

**Explanatory Summary of Financial Results Briefing
of the Full Year Results for FY 2011
by Chairman and Chief Executive Officer Kenzo Tsujimoto
(May 11, 2012)**

1. Greeting

(1) Thank you to the audience

I realize that all of you are very busy during this earnings announcement season. Thank you very much for taking the time today to attend our information meeting.

(2) Thank you for your cooperation with the interviews

Every year, we interview more than 30 securities analysts and investors in Japan and other countries. These interviews provide assessments of our medium-term goals, business strategies, IR activities and other aspects of operations. We appreciate very much your cooperation because your thoughts are very useful in reaching management decisions.

(3) Today's meeting

Today's information meeting has three subjects. First is an overview of our performance in the fiscal year that ended in March 2012. This is followed by a discussion of our objectives and an explanation of our medium-term targets.

2. Results of Operations in Fiscal Year ended March 2012

| Results of Operations in Fiscal Year ended March 2012 | | | |
|--|--------|---------|------------|
| ■ Results of operations in fiscal year ended March 2012 | | | |
| (Million yen) | | | |
| | 2011/3 | 2012 /3 | Difference |
| Net sales | 97,716 | 82,065 | 84.0% |
| Operating income | 14,295 | 12,318 | 86.2% |
| Operating margin | 14.6% | 15.0% | – |
| Ordinary income | 12,861 | 11,819 | 91.9% |
| Net income | 7,750 | 6,723 | 86.7% |



- My first subject is our performance in the past fiscal year. Although our sales and earnings were lower than in the previous fiscal year, our performance was generally in line with our plan for the year.
- Sales and earnings decreased because only three new titles passed the one-million mark in the past fiscal year. In the fiscal year that ended in March 2011, Capcom released five titles that surpassed sales of one million units, including “Monster Hunter Freedom 3”.
- Although sales decreased by 16%, our operating margin improved by 0.4 point to 15.0%.
- The operating margin was higher despite the big drop in sales in the content business, which has a high marginal profit, primarily for two reasons.
 - (1) The percentage of online content sales increased.
 - (2) Our development, sales and administrative operations each worked vigorously and rigorously eliminated unnecessary costs.

3. The Objectives of Capcom



Medium-Term Targets

■ **The Objectives of Capcom**

- **Aiming for number one in terms of ideas and technologies as well as our marketing and sales activities**

Become the world's leading provider of digital content

CAPCOM

- At every fiscal year information meeting, we explain our goals for the next three to five years. This time, I would like to talk about the next decade.
- My goal is for Capcom to be the world's leading provider of digital content in 2022.
- Of course, our content is already popular in North America and Europe. But I want Capcom to gain recognition as the leading content company not only in terms of our ideas and technologies but also in terms of our comprehensive strengths, including marketing and sales.
- By using our game content and services to make people around the world happy, I want Capcom to be a source of enjoyment on a global scale.
- Accomplishing this goal will be like building a wall one stone at a time. We will make substantial investments in our people in order to develop the next generation of creators.

- Our operating environment in the next decade will become even more uncertain. But I view this uncertainty as an enormous opportunity for Capcom. The reason is that Capcom is in an environment that is ideal for creating “new things” and “things that are different than before”. Capcom is highly skilled at adapting to change. Furthermore, everyone at Capcom is constantly aware of the need to retain this skill.
- An enormous IT infrastructure has been established over the past several years. As a result, we have entered an era that demands even more powerful digital content. We are also seeing the emergence of new frameworks for this content, such as billing models. I expect to see still more growth in the digital content market from medium and long-term perspectives.

4. Major Goals for FY3/13 and Afterward

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■ Major Goals for FY3/13 and Aterward

(1) Develop core content

- Create high-quality original content
- Establish a lineup of content from medium and long-term perspectives



- We have only three more fiscal years to achieve our medium-term targets. This is why our major starting in this fiscal year is to focus on developing a solid lineup of core content over the next two and a half years. Developing this content will allow us to meet our medium-term plan targets and set the stage for consistent growth.
- We want to reduce the time needed to develop major titles from the usual three to four years to only two and a half years. Speeding up development will probably raise the cost. But creating quality content will be vital to Capcom's ability to survive by overcoming intense global competition. We will make substantial investments to develop this content.
- For example, we may have five titles for which we can launch sequels over the next two and a half years. In this case, we can even out the introduction dates in order to launch major titles on a regular basis.
- During the two and a half year period until we can launch the next titles, we plan to extend the life cycles of our content by using digital downloads (DLC) to distribute our content on a continuous basis.
- We will also create new titles at the same time that we develop major titles. Low awareness of new titles among consumers means that the first release is unlikely to be a hit. But we plan to steadily develop these titles into new sources of earnings.

