



Capcom Co., Ltd.
Tokyo and Osaka Exchanges,
First Section, 9697

Overview of Strategies and Plans
Fiscal Year ending March 31, 2012



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Summary of Major Financial Information

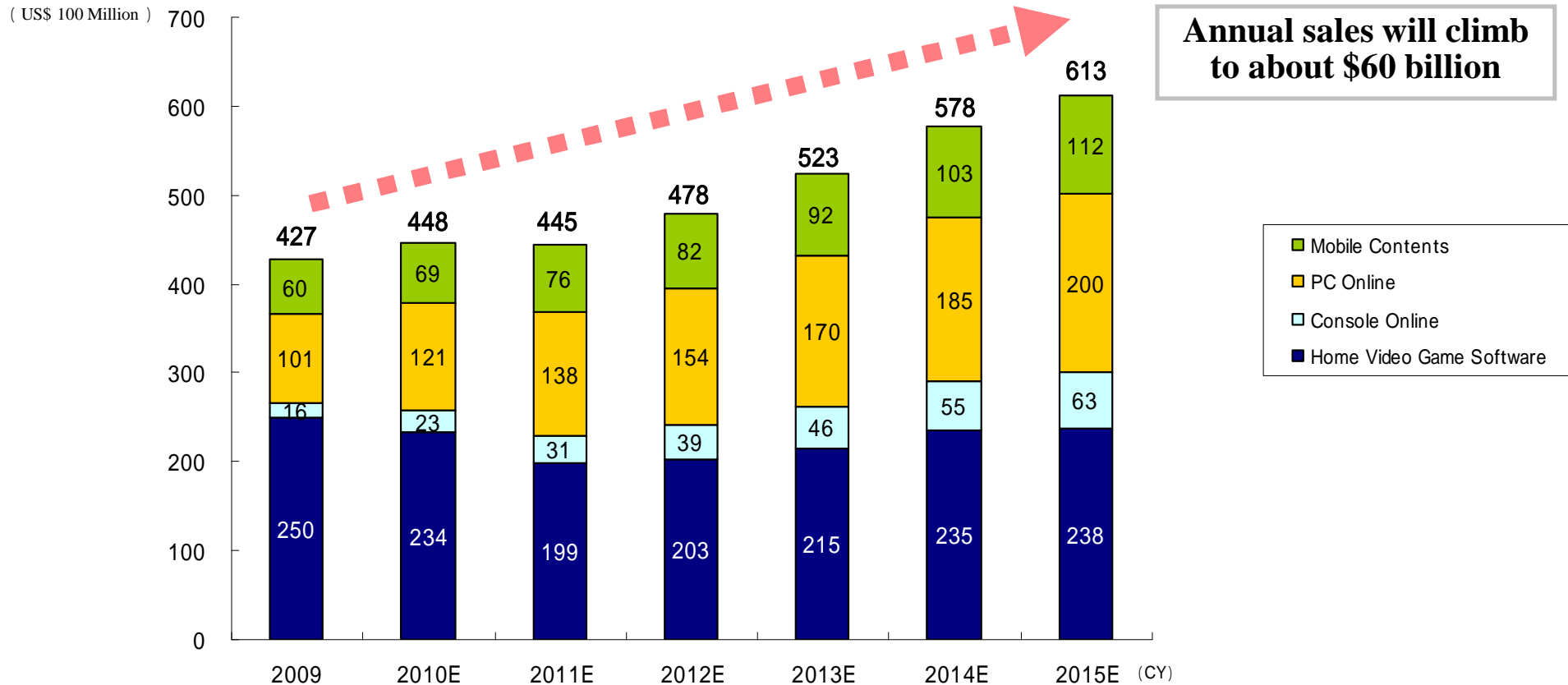


1. Strategies for Growth

1-1. Strategies for Growth (1)

Online game market is expected to expand and drive growth of the entire game market

Total of Home Video Games, PC Online and Mobile Contents Market



E: Estimate *Source : Data prepared by Capcom from multiple sources

1-1. Strategies for Growth (2)

Strategies for growth (FY2009–)

Strategy 1: Enlarge games lineup of under development

- Shorten the development-to-launch cycle for series titles.
- Launch new brands.
- Make extensive use of overseas development companies.

Strategy 2: Strengthen the online games business, which has much growth potential

- Add more games for smartphones and SNS.
- Reinforce PC online game operations in Asia.
- Increase the number of home video games with DLC.

1-1. Strategies for Growth (3)

Strategic priority in FY2011:

Add more games for smartphones and SNS.

Social game titles using a second brand (not Capcom)

- Use the “Beeline” brand to target casual game users.
- Set development bases in North America, Europe and Japan to make social games as a global business.

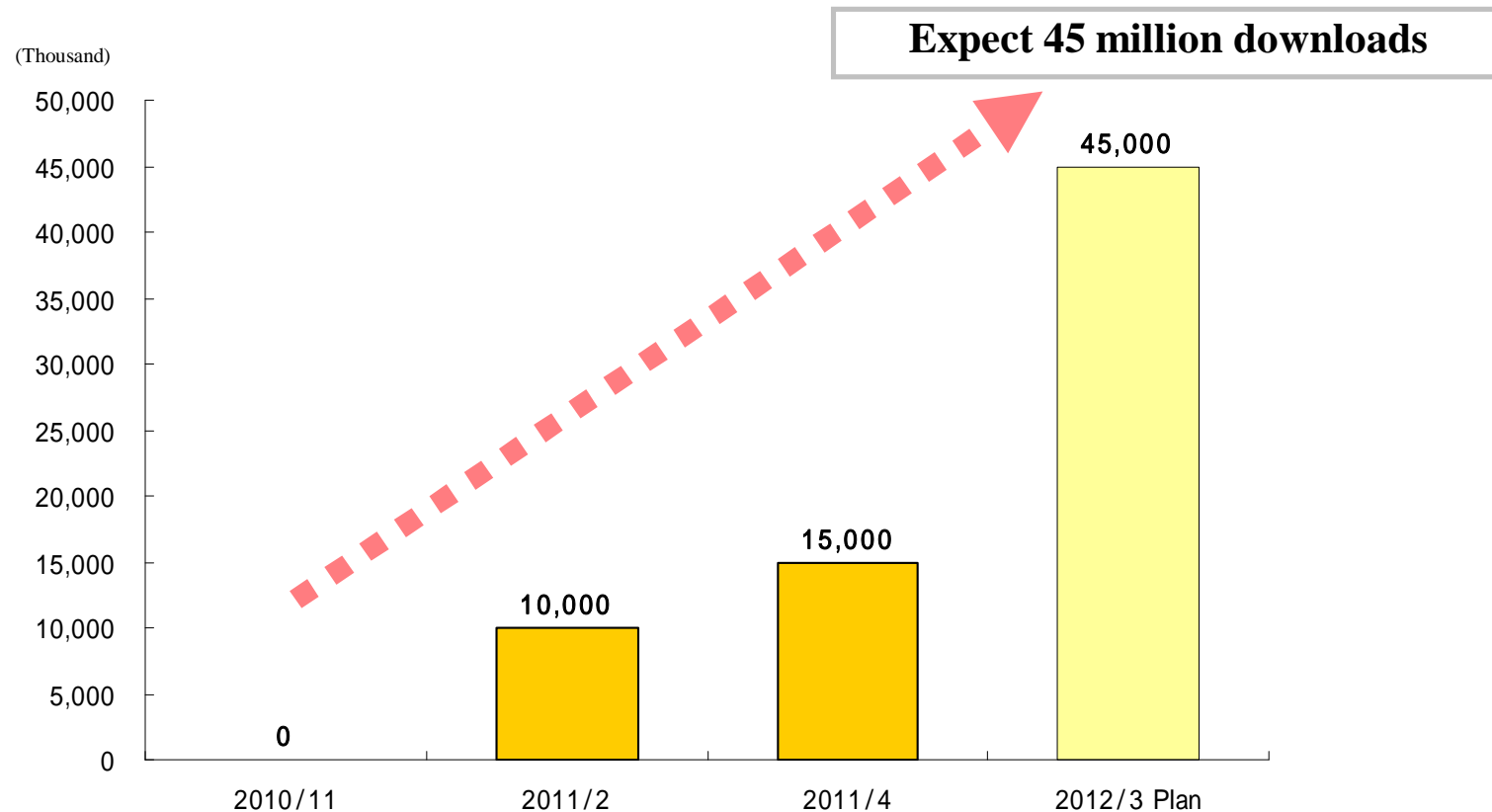
Use the “Capcom” brand to create synergies with home video games

- Use SNS content sold in Japan to create new user basis.
- Develop smartphone versions of popular game series for global sales expansion.

