

May 20, 2016

Press Release

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Partial Amendments to Articles of Incorporation

The Board of Directors of Capcom Co., Ltd. today approved a resolution to submit a proposal at the Ordinary General Shareholders Meeting scheduled for June 17, 2016 to amend the Articles of Incorporation as follows.

1. Reason for amendments

- (1) The Law amending a part of the Companies Act (Law No. 90 of 2014) was enforced May 1, 2015, under which a company with audit and supervisory committee was established as a newly designed organization. In connection therewith, for the purpose of further enriching corporate governance attributable to strengthened supervisory function of the Board of Directors, the Company proposes to transfer to a company with audit and supervisory committee. For this purpose, new provisions relating to the audit and supervisory committee and members of the audit and supervisory committee will be set up and provisions relating to Corporate Auditors and the Board of Corporate Auditors will be deleted. For summary of a company with audit and supervisory committee, please refer to Paragraph 2 below.
- (2) In connection with the transfer to a company with audit and supervisory committee, new provisions enabling the Company to commission all or a part of important business execution to Director through resolution of the Board of Directors will be established with a view to complying with changes in circumstances and operating agile management supported by quick decision making.
- (3) Provision enabling Directors exempted from responsibility will be newly established so that it will assist the Company to invite excellent person(s) suitable to Director of the Company. Furthermore, new establishment of Article 32 has been already approved by each of the Corporate Auditors.
- (4) In addition, in connection with establishment and deletion of Articles, the numbers of Articles are adjusted.

2. Summary of a company with audit and supervisory committee

(1) Key Points

- (i) The company with audit and supervisory committee elects a director who is a member of the audit and supervisory committee and engages in duties of audit function under the Articles of Incorporation, and accordingly Corporate Auditor system is unable to be applied to the Company.
- (ii) The audit and supervisory committee consists of three or more audit and supervisory committee members who are Directors and more than half of which must be External Directors.

- (iii) In the case of a company with the board of Corporate Auditors, duties of Corporate Auditors are in principle limited to “audit of legitimacy”, but in case of a company with audit and supervisory committee duties of the audit and supervisory committee is expanded to include “audit of propriety” so that it is possible for the audit and supervisory committee to supervise a wide range of overall management.
- (iv) In the case of the company with audit and supervisory committee, there are two types of Directors, one is Director (having a term of two years) who is a member of the audit and supervisory committee and the other is Director (having a term of one year) other than the above. They are elected separately at the general meeting of shareholders. Remuneration to Directors who are members of the audit and supervisory committee and the remuneration to Directors other than the above must be resolved separately at the general meeting of shareholders.
- (v) In the case of the company with audit and supervisory committee, the audit and supervisory committee as an organization is engaged in audit, making use of an internal control system. For this purpose with a view to facilitating smooth auditing, the Company established internal control headquarters under the guidance of the audit and supervisory committee.

(2) Features

- (i) Corporate Auditors are not granted voting rights at the meeting of the Board of Directors but Directors who are members of the audit and supervisory committee are granted voting rights at the meeting of the Board of Directors. This point is substantial difference between the company with board of Corporate Auditors and the company with audit and supervisory committee.
- (ii) In addition to non-existence of audit system by Corporate Auditors in Europe, North America and other foreign countries, and since Corporate Auditors do not have voting rights at the meeting of the Board of Directors, it was difficult to obtain understanding of supervisory function of the Board of Corporate Auditors from institutional investors. But the company with audit and supervisory committee is an organization designed easier to understand compared with the company with the board of corporate auditors.
- (iii) When more than a half of Directors are external or provided so in the Articles of Incorporation, it is allowed to commission power to determine a part of important business execution to executive Director such as Representative Director. Accordingly, in addition to enriching deliberation at the Board of Directors with limiting business of items to important matters at the Board of Directors, it will be made possible to operate agile management supported by quick management decision making.

3. Details of Amendments

Proposed amendments are as follows:

(Parts to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER I GENERAL PROVISIONS</p> <p>Article 1. (Omitted)</p> <p>Article 3.</p> <p>(Organization)</p> <p>Article 4. The Company shall establish the following organizations in addition to the general meeting of shareholders and the Directors</p>	<p>CHAPTER I GENERAL PROVISIONS</p> <p>Article 1. (As per current)</p> <p>Article 3.</p> <p>(Organization)</p> <p>Article 4. The Company shall establish the following organizations in addition to the general meeting of shareholders and the Directors.</p>

