

**Explanation Summary for the Briefing Regarding
2nd Quarter Financial Results of the Year ending March 31, 2012
by Kenzo Tsujimoto, Chairman and CEO
(October 28, 2011)**

1. Greeting

- (1) Thank you very much for taking the time from your busy schedules to attend Capcom's briefing on our financial results.
- (2) At this meeting, I will cover three subjects: summary of the first half performance, measures to strengthen our global organizational structure, mainly in the social games business, and our goals for the next fiscal year.

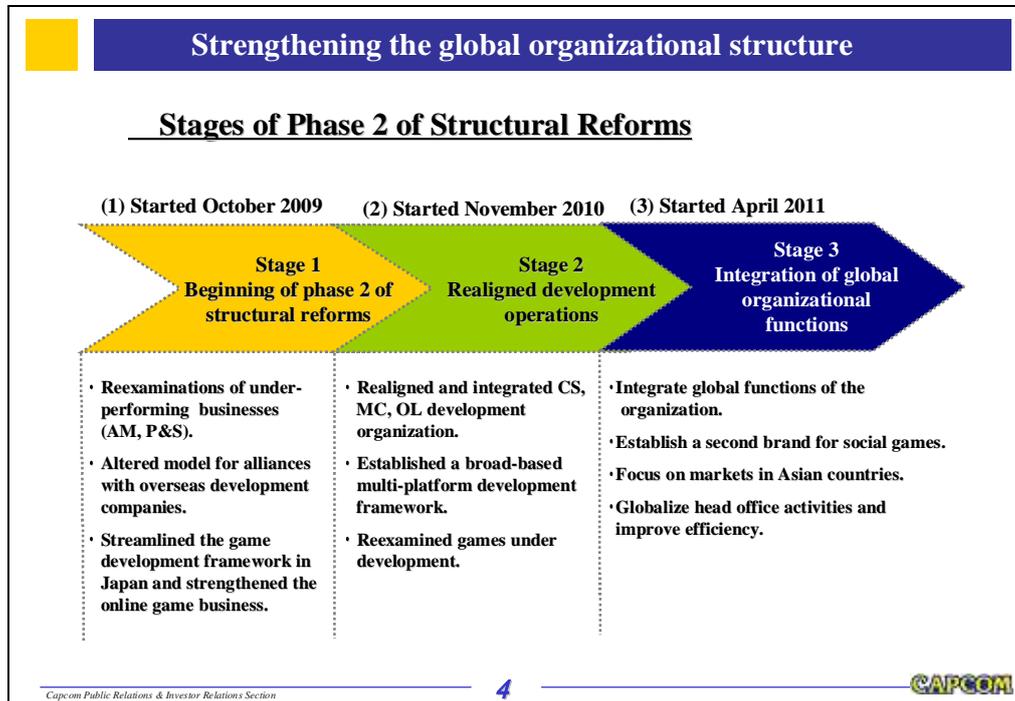
2. Summary of the first half performance

Summary of the first half performance in FY2011			
<u>Summary of the first half performance in FY2011</u>			
(Million yen)			
	2011/9 (initial plan)	2011/9	Difference
Net sales	26,000	29,252	112.5%
Operating income	700	2,782	397.4%
Ordinary income	600	1,907	317.8%
Net income	200	906	453.0%



- (1) Our sales and earnings in the first half were much higher than in our initial plan. Our performance even slightly surpassed the higher forecast that we announced on September 14.
- (2) There are two main reasons for our September forecast revision. First is the strong performance of “Smurfs’ Village” in the Mobile Contents business. Second is the strong performance of the Arcade Operations business as sales recovered at existing arcades.
- (3) We will provide more information about first half performance in the president’s presentation.

3. Strengthening the global organizational structure



(1) The first half of this fiscal year was the beginning of the third and final phase of the second stage of our structural reforms. During this phase, we strengthened our global organizational structure while placing emphasis on our social game business, which is one of key elements of our growth strategy.

Strengthening our global organizational structure

Combining organizational functions on a global scale

- Consolidation of overseas subsidiaries
- Organizational changes at overseas subsidiaries

Strengthen organizational structure in the social game business

- Strengthen the Beeline brand
- Strengthen the Capcom brand



(2) Combining organizational functions on a global scale

- Consolidation of overseas subsidiaries
 - a) To centralize and streamline the functions of overseas subsidiaries, sales subsidiary Capcom Entertainment, Inc. was absorbed by holding company Capcom U.S.A., Inc.
 - b) Eliminating overlapping activities in the Capcom organization makes decision-making faster and allows us to expand overseas operations, including in South America.