1-1. Strategies for Growth (4)

Rapid growth in overseas downloads of Capcom SNS games

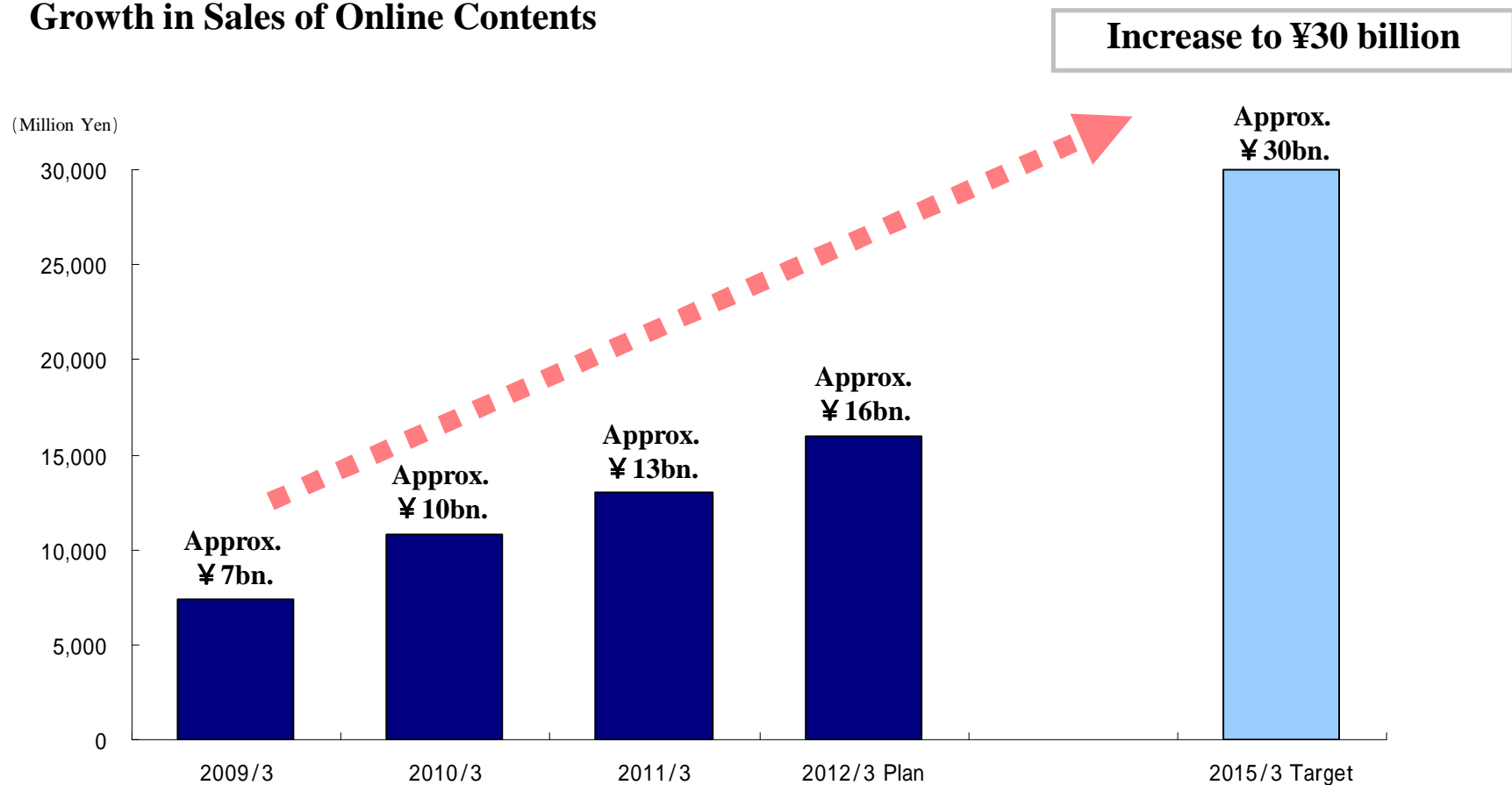
Overseas downloads of Capcom social games (cumulative)



1-1. Strategies for Growth (5)

Aiming for continued growth by focusing resources on the online game market

Growth in Sales of Online Contents



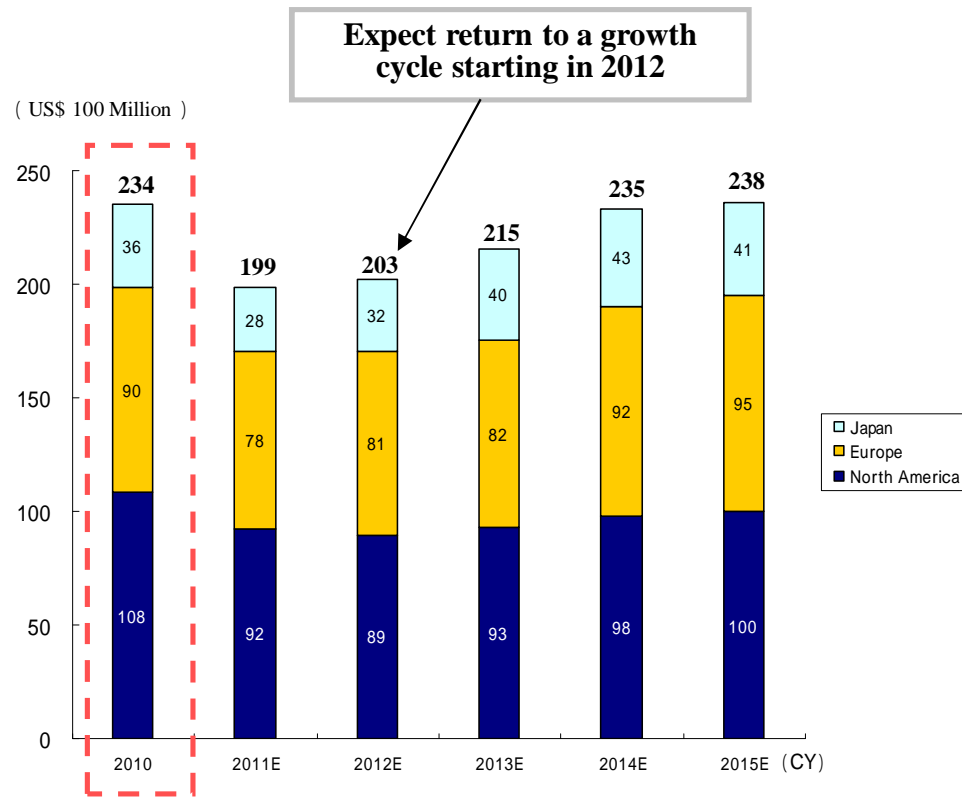
2-1. Consumer Online Games

- Growth Potential Businesses: 90% of total development and capital expenditure budget -