Current Articles of Incorporation	Proposed Amendments
<p>1. Board of Directors 2. <u>Corporate Auditors</u> 3. <u>Board of Corporate Auditors</u> 4. Accounting Auditors</p> <p>Article 5. (Omitted) Article 17.</p> <p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 18. The number of Directors shall be <u>fifteen (15)</u> or less.</p> <p><Newly established></p> <p>(Method of Appointment of Directors) Article 19. Directors of the Company shall be appointed by resolution of the general meeting of shareholders.</p> <p>2. (Omitted) 3.</p> <p>(Term of Directors) Article 20. The term of Directors shall expire at the close of the Ordinary General Meeting of Shareholders last held for the fiscal year ending within one (1) year following the election.</p>	<p>1. Board of Directors 2. <u>Audit and Supervisory Committee</u> <Deleted> 3. Accounting Auditors</p> <p>Article 5. (As per current) Article 17.</p> <p>CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND AUDIT AND SUPERVISORY COMMITTEE</p> <p>(Number of Directors) Article 18. The number of Directors (<u>other than Directors who are members of the audit and supervisory committee</u>) shall be <u>ten (10)</u> or less.</p> <p>2. <u>The number of Directors who are members of the audit and supervisory committee shall be five (5) or less.</u></p> <p>(Method of Appointment of Directors) Article 19. Directors of the Company <u>who are members of the audit and supervisory committee and Directors other than the above</u> shall be <u>segregated and</u> appointed <u>separately</u> by resolutions of the general meeting of shareholders.</p> <p>2. (As per current) 3.</p> <p>(Term of Directors) Article 20. The term of Directors (<u>other than Directors who are members of the audit and supervisory committee</u>) shall expire at the close of the Ordinary General Meeting of Shareholders last held for the fiscal year ending within one (1) year following the election.</p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="209 331 472 365">< Newly established ></p> <p data-bbox="209 566 472 600">< Newly established ></p> <p data-bbox="209 913 472 947">< Newly established ></p> <p data-bbox="209 1305 507 1339">(Representative Directors)</p> <p data-bbox="209 1346 794 1447">Article 21. By resolution of the Board of Directors, Representative Directors shall be chosen.</p> <p data-bbox="209 1574 592 1608">(Directors with Executive Power)</p> <p data-bbox="209 1615 794 1872">Article 22. By resolution of the Board of Directors <u>one President shall be appointed from among Directors and according to any necessity the Chairman, Executive Vice President, Senior Managing Director and Managing Director may be appointed in several numbers in each case.</u></p>	<p data-bbox="820 331 1394 555"><u>2. The term of Directors who are members of the audit and supervisory committee shall expire at the close of the Ordinary General Meeting of Shareholders last held for the fiscal year ending within two (2) years following the election.</u></p> <p data-bbox="820 566 1394 902"><u>3. The term of substitute Director who is a member of the audit and supervisory committee and elected for substitute for Director who is a member of the audit and supervisory committee resigned prior to the termination of the term shall terminate at the same time as termination of the term of resigned Director who is a member of the audit and supervisory committee.</u></p> <p data-bbox="820 913 1394 1261"><u>4. The period during which resolution for election of substitute Director who is a member of the audit and supervisory committee pursuant to Article 329, Paragraph 3 of the Companies Act expire at the close of the Ordinary General Meeting of Shareholders last held for the fiscal year ending within two (2) years following the election.</u></p> <p data-bbox="820 1305 1118 1339">(Representative Directors)</p> <p data-bbox="820 1346 1394 1529">Article 21. By resolution of the Board of Directors, Representative Directors shall be chosen <u>from among Directors (other than Directors who are members of the audit and supervisory committee).</u></p> <p data-bbox="820 1574 1203 1608">(Directors with Executive Power)</p> <p data-bbox="820 1615 1394 1839">Article 22. By resolution of the Board of Directors, <u>one Chairman and Director and one President and Director</u> each shall be appointed from among Directors <u>(other than Directors who are members of the audit and supervisory committee).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 23. (Omitted)</p> <p><Newly established></p> <p>(Notice of Convocation of the Board of Directors)</p> <p>Article <u>24</u>. A notice of convocation of the meeting of the Board of Directors shall be sent to each Director on or before three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened.</p> <p>2. In the event that all Directors <u>and Corporate Auditors</u> give unanimous consent, the meetings of the Board of Directors may be held without the formal convocation procedures.</p> <p><Newly established></p> <p>(Omission of Resolution of the Board of Directors)</p> <p>Article <u>25</u>. In the event that all the Directors consent to matters required to be resolved upon by the Board of Directors in writing or electronic record, the matters so required will be deemed resolved at the Board of Director;</p>	<p>Article 23. (As per current)</p> <p><u>(Full time Member of the Audit and Supervisory Committee)</u></p> <p><u>Article 24. The audit and supervisory committee shall be able to appoint full time member of the audit and supervisory committee by its resolution.</u></p> <p>(Notice of Convocation of the Board of Directors)</p> <p>Article <u>25</u>. A notice of convocation of the meeting of the Board of Directors shall be sent to <u>each Director</u> on or before three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened.</p> <p>2. In the event that all Directors give unanimous consent, the meetings of the Board of Directors may be held without the formal convocation procedures.