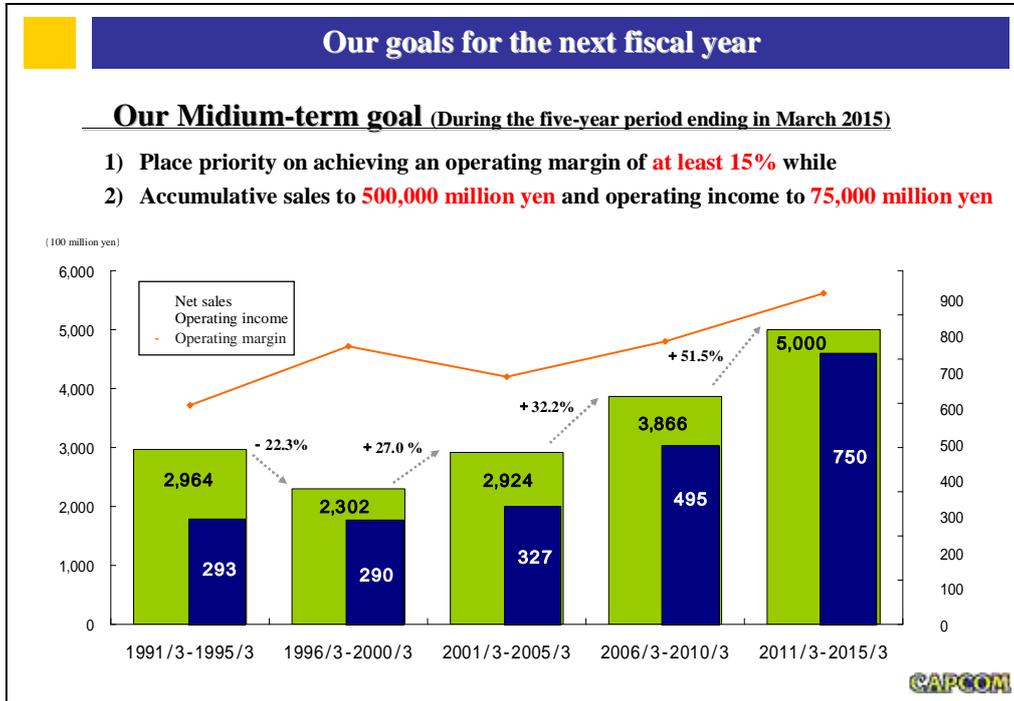
- Organizational changes at overseas subsidiaries
 - a) Beeline Interactive, Inc., which was a subsidiary of Capcom U.S.A., Inc., is now supervised directly by Capcom. By further increasing the speed of decision-making, this move will enable Beeline Interactive to remain successful in the overseas social game market, where even more growth is expected.

(3) Strengthen organizational structure in the social game business

- Strengthen the Beeline brand
 - a) Increase the number of game developers, make the lineup of titles more powerful, and expand multi-platform activities for iOS and Android.
 - b) In addition, continue to launch major licensed titles and maintain global leadership in the smartphone market.

- Strengthen the Capcom brand
 - a) Established the new Social Games Development Team in the Mobile Contents business to speed up the development of social games for distribution in Japan.
 - b) In particular, reinforce the framework for generating profits from social games in Japan in order to aim for the same success that we have achieved overseas.

4. Medium-term goals
 (1) Reconfirmation of medium-term goals



- Capcom is placing priority on the medium-term goal of achieving an operating margin to at least 15% as well as accumulative sales to 500 billion yen and operating income to 75 billion yen for the five-year period ending in March 2015.

- As I explained earlier, implementation of the growth strategies in our second stage of structural reforms is beginning to consistently generate benefits, mainly for social games and online games. As a result, we are making steady progress toward our medium-term goals.

(2) Goals for the next fiscal year



• At the beginning of this fiscal year, we predicted declines in sales and earnings for several reasons:

- The market for package game software is in a transitional period.
- Our lineup of game titles is in a transitional period, too.
- Structural reforms and growth strategies will not begin to make meaningful contributions to our performance until the next fiscal year.

• Furthermore, if our performance in the current fiscal year matches our initial plan, our sales will have to be 320 billion yen and operating income 49 billion yen over the three fiscal years ending in March 2015. That means we will have to maintain average sales of more than 100 billion yen and operating income of more than 16 billion yen.

• From these two standpoints as well, we are positioning the next fiscal year as a year for producing benefits from our growth strategies and achieving growth.

• I cannot provide specific figures for the next fiscal year or information about our title lineup at this time. We will announce this information at the proper times.

This completes my presentation. The president will provide more specific information about our strategies in his presentation.