2-1 . Market Overview – Consumer Online Games

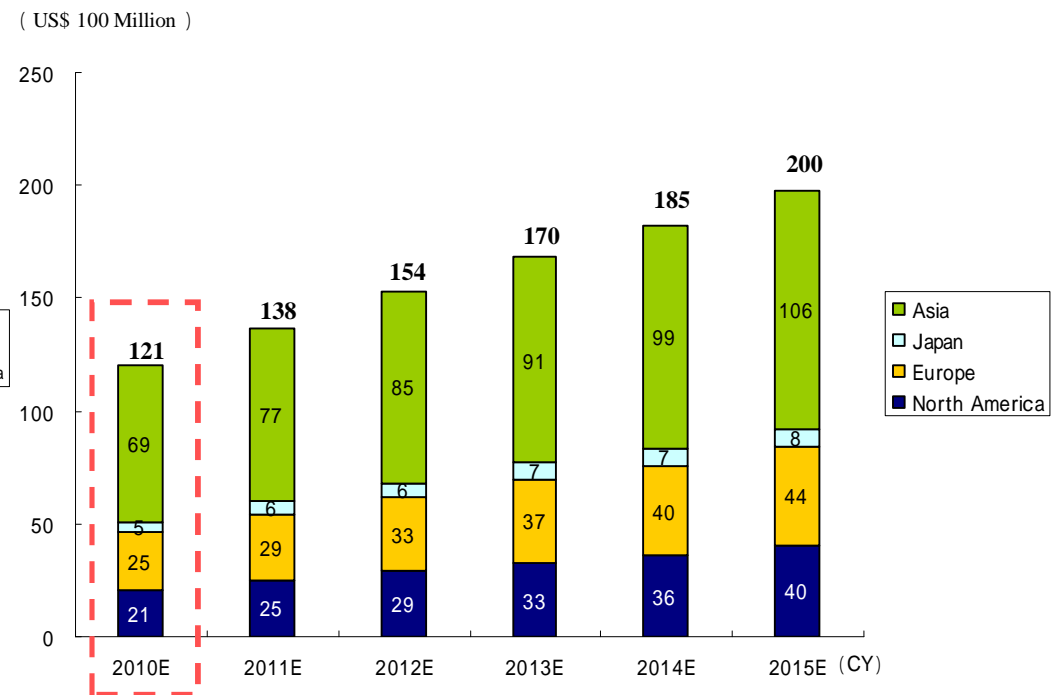
The packaged software market is still in a cyclical downturn, but the online game market is driving growth of the total market

Home Video Game Software Market (Package)



*E: Estimate *Source : International Development Group

PC Online Game Market



*E: Estimate *Source : DFC Intelligence

2-1 . Market Share – Home Video Game Software

Strong sales of “Monster Hunter Freedom 3” and other major titles are increasing Capcom’s share in Japan

Market Share in Japan (2010)

	Share
1. Nintendo	18.7%
2. Namco Bandai	12.1%
3. Capcom	11.0%
4. Square-Enix	10.7%
5. Pokemon	8.4%
6. Konami	8.4%
7. Sega	5.1%
8. SCE	3.6%
9. Koei	2.9%
10. Level Five	2.9%
Others	16.2%
Total	100.0%

*Source: Enterbrain

Market Share in North America (2010)

	Share
...	...
13. Capcom	1.6%
Total	100.00%

*Source: The NPD Group/ Retail Tracking Service

*Data for other companies not shown due to request from company supplying this information.

Market Share in Europe (2010)

	Share
1. Electronic Arts	17.9%
2. Activision Blizzard	14.4%
3. Nintendo	12.3%
4. UBI Soft	11.0%
5. Microsoft	6.0%
6. Take 2	6.0%
7. SCE	5.2%
8. Sega	4.5%
...	...
14. Capcom	1.6%
Others	21.1%
Total	100.0%

compiled by Chart-Track, copyright ELSPA (UK) Ltd.

2-1. Consumer Online Games – FY2010 Performance

Sales of five titles topped 1 million units and the online game business posted solid growth

Major titles were popular in Japan and overseas

- “Monster Hunter Freedom 3” became the best-selling PSP game ever as sales topped 4.6 million units.
- Overseas sales of the newest titles of franchises were strong, resulting in a big increase in sales volume from the previous fiscal year.

Progress with the 2nd stage of structural reforms

- Reorganized and integrated development sections for CS, OL and MC to establish a broad-based multi-platform framework.
- Close oversight of overseas game development partners led to the success of “Dead Rising 2.”
- Expanded development operations by acquiring overseas game developer Blue Castle Games.

Enlarged the platform for online games

- Favorable operation of “Monster Hunter Frontier Online” for Xbox 360.
- Succeeded in acquiring new users in addition to the current customer base of PCs.

2-1. Consumer Online Games – FY2010 Sales

**Sales volume reached a new record as sales of major titles topped
10 million units**

FY2010 Sales of Major Titles

(Unit: Thousand)

Title	Region	Released Date	Total
PSP Monster Hunter Freedom 3	Japan	10/12/1	4,600
PS3 Xbox 360 Dead Rising 2	Japan	10/9/30	2,200
	North America	10/9/28	
	Europe	10/9/24	
PS3 Xbox 360 MARVEL VS. CAPCOM 3 Fate of Two Worlds	Japan	11/2/17	2,000
	North America	11/2/15	
	Europe	11/2/18	
PS3 Xbox 360 Super Street Fighter IV	Japan	10/4/28	1,600
	North America	10/4/27	
	Europe	10/4/30	
PS3 Xbox 360 Lost Planet 2	Japan	10/5/22	1,500
	North America	10/5/11	
	Europe	10/5/11	

*Sales for Japan include the entire Asian region.

2-1. Consumer Online Games – FY2011 Strategic Objectives

Aim for new growth by using more efficient internal development operations and outsourcing to strengthen the games lineup

Enlarge lineup of games under development

- (1) **Shorten the development-to-launch cycle for series titles**
 - Plan to start shortening the cycle in the next fiscal year due to organizational initiatives that started in 2010.
- (2) **Launch new brands**
 - Develop “Dragon’s Dogma” and “Asura’s Wrath” into new franchises.
- (3) **Make extensive use of overseas development companies**
 - Making progress with partnership titles like “Resident Evil: Operation Raccoon City” and “Dmc Devil May Cry”.
- (4) **Strengthen online content operations**
 - “Monster Hunter Frontier Online” for PCs and Xbox 360.
 - Update version sold in Japan and strengthen operations in Asia.
 - Increase the number of home video games with DLC.
 - Provide downloadable content for all major titles for home video consoles.

2-1. Consumer Online Games – FY2011 Plan

FY2011 Sales Plan for Major Titles

(Unit: Thousand)

Title		Region	Releasing Date	Plan
PS3 Xbox360	Resident Evil: Operation Raccoon City	Worldwide	Winter 2011	2,500
PS3 Xbox360	Street Fighter × Tekken	Worldwide	TBA	2,000
PS3 Xbox360	Dragon's Dogma	Worldwide	Early 2012	1,500
PS3 Xbox360	Dead Rising 2: Off The Record	Worldwide	Autumn 2011	800

*Sales for Japan include the entire Asian region.



「Resident Evil: Operation Raccoon City」



「Street Fighter × Tekken」

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2-1. Consumer Online Games – FY2011 Plan

Plan to maintain profitability by expanding the online games business even as sales decrease due to the less release in major titles

Consumer Online Games Business Plan

(Million Yen)

	2010/3	2011/3	2012/3Plan	Difference
Net Sales	43,702	70,269	58,000	-12,269
Operating Income	7,835	12,499	12,500	1
Operating Margin	17.9%	17.8%	21.6%	-

(Unit: Thousand)

Titles	72	53	55	2
Japan	5,200	9,000	7,000	-2,000
North America	3,600	6,000	6,700	700
Europe	3,400	5,000	3,700	-1,300
Asia	300	500	600	100
Total	12,500	20,500	18,000	-2,500

(Breakdown)

(Unit: Thousand)

Distribution Titles	1,000	650	550	-100
Old and Lower PriceTitles	5,500	4,000	3,000	-1,000