</p> <p><u>(Notice of Convocation of the Audit and Supervisory Committee)</u></p> <p><u>Article 26. A notice of convocation of the meeting of the Audit and Supervisory Committee shall be sent to each member on or before three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened.</u></p> <p><u>2. In the event that all Directors give unanimous consent, the meetings of the Board of Directors may be held without the formal convocation procedures.</u></p> <p>(Omission of Resolution of the Board of Directors)</p> <p>Article <u>27</u>. In the event that all the Directors consent to matters required to be resolved upon by the Board of Directors in writing or electronic record, the matters so required will be deemed resolved at the Board of Directors.</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Provided, however, that the foregoing shall not be applicable in case that Corporate Auditors give objection thereto.</u></p> <p>< Newly established ></p> <p>Article <u>26</u>. (Omitted)</p> <p>< Newly established ></p> <p>(Remunerations, etc. for Directors)</p> <p>Article <u>27</u>. The remuneration, bonuses and any other benefit on assets received from the Company in consideration of execution of the duties of the Director (<u>hereinafter referred to as the “remuneration, etc.”</u>) shall be determined by resolution of a general meeting of shareholders.</p> <p>< Newly established ></p>	<p>< Deleted ></p> <p><u>(Commission of important Business Execution to Director)</u></p> <p><u>Article 28. Pursuant to Article 399-13, Paragraph 6 of the Companies Act, the Company may commission to Director a part or all of the important business execution (other than the items stated in each Item of Paragraph 5) by resolution of the Board of Directors.</u></p> <p>Article <u>29</u>. (As per current)</p> <p><u>(Regulations of the Audit and Supervisory Committee)</u></p> <p><u>Article 30. Affairs related to the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee except as otherwise provided for in the laws and ordinances as well as Articles of Incorporation of the Company.</u></p> <p>(Remunerations, etc. for Directors)</p> <p>Article <u>31</u>. The remuneration, bonuses and any other benefit on assets received from the Company in consideration of execution of the duties of the Director <u>who are audit and supervisory committee members</u> shall be determined <u>separately from those of the Director other than the aforementioned</u> by resolution of a general meeting of shareholders.</p> <p><u>(Exemption of Director’s Liability)</u></p> <p><u>Article 32. The Company may exempt Director including ex-Director from liability provided for in Article 426, Paragraph 1 of the Companies Act to the extent provided for in Article 423, Paragraph 1 of the same Act, and other laws and ordinances by resolution</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>CHAPTER V CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</u></p> <p><u>(Number of Corporate Auditors)</u> <u>Article 28. The number of Corporate Auditors of the Company shall be four (4) or less.</u></p> <p><u>(Method of Appointment of Corporate Auditors)</u> <u>Article 29. Corporate Auditors of the Company shall be appointed at a general meeting of shareholders.</u> <u>2. Resolution for appointment of Corporate Auditors shall be adopted by an affirmative vote of the majority of voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third(1/3) or more of the voting rights exercisable for such meeting.</u></p> <p><u>(Term of Corporate Auditors)</u> <u>Article 30. The term of Corporate Auditors shall expire at the close of the Ordinary General Meeting of Shareholders held with respect to the last business year that ends within four (4) years after their appointment.</u> <u>2. The effectiveness of the election of a substitute Corporate Auditor pursuant to Article 329, Paragraph 3 of the Corporate Law shall continue until the start of the Ordinary General Meeting of Shareholders relating to the last</u></p>	<p><u>of the Board of Directors.</u> <u>2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into the liability limit agreement with Director (other than Executive Director) as provided for in Article 423, Paragraph 1 of the same Act. Provided, however, that the limited amount of compensation liability is the minimum liability limit provided for in the laws and ordinances.</u></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>business year that ends within four (4) years after the election.</u></p> <p>3. <u>The term of Corporate Auditors elected to fill a vacancy shall be coterminous with the remainder of the term of the predecessor who has resigned.</u></p>	
<p><u>(Full-time Corporate Auditors)</u> <u>Article 31. Full-time Corporate Auditors shall be chosen by resolution of the Board of Corporate Auditors.</u></p>	<p>< Deleted ></p>
<p><u>(Notice of Convocation of the Board of Corporate Auditors)</u> <u>Article 32. A notice of convocation of the meeting of the Board of Corporate Auditors shall be sent each Corporate Auditor on or before three (3) days prior to the date of such meeting. Provided, however that in case of urgency, such period may be shortened</u></p> <p>2. <u>When all Corporate Auditors give unanimous consent, the meeting of the Board of Corporate Auditors may be held without the formal convocation procedure.</u></p>	<p>< Deleted ></p>
<p><u>(Regulations of the Board of Corporate Auditors)</u> <u>Article 33. Any matter relating to the Board of Corporate Auditors shall be governed by laws and regulations, the Articles of Incorporation as well as the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors.</u></p>	<p>< Deleted ></p>
<p><u>(Remuneration, etc, for Corporate Auditors)</u> <u>Article 34. The remuneration, etc. for Corporate Auditors shall be determined by resolution of a general meeting of shareholders.</u></p>	<p>< Deleted ></p>

Current Articles of Incorporation	Proposed Amendments
CHAPTER <u>VI</u> ACCOUNTING Article <u>35</u> . (Omitted) Article <u>38</u> .	CHAPTER <u>V</u> ACCOUNTING Article <u>33</u> . (As per current) Article <u>36</u> .

4. Timetable

Shareholders meeting to vote on amendments	June 17, 2016 (Plan)
Effective date of amendments (if approved by shareholders)	June 17, 2016 (Plan)