure a better return on investment.

- In the major gaming machines market, despite lower sales of Pachinko machines, increased unit sales caused by a swing back to Pachislo machines have put the market on a recovery track.
- In line with the return of capital expenditure incentives for arcade operators in the arcade game market, the aggressive introduction of new products has brought stability to the market.
- A gentle recovery is forecast for this market resulting from ongoing capital expenditure and the addition of network game machines.

Major Gaming Machines Market (Pachinko and Pachislo machines)

(Billions of yen)

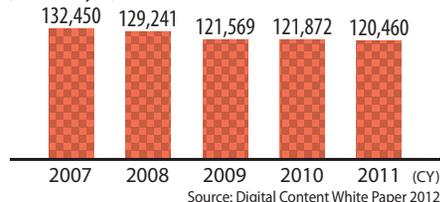


- We establish new revenue streams using our rich in-house content.
- The P&S business division uses capabilities developed creating the Home Video Games business to develop machines from our proprietary and other content.
- Using content developed from home video games, the Arcade Game Sales business released coin-operated game machines with popular content, which are in high demand.

- The global contents market was worth 130 trillion yen. The Japanese contents market was worth 12 trillion yen, second to only the United States.
- Stable domestic contents industry despite lower birth rates
- The key to future growth is multifaceted development overseas

Japanese Content Market Trends

(Billions of yen)



- We create a strong synergy with our Digital Contents business by making multidimensional use of our wealth of intellectual properties Single Content Multiple Usage.
- Particularly in the movie-related business, the brand value has been elevated by the high exposure provided by the media. This leads to greater sales expansion in video game software, completing an ideal sales cycle.

Operating Results for This Fiscal Year

Digital Contents



Consumer (Package and DLC)

- Although "Resident Evil 6" for the PlayStation 3 and Xbox 360 has sold 4.9 million units, sales are sluggish and falling short of projections.
- As a new original title in several years, "Dragon's Dogma" achieved an extraordinary 1.3 million units sold, successfully establishing this as a standalone brand.
- DLC sales have expanded significantly due to an increase in additional content associated with major titles.

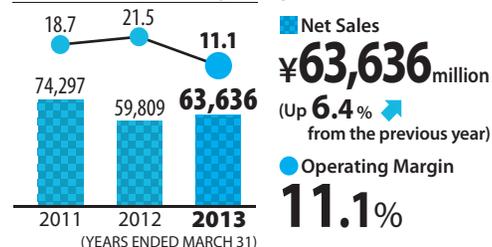
Mobile Contents

- "Smurf's Village" under the Beeline brand is providing a steady contribution to earnings.
- Cumulative downloads of Beeline brand titles have surpassed the 100 million mark.
- "Minna to Monhan Card Master" and "Resident Evil: Outbreak Survive" under the Capcom brand have amassed over two million members each.

PC Online

- Sales of both the PC and Xbox 360 versions of the online game "Monster Hunter Frontier Online" are on track.

Net Sales/Operating Margin

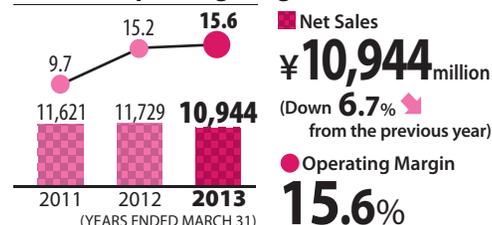


Arcade Operations



- Capcom promoted customer-oriented community-based arcades by holding events and renovating existing arcades to expand women, family and other customer segments.
- Attempted to expand our customer base to include seniors through measures including an arcade experience tour targeting people 50 years or older.
- Three unprofitable arcades were closed.
- Existing arcade sales declined slightly by 5% in the previous year.

Net Sales/Operating Margin



Amusement Equipments



- In the P&S business, our proprietary Pachislo machine "Resident Evil 5" made a strong contribution to earnings with sales of nearly 48,000 units, a significant increase in revenue.
- As the product supply cycle entered a transitional phase, arcade game sales, including coin-operated "Mario Party Kurukuru! Carnival", held steady while repeat sales of existing products were brisk.

Net Sales/Operating Margin

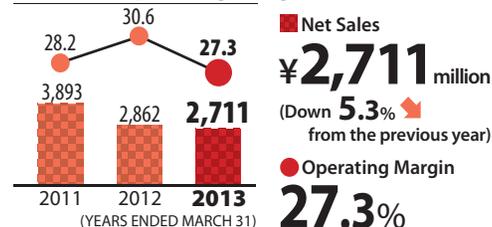


Other Businesses



- Maximize earnings and strengthen brand power of proprietary content through execution of lateral development of integrated sales of consumer games based on the Single Content Multiple Usage strategy.
- In the Digital Contents business, Hollywood film "Resident Evil: Retribution" and CG animation "Resident Evil: Damnation" were released in conjunction with the launch of core game software "Resident Evil 6". The Hollywood film earned 0.24 billion dollars at the box office globally.

Net Sales/Operating Margin



Products Introduced This Year



“Resident Evil 6”
 The latest addition to this series is appealing on several levels, offering a totally new kind of action that features advanced graphics, a dramatic storyline and network play among other online functions. Initial shipments of this title achieved a record-setting 4.5 million units.



“Smurfs’ Village”
 The high degree of freedom, lovable characters and ability to link to and communicate through Facebook enabled this title to become the top-grossing app on Apple’s App Store in 80 countries.

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“Dragon’s Dogma”
 Set in the world of fantasy, this totally new action role-playing game offers adventure in a vast open-world. This newly created brand recorded the highest first week unit sales of any domestic title over the past 10 years and has shipped 1.3 million units worldwide, successfully establishing the brand as new Capcom franchise.



“Minna to Monhan Card Master”
 This title’s accessibility, communication-rich social elements and effective promotional campaign have helped to attract both fans of the “Monster Hunter” series and new users.

©CAPCOM developed by gloops



Plaza Capcom Kochi
 This venue contributed to earnings through various events aimed at enhancing our ability to attract customers while retaining core users through the creation of a pleasant store atmosphere.



Plaza Capcom Chiba New Town
 We invested seniors over 50 to event offering an opportunity to play coin-operated and prize games for free in an attempt to increase awareness of arcades, promote future growth among the senior segment and expand earnings.



Pachislo Machine “Resident Evil 5”
 Capcom’s strong brand power, image engineering capabilities and a production value that mesmerizes users were successful in recording healthy unit sales. The expertise accumulated since entering the in-house case business is now bearing fruit.



Coin-Operated Game “Mario Party Kurukuru! Carnival”
 The latest installment was successful in using the series brand power to appeal to both home video game users as well as existing arcade customers.

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“Resident Evil: Retribution”
 The global release of this film in September 2012 was timed to coincide with the sales launch of home video game “Resident Evil 6”. This fifth film in this series earned a record 0.24 billion dollars at the box office.

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“Resident Evil Universal Studios Japan (USJ) Event”
 Capcom held an event in collaboration with USJ in September 2012 with the aim of cultivating the user community and increasing recognition. “Resident Evil 6” also went on sale at this time and this event had a major impact on sales promotion activities.