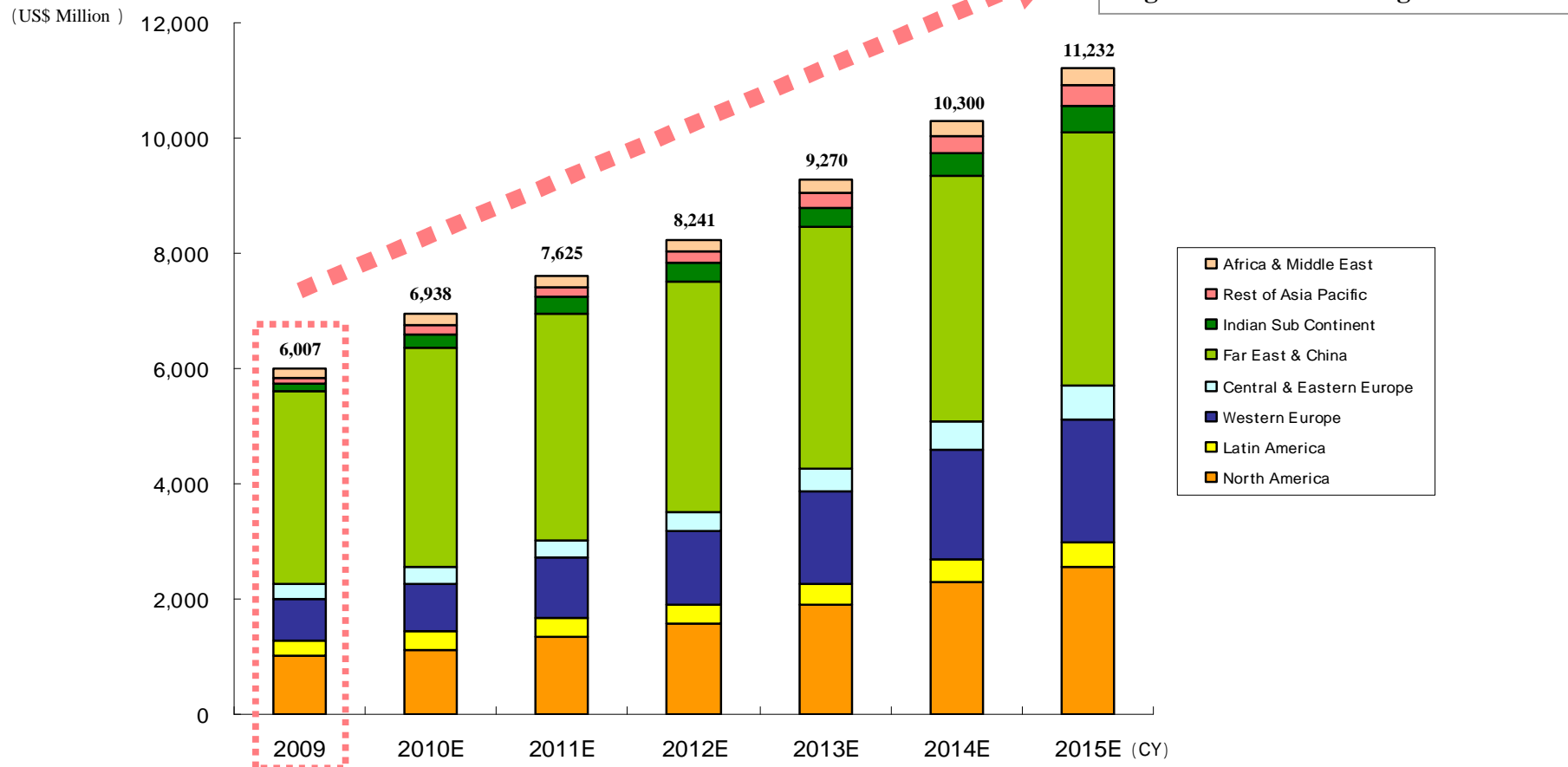
2-2. Mobile Content

-Growth Potential Businesses: 90% of total development and capital expenditure budget -

2-2. Mobile Content– Market Overview

Expect strong market expansion to continue along with the rapid growth in smartphones and rising popularity of social games

Mobile Games Market



*E: Estimate *Source: Juniper Research 2010

2-2. Mobile Content – Strategic Objectives

Focusing on global social game development to establish position as the pioneer in this market

Strategic objectives for Mobile Content (Overseas)

(1) Social game titles using a second brand (not Capcom)

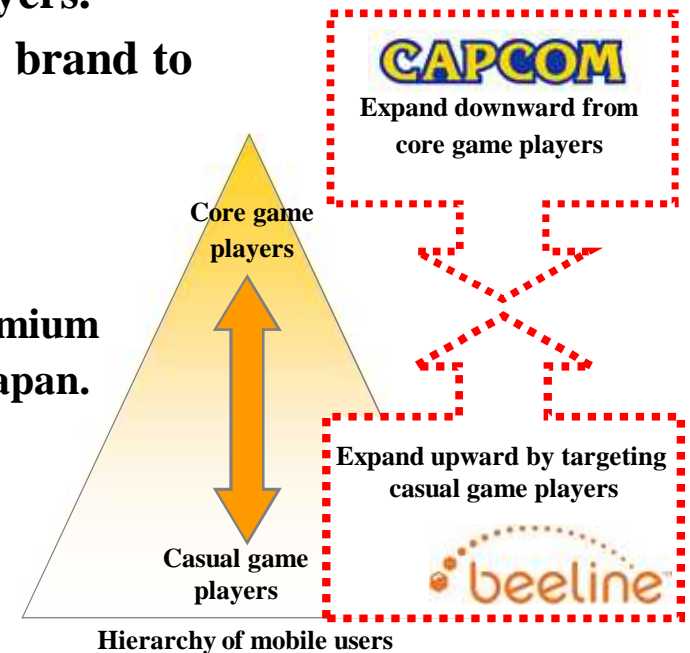
- Use the “Beeline” brand to target casual game players.
- Differentiate “Beeline” brand from the “Capcom” brand to attract casual game players.

(2) Use development bases in North America, Europe and Japan to make social games a global business

- Develop markets by focusing on the development of freemium titles, a category where there are still few titles outside Japan.
- Aggressively promote social games in emerging markets where home video consoles are not widely used.

(3) Launch more new titles

- Plan to launch eight titles during FY2011.
- Launches will be backed by marketing that uses a specialized analysis tool (CRAM) and extensive surveys of game users.



2-2. Mobile Content – Strategic Objectives and Plan

Strategic objectives for Mobile Content (Japan)

Use the “Capcom” brand to create synergies

- Use SNS content sold in Japan to create pathways to new users.
 - “Resident Evil: Outbreak Survive” (GREE)
 - “Sengoku BASARA Mobile” (Mobage)
- Expand sales of popular game series for smartphones to a global scale.
 - “Resident Evil Mercenaries VS.”
 - “Devil May Cry 4 Refrain”



「Resident Evil: Outbreak Survive」

Mobile Content Business Plan

	2010/3	2011/3	2012/3 Plan	(Million Yen) Difference
Net Sales	3,554	4,028	4,700	672
Operating Income	745	1,366	800	-566
Operating Margin	21.0%	33.9%	17.0%	-



「The Smurf's Village」

© Peyo - 2010 - Licensed through Lafig Belgium - www.smurf.com. All game code ©2010 Capcom Interactive, Inc.

