Explanation Summary of Financial Results Briefing for the 2nd Quarter of the Year ending March 31, 2013 by Haruhiro Tsujimoto, President and Chief Operating Officer (November 1, 2012)

My presentation today will cover our first half performance and our plan for the second half of this fiscal year.

P2 Points of Financial Highlights

	Point of Financial Highlights
<u>Gı</u>	rowth Strategy Initiatives
I	Expansion of the home video game pipeline
	Initial shipments of "Resident Evil 6" reached 4.5 million units, a new record for Capcom
•	Release of "Monster Hunter 4" scheduled for March 2013
S	Strengthened the Online Games business,
V	which has much growth potential
•	Cumulative members for social games in Japan passed 6.4 million*,
	including 2 million for "Minna to Monhan Card Master" *as of the end of October
•	Started full-scale operations in Asia by establishing development bases in
	Taiwan, Korea and Thailand
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First, I will explain our progress with two growth strategies that we announced at the beginning of the fiscal year for achieving our medium-term targets.

We have progress with expanding our lineup of home video game's pipeline. Initial shipments of "Resident Evil 6" set a new record at 4.5 million units and we plan to release "Monster Hunter 4" in March 2013.

The Online Games business is a sector we are strengthening because of its significant growth potential. Our cumulative members for social games in Japan are more than 6.4 million, including more than 2 million for "Minna to Monhan Card Master".

Furthermore, we have started full-scale start of operations in Asia by establishing development bases in Taiwan, Korea and Thai.

P4 Digital Contents – First Half Highlights

	Sales and earnings much higher than one year earlier due to the launch of a major title and growth of online contents				
itai	Contents Performance			(100 million yen)	
		2011/9	2012/9	2013/3 Plan	
	Net sales	206	349	780	
	Operating income	31	57	140	
	Operating margin	15.2%	16.5%	17.9%	
(Cor	mposition)				
	Package	134	238	520	
l r	Online Contents				
	DLC	12	21	50	
	Mobile Contents	25	60	140	
	PC Other	35	30	70	
	Online Contents Total	72	111	260	

In our core Digital Contents business, first half sales and earnings were much higher than one year earlier due to the launch of major titles and growth of Online Contents.

Package software sales rose from 13.4 billion yen to 23.8 billion yen because we started selling two big titles: "Resident Evil 6" and "Dragon's Dogma". For Online Contents, sales increased 3.9 billion yen to 11.1 billion yen mostly because of growth in downloadable contents (DLC) and mobile contents sales.

As a result, Digital Contents sales were up 14.3 billion yen from the same term last year to 34.9 billion yen. Operating income increased 2.6 billion yen to 5.7 billion yen and the operating margin improved to 16.5%.

"Resident Evil 6" posts record-high initial shipments Decision made to make "Dragon's Dogma" a series of games						
Half S	ales of Major Titles (Package So	oftware)		L		
Platform	Title	Region	(T Date	housand unit Result		
i muorini	inte	Japan	2012/10/4	3,700		
PS3	Resident Evil 6	North America	2012/10/2			
Xbox 360		Europe	2012/10/2			
	Dragon's Dogma	Japan	2012/5/24	1,200		
PS3 Xbox 360		North America	2012/5/22			
ADUX 300	_	Europe	2012/5/25			
PS3 Xbox 360		Japan	2012/4/26	600		
	Resident Evil: Operation Raccoon City *Repeat Sales in North America and Europe(Xbox 360/PS3)	North America	2012/3/20			
PC		Eu rope	2012/3/23			
Japan include	es sales in other Asian countries					
1						

In the Home Video Games business, initial shipments of "Resident Evil 6" set a new record with 4.5 million units, including 3.7 million recorded in the first half.

In addition, "Dragon's Dogma" shipments totaled 1.2 million units and we have decided to make this into a series. First half shipments of "Resident Evil: Operation Raccoon City" were 600,000 units.

Big increase in sales volume despite decline in number of titles due to contribution from two million-seller titles						
<u>ge Software</u>	Unit Sales fo	r the 6 Month	<u>15</u>			
	2010/9	2011/9	2012/9	(Thousand unit		
Titles	27	34	17	-17		
Japan	3,100	3,000	1,800	-1,200		
North America	2,800	1,100	3,100	2,000		
Europe	2,800	800	2,300	1,500		
Asia	300	100	200	100		
Total	9,000	5,000	7,400	2,400		
Composition)				(Thousand unit		
	2010/9	2011/9	2012/9	Difference		
Distribution titles	350	750	300	-450		
Oldtitles	2,500	2,000	1,800	-200		

First half package software sales volume posted a big increase of 2.4 million units from the same term last year to 7.4 million. The number of titles was down by 17 from the same term last year mainly because of declines in the numbers of Nintendo DS titles and lower-priced titles. But the contributions of two million-seller titles pushed up sales volume.