Major Goals for FY3/13 and Afterward

■ Major Goals for FY3/13 and Afterward

(2) Strengthen the online games business

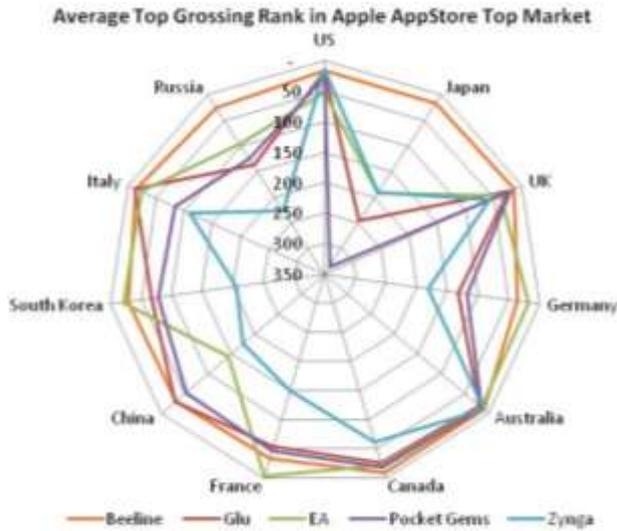
- Drive growth of business activities in the mobile domain
- Use online versions of content and distribution to extend the life cycle of content

CAPCOM

- We must quickly develop the online games business, and particularly the mobile domain, into a core business that can support our operations.
- In Japan, we are aiming for more growth through initiatives such as selling social games that use the Capcom brand.

Major Goals for FY3/13 and Afterward

■ App Store Sales Rankings by Region



CAPCOM

- Outside Japan, Beeline has captured a large market share in many countries. In the App Store sales rankings, Beeline is number one in more than 80 countries.
- We will effectively utilize our online content regarding both packaged software and social games. Our goal is to create a world view that our customers can enjoy.

Major Goals for FY3/13 and Afterward

■ Major Goals for FY3/13 and Afterward

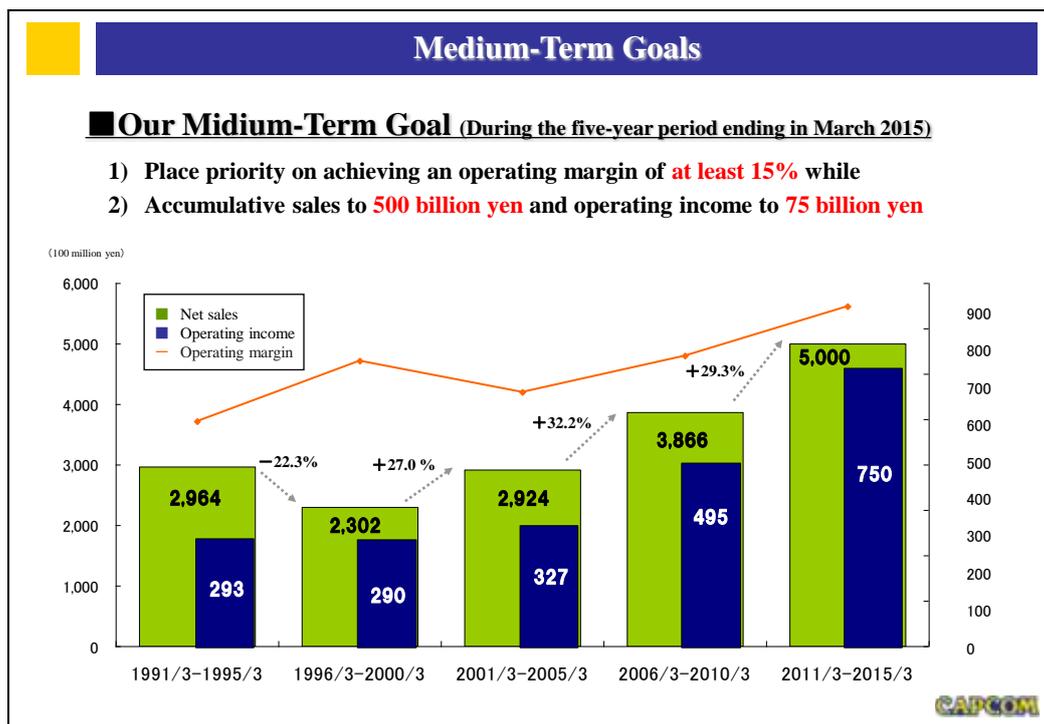
(3) Increase the content development staff

- Plan to recruit 1,000 developers over the next 10 years
- Quickly utilize new technologies

CAPCOM

- In the coming years, we will see the emergence of new technologies, platforms and information software, especially involving digital content. These advances will require the use of even more sophisticated technologies. To accomplish our major goals, we will have to use these technologies by increasing our content development staff and training these people ourselves. We plan to hire more than 100 developers every year, primarily recent college graduates. This recruitment plan will result in the addition of about 1,000 developers over the next 10 years.

5. Medium-Term Targets



- Our medium-term targets are accumulative sales to 500 billion yen and operating income to 75 billion yen over the five-year period ending in March 2015 while placing priority on achieving an operating margin of at least 15%.
- In the first two years of this five-year period, we have made good progress toward our targets. Our sales were 179.7 billion yen (36% of the target), operating income was 26.6 billion yen (35% of the target), and the operating margin was 14.8%.
- We are determined to continue moving forward with vigor as we aim for more growth in order to be a company that can meet the expectations of shareholders.

This completes my presentation. Next, the president of Capcom will provide more information about our strategies.