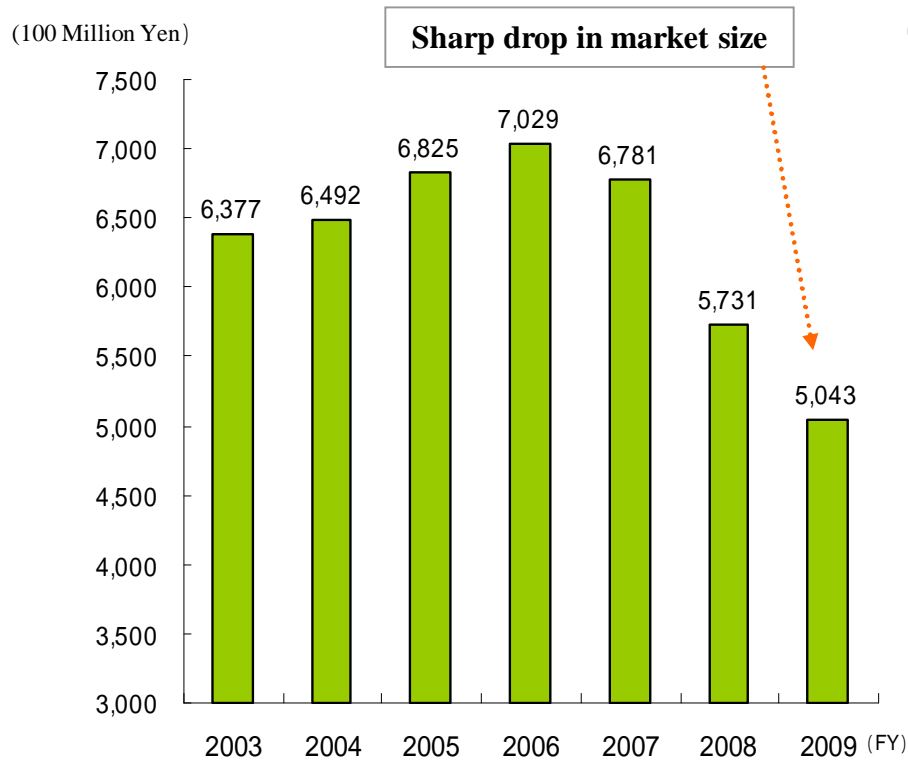
2-3. Arcade Operations

**-Mature Businesses: 10% of total development
and capital expenditure budget -**

2-3. Arcade Operations – Market Overview

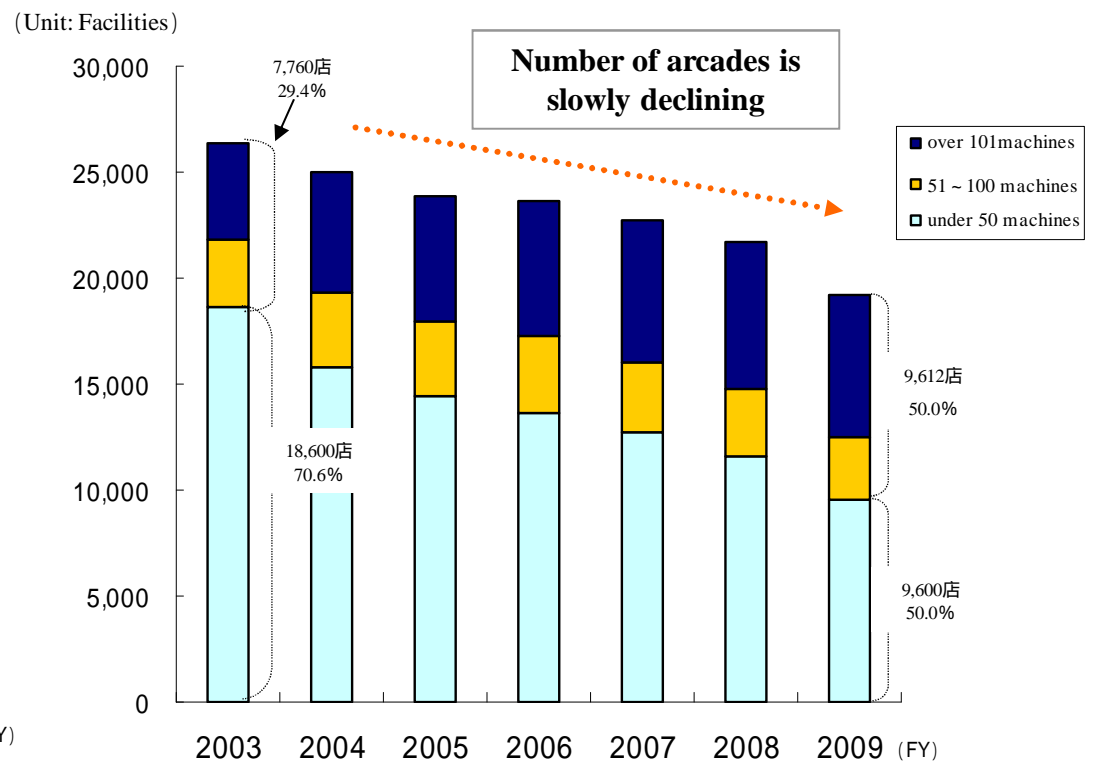
Market continues to shrink but signs of an end to the decline are emerging

Amusement Arcade Market



*Source: Amusement Industry Survey Report

Number of Amusement Arcades (by number of machines)



*Source: Amusement Industry Survey Report

2-3. Arcade Operations – FY2011 Strategic Objectives

Goal is a quick recovery from the earthquake by holding down investments and rigorously cutting costs

Strategic objectives for Arcade Operations

(1) Improve efficiency of existing arcade operations as much as possible

- Resume operations at all arcades that were shut down by the earthquake.
- Further improve operating efficiency and retain a tight focus on restoring profitability of arcades.
- Plan for existing arcade sales to year-on-year : -6%

(2) Thorough studies for opening and closing arcades

- Will continue to use strict standards for approval of new arcades.
- Plan to open one arcade, and close no arcade.



「Plaza Capcom Ishinomaki Arcade」

2-3. Arcade Operations – FY2011 Plan

Number of amusement arcades

(Facilities)

	2009/3	2010/3	2011/3	2012/3Plan
New Stores	6	0	0	1
Closing Stores	8	2	1	0
Total	40	38	37	38

Locations as of March 31, 2011 :Shopping centers: 30
Stand-alone sites: 6
Other: 1



「Plaza Capcom Kyoto Arcade」

Arcade Operations Business Plan

(Million yen)

	2010/3	2011/3	2012/3Plan	Difference
Net Sales	11,985	11,621	11,000	-621
Operating Income	590	1,131	800	-331
Operating Margin	4.9%	9.7%	7.3%	-
Year-to-year ratio of existing stores	-14%	-1%	-6%	-



「Plaza Capcom Kichijoji Arcade」



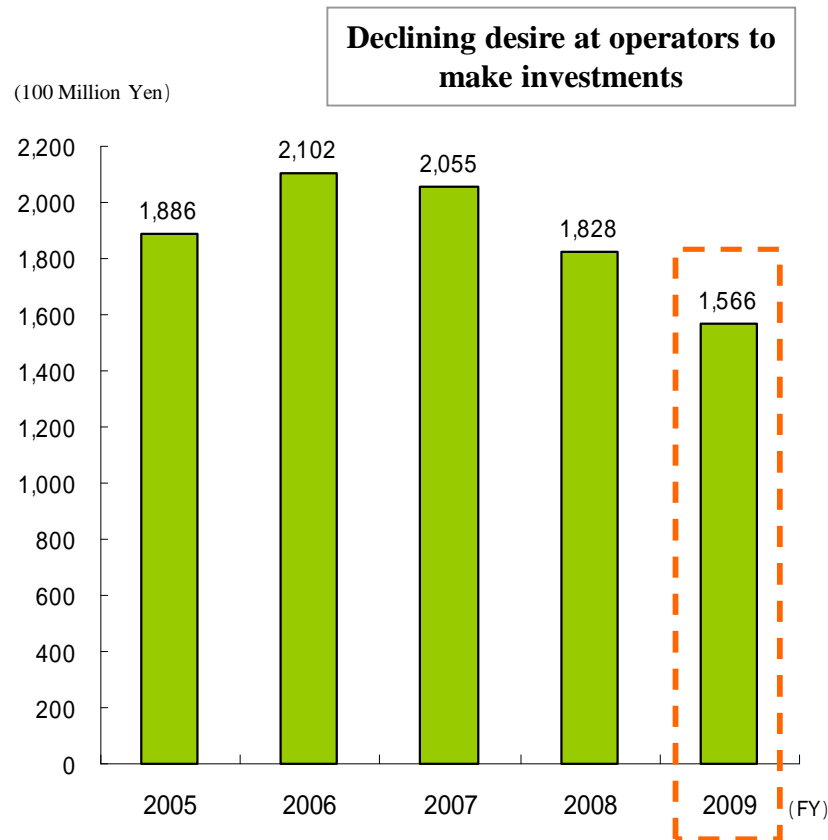
2-4. Amusement Equipments

**-Mature Businesses: 10% of total
development and capital expenditure budget -**

2-4. Amusement Equipments – Market Overview

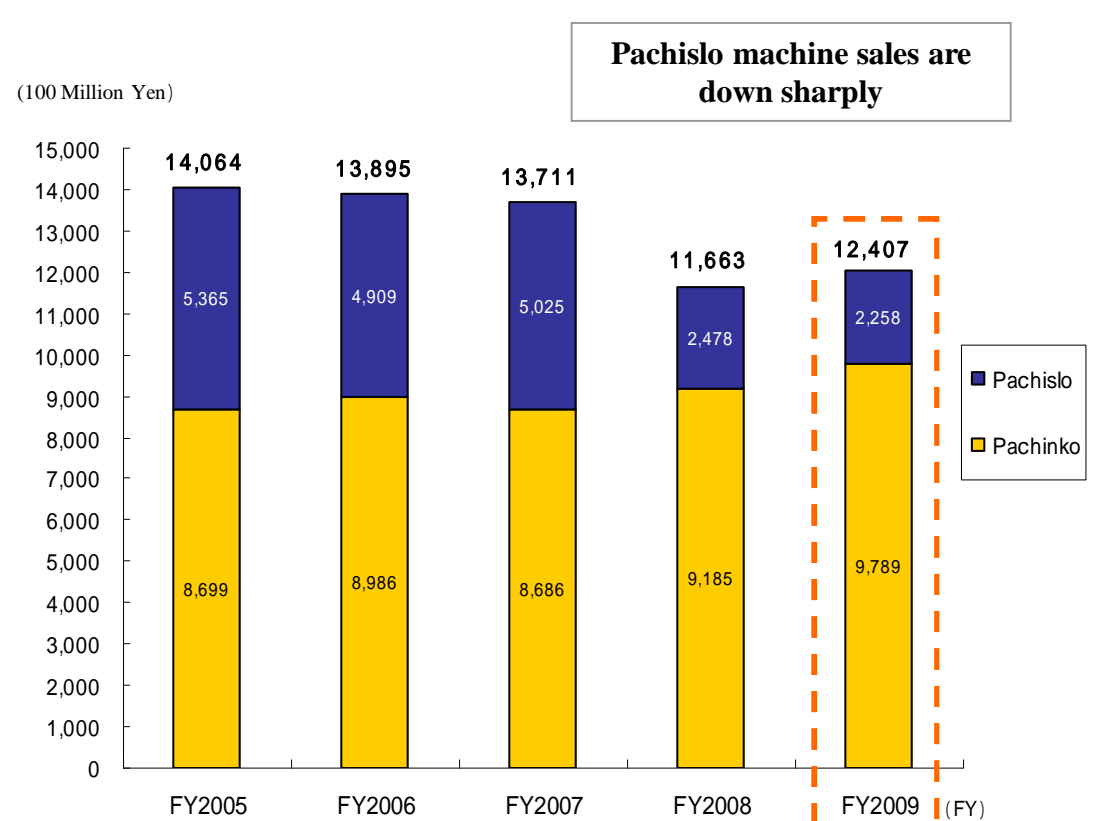
Market for arcade game machines is shrinking due to weakness in the arcade market
Earthquake is making the outlook uncertain for the pachinko & pachislo market

Arcade Machines Market



*Source: Amusement Industry Survey Report

Pachinko & Pachislo Machines Market



*Source: Yano Research Institute Ltd.

2-4. Amusement Equipments – Strategic Objectives and Plan (1)

Use content of popular home video games extensively to make this business a contributor to earnings

Strategic objectives for Pachinko & Pachislo business

- (1) Continue to sell machines that are developed and manufactured by Capcom
 - Continue using the alliance with FIELDS CORPORATION.
 - Capture synergies by adding an internal development capability and establishing a nationwide sales network.
- (2) Earn profits by providing products for other companies
 - Stabilize earnings by both selling Capcom machines and providing products and services for other companies.



Pachislo Machine 「Sengoku BASARA 2」

2-4. Amusement Equipments – Strategic Objectives and Plan (2)

Use content of popular home video games extensively to make this business support earnings with a consistent performance

Strategic objectives for Arcade Games Sales business

Earn profits by consistently introducing new products

- **Develop medal-winning game that uses Capcom content as well as licensed content from other companies.**

Plan to launch several new machines, including “New Super Mario Brothers Wii Coin World”.

Amusement Equipments Business Plan (Sum of Pachinko & Pachislo and Arcade Games Sales)

(Million yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net Sales	4,545	7,903	8,800	897
Operating Income	-347	2,638	1,200	-1,438
Operating Margin	-7.6%	33.4%	13.6%	-

***FY2011 sales will be 70% : 30% between Pachinko & Pachislo and Arcade Games Sales**



2-5. Other Businesses

2-5. Other Businesses – Strategic Objectives and Plan

Use content to increase brand value with the goal of achieving the horizontal expansion of Capcom's game content

Strategic objectives for Character Content

Aggressively pursue the “Single Content Multiple Usage” strategy

- **Sell merchandise linked to launches of home video games.**
- **Raise awareness of content among people who do not play video games by using this content for other visual content and movies.**

Premiere of the “Sengoku BASARA” movie planned for June 2011.

Continue to seek opportunities for Hollywood-produced movies.

Other Businesses Plan

	2010/3	2011/3	2012/3 Plan	(Million yen) Difference
Net Sales	3,049	3,893	3,500	-393
Operating Income	1,016	1,098	800	-298
Operating Margin	33.3%	28.2%	22.9%	-



「Sengoku Basara -The Last Party-」
CAPCOM/TEAM BASARA



3. Forecasts for FY 2011

3. Forecasts for Year ending March 2012

Expect lower sales and earnings following the large contributions of major titles in the previous FY, but foresee little change in the operating margin due to growth in the Online Games and Mobile Contents businesses

(Million Yen)

	2011/3	2012/3Plan	Difference
Net sales	97,716	86,000	-11,716
Operating income	14,295	12,100	-2,195
Operating margin	14.6%	14.1%	-
Ordinary income	12,861	12,000	-861
Net income	7,750	7,000	-750

Forecast for net income per share: ¥118.47

Forecast for dividend: ¥40 (¥15 interim and ¥25 year-end dividend)

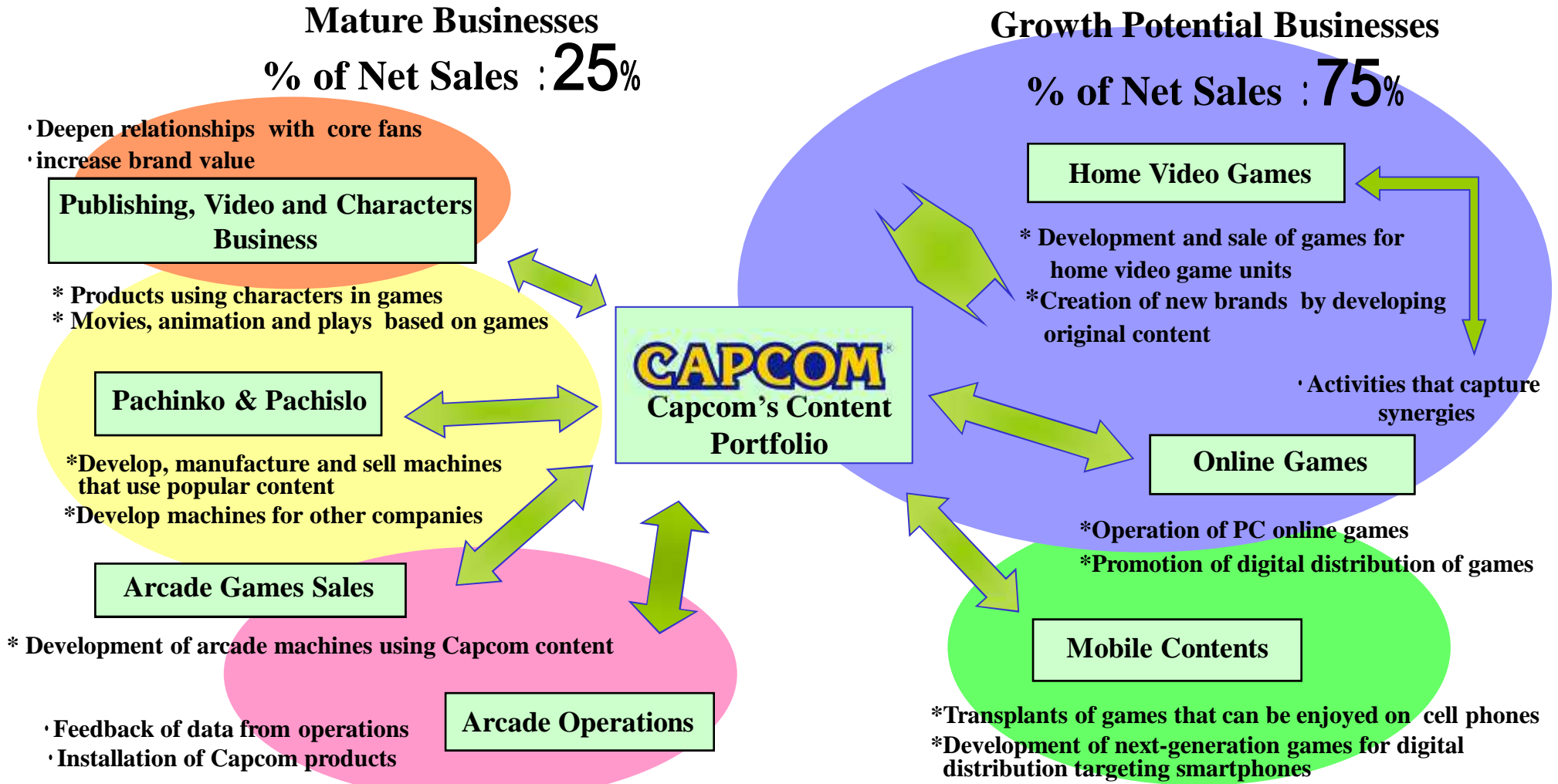


4. Additional Information (1)

About Capcom

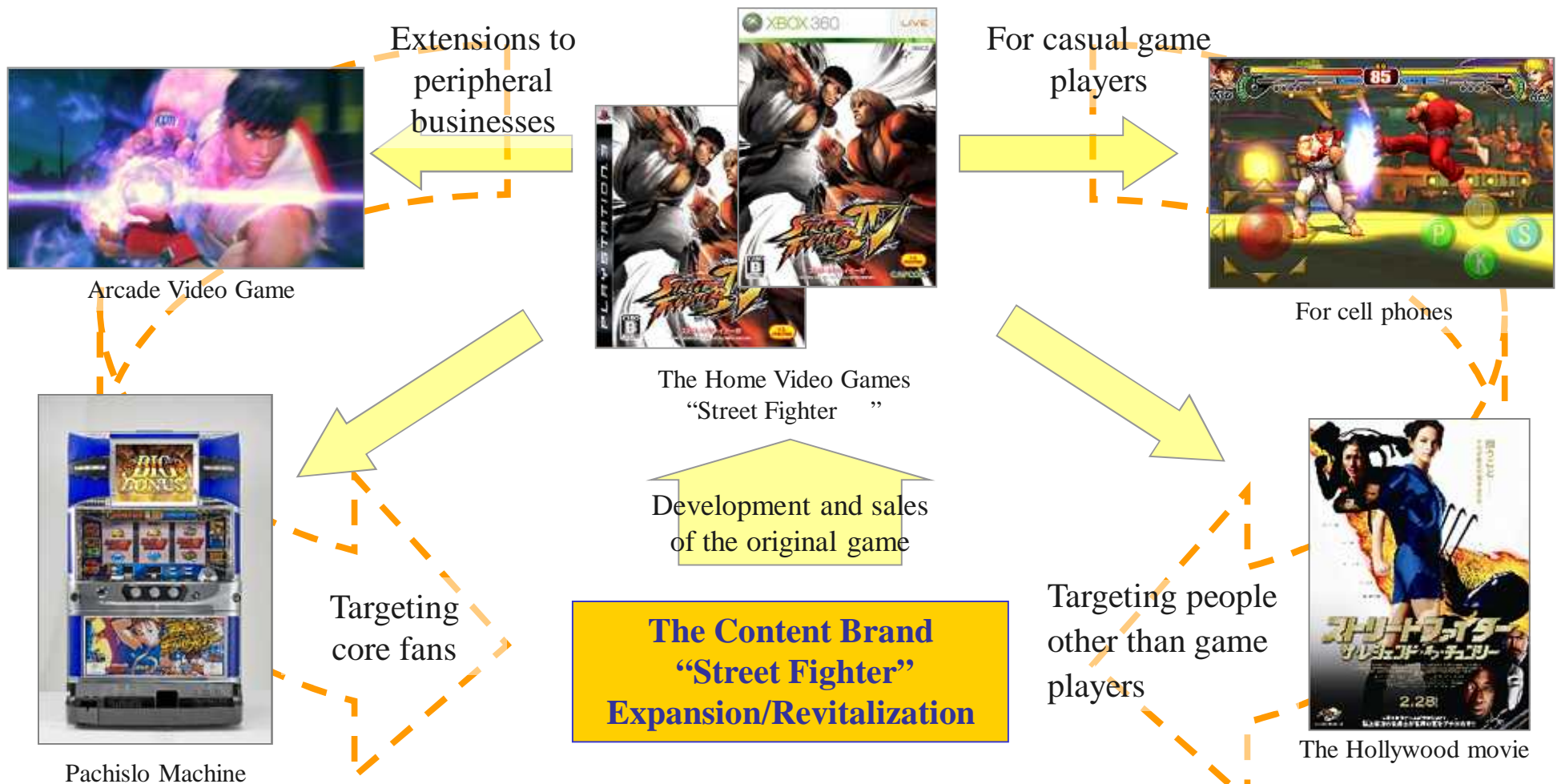
4-1. The Businesses of Capcom

Capcom uses its game content as the basis for a broad range of business activities



4-2. Example : Expansion of the contents “Street Fighter”

Capcom can use its collection of powerful original game content for home video consoles as well as in many other businesses.



© CAPCOM CO., LTD. / Based on Capcom's Street Fighter Video Games



4-3. Capcom's Competitive Edge

**Global popularity backed by many well-known brands
for home video games**

1. A lineup of powerful titles

(1) Successful home video games along with a large volume of proprietary content, the key to horizontal growth

- "Resident Evil" series: 45 million units
 - "Street Fighter" series: 31 million units
 - "Devil May Cry" series: 10 million units
 - "Monster Hunter" series: 18 million units
 - "Lost Planet" series: 4.7 million units
 - "Dead Rising" series: 4.5 million units
- as of March 31, 2011

2. Strong Expansion in overseas market

(1) Consistent release of double-platinum hits in North America and Europe, which have excellent growth prospects.

(2) Sales of major game titles are 90% overseas, 10% Japan

3. A world leader in game development and technology

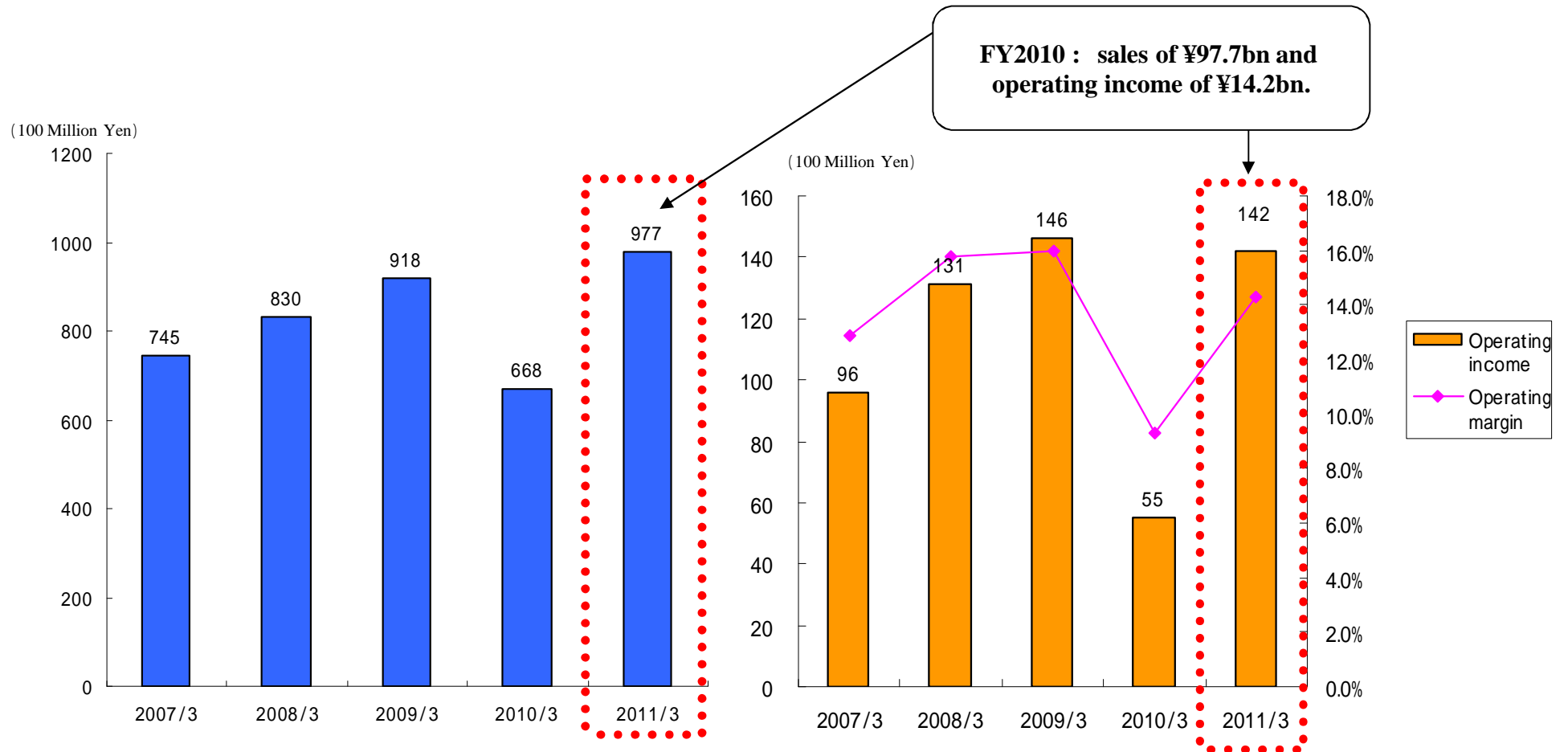
(1) Rather than relying solely on our major game titles, we create original content every year to establish new sources of growth.

(2) Basic research involving game development is another strength; we are now using the MT Framework, a highly advanced software development tool that we created to facilitate producing games for multiple platforms.

4-4. Business Results (historical data)

FY2010 sales set a new record because of strong sales of major titles

Financial Result for 5 years





5. Additional Information (2)

Summary of Major Financial Information

5-1. Summary of Major Financial Information (2)

Profit and Loss Sheet (Unit: Million Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
Net Sales	91,878	66,837	97,716	146.2%	86,000	88.0%
Gross Profit	36,917	24,720	37,304	150.9%	35,100	94.1%
% of Gross Profit	40.2%	37.0%	38.2%	-	40.8%	-
Sales and G&A Expenses	22,299	19,133	23,009	120.3%	23,000	100.0%
Operating Income	14,618	5,587	14,295	255.9%	12,100	84.6%
% of Operating Income	15.9%	8.4%	14.6%	-	14.1%	-
Ordinary Income	13,808	5,530	12,861	232.6%	12,000	93.3%
% of Ordinary Income	15.0%	8.3%	13.2%	-	14.0%	-
Net Income	8,063	2,167	7,750	357.6%	7,000	90.3%
% of Net Income	8.8%	3.2%	7.9%	-	8.1%	-

Sales by Business Segments (Unit: Million Yen)

		2009/3	2010/3	2011/3	%	2012/3 Plan	%
Consumer Online Games	Net Sales	-	43,702	70,269	160.8%	58,000	82.5%
	Operating Income	-	7,835	12,499	159.5%	12,500	100.0%
	Operating Margin	-	17.9%	17.8%	-	21.6%	-
Mobile Content	Net Sales	-	3,554	4,028	113.3%	4,700	116.7%
	Operating Income	-	745	1,366	183.4%	800	58.6%
	Operating Margin	-	21.0%	0	-	17.0%	-
Arcade Operations	Net Sales	-	11,985	11,621	97.0%	11,000	94.7%
	Operating Income	-	590	1,131	191.7%	800	70.7%
	Operating Margin	-	4.9%	9.7%	-	7.3%	-
Amusement Equipments	Net Sales	-	4,545	7,903	173.9%	8,800	111.4%
	Operating Income	-	-347	2,638	-	1,200	-
	Operating Margin	-	-7.6%	0	-	13.6%	-
Others	Net Sales	-	3,049	3,893	127.7%	3,500	89.9%
	Operating Income	-	1,016	1,098	108.1%	800	72.9%
	Operating Margin	-	33.3%	28.2%	-	22.9%	-

*Some results are excluded because of the redefinition of business segments from FY2010

Sales by Geographic Area (Unit: Million Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
Japan	54,193	47,269	67,033	141.8%	55,000	82.0%
North America	21,851	10,825	19,340	178.7%	20,500	106.0%
Europe	14,167	7,813	9,966	127.6%	9,000	90.3%
Others	1,665	928	1,376	148.3%	1,500	109.0%

5-2. Summary of Major Financial Information (2)

Promotional Expense (Unit: Million Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
Capcom Japan	2,926	2,686	3,293	122.6%	3,400	103.2%
Consolidated	6,816	5,299	7,046	133.0%	7,000	99.3%

Number of Arcades (Unit: facilities)

	2009/3	2010/3	2011/3	difference	2012/3 Plan	difference
Consolidated	40	38	37	-1	38	1

Capital Expenditure (Unit: Million Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
Capcom Japan	1,817	1,276	1,561	122.3%	2,100	134.5%
Consolidated	2,061	1,636	1,725	105.4%	2,700	156.5%

Depreciation (Unit: Million Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
Capcom Japan	3,390	2,876	2,846	99.0%	2,800	98.4%
Consolidated	4,143	3,368	3,315	98.4%	3,400	102.6%

Number of Employees (Unit: Persons)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
Capcom Japan	1,455	1,620	1,636	101.0%	1,670	102.1%
Consolidated	1,813	1,930	2,089	108.2%	2,228	106.7%

R&D Investment Cost (Unit: Million Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
R&D Investment Cost	19,744	19,126	26,150	136.7%	31,000	118.5%
Technical R&D Cost	2,329	2,125	2,924	137.6%	2,600	88.9%

Foreign Exchange Rate (As of March 31) (Units: Yen)

	2009/3	2010/3	2011/3	%	2012/3 Plan	%
USD/¥	98	93	83	89.2%	84	101.2%
Euro/¥	129	124	117	94.4%	110	94.0%

5-3. Summary of Major Financial Information (2)

Sales Units Shipped <platform>

(Unit: '000 copies)

		2009/3	2010/3	2011/3	Difference	2012/3 Plan	Difference
Playstation 2	Total Titles	10	10	1	-9	-	-1
	Sub Total	1,550	600	300	50.0%	-	-
Playstation 3	Total Titles	15	11	11	-	16	5
	Sub Total	4,450	2,700	6,200	229.6%	8,000	129.0%
PSP	Total Titles	18	20	11	-9	11	-
	Sub Total	3,250	2,400	6,200	258.3%	2,200	35.5%
Game Cube	Total Titles	-	-	-	-	-	-
	Sub Total	100	0	-	-	-	-
Wii	Total Titles	14	8	5	-3	2	-3
	Sub Total	1,700	3,200	1,400	43.8%	200	14.3%
NintendoDS	Total Titles	37	12	11	-1	9	-2
Nintendo 3DS	Sub Total	1,350	1,000	1,700	170.0%	2,400	141.2%
Xbox 360	Total Titles	12	8	11	3	14	3
	Sub Total	4,300	1,700	4,200	247.1%	4,700	111.9%
PC & Others	Total Titles	4	3	3	-	3	-
	Sub Total	600	900	500	55.6%	500	100.0%
Total	Total Titles	110	72	53	-19	55	2
	Sub Total	17,300	12,500	20,500	164.0%	18,000	87.8%

Sales Units Shipped <geographic>

(Unit: '000 copies)

	2009/3	2010/3	2011/3	Difference	2012/3 Plan	Difference
Japan	6,300	5,200	9,000	173.1%	7,000	77.8%
North America	6,000	3,600	6,000	166.7%	6,700	111.7%
Europe	4,500	3,400	5,000	147.1%	3,700	74.0%
Asia	500	300	500	166.7%	600	120.0%
Total	17,300	12,500	20,500	164.0%	18,000	87.8%

Forward-looking Statements

Information in these materials concerning strategies, plans, outlooks and all other items except historical facts are forward-looking statements. These statements are based on certain assumptions that use reasonable judgments in accordance with information that is currently available. Actual performance may differ significantly from these statements for a variety of reasons.

The operating results of all companies in the video and arcade game business may be highly volatile due to shifts in market conditions caused by changing user needs and other factors.

Factors that may affect operating results include, but are not limited to: 1) the ability to introduce hit products, and the volume of sales, in the home video games business, which accounts for the majority of sales; 2) progress in developing new home video games; 3) the popularity of home video game players; 4) sales outside Japan; 5) changes in stock prices and foreign exchange rates; 6) alliances with other companies concerning product development, sales and other operations; and 7) changes in market conditions.