By region, volume in Japan was down 1.2 million units from the same term last year but there were big increases in volume in other regions due to the popularity of "Resident Evil 6" and other titles.

Sales volume of distribution titles fell 450,000 because of the strong sales last year of two big hits released in the first half of the previous fiscal year: "L.A. Noire" and "Dark Souls".

Digital Contents – First Half Highlights (4)
Online contents sales continues to climb along with higher social game and DLC sales
First Half Highlights (DLC)
• Sales much higher than one year earlier due to launch of DLC associated with hit titles like "Dragon's Dogma" and "Resident Evil: Operation Raccoon City"
First Half Highlights (PC Others)
 Sales down following sales growth from major update one year earlier despite on target sales of the major title "Monster Hunter Frontier Online"
First Half Highlights (Mobile Contents)
 For the Capcom brand, the social game lineup in Japan was increased and cumulative members surpassed 6 million
•For the Beeline brand, growth continued, mainly for "Smurfs' Village," and cumulative downloads surpassed 74 million
CAPCOM

First half Online Contents sales posted a solid increase because of sales growth in the DLC and social games categories.

In the DLC category, our introduction of content associated with "Dragon's Dogma", "Resident Evil: Operation Raccoon City" and other major titles was responsible for the big increase in sales.

In the PC Online Games business, there was a small sales decline. Sales of the core title "Monster Hunter Frontier Online" were as planned, but total sales were down from the same term last year when major updates pushed up sales in this business.

In the Mobile Contents business, we launched three Capcom brand titles: "Sengoku BASARA Card Heroes", "Minna to Akashic Heroes" and "Minna to Youkai Heroes". Activities to strengthen our lineup of social games in Japan raised the cumulative number of members to more than 6 million.

The Beeline brand is also performing well, chiefly "Smurfs' Village", and cumulative downloads are now more than 74 million.

<u>P8 Digital Contents – Second Half Strategies</u>



My next subject is our second half strategies for the Home Video Games business.

In the second half, we will introduce major titles as well as focus on repeat sales of "Resident Evil 6".

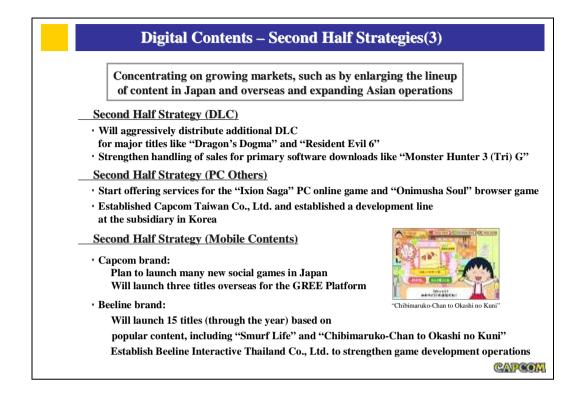
After taking into account numerous factors following the debut of "Resident Evil 6", we have lowered our sales plan from the initial 7 million units to 6 million. Furthermore, we established sales plans of 2 million units worldwide for "DmC Devil May Cry" and 2 million units in Japan for "Monster Hunter 4".

	•		number of titl troductions of	•
12 Digital C	ontents Plan			
				(Thousand unit
	2011/3	2012/3	2013/3 Plan	Difference
Titles	53	68	50	-18
Japan	9,000	6,800	7,500	700
North America	6,000	5,100	5,600	500
Europe	5,000	3,300	4,400	1,100
Asia	500	500	500	•
Total	20,500	15,700	18,000	2,300
Composition)				(Thousand unit
	2011/3	2012/3	2013/3 Plan	Difference
Distribution titles	650	1,250	400	-850
Old titles	4,000	3,900	4,000	100

For our package software sales plan, we have made revisions to the fiscal year sales volume and number of titles due to changes in launch dates of some titles and for other reasons.

The number of titles is now 25 fewer than in our initial plan. The main reason is our reexamination of lower-priced titles and distribution titles.

Our fiscal year sales volume plan has been reduced by 2 million to 18 million units. There is no change in our plan for sales volume of distribution titles and old and lower-priced titles.



In the Online Contents business, our second half strategy involves focusing resources on this growing market sector. We are increasing our lineup of content in Japan and overseas, expanding operations in Asia and taking other actions.

In the DLC category, we are launching many additional DLC for major titles like "Dragon's Dogma" and "Resident Evil 6" as well as working on increasing downloads of primary software like "Monster Hunter 3 (Tri) G".

In the PC Online Games business, we started services for the browser game "Onimusha Soul" in October and plan to start services for the new online game "IXION SAGA" by the end of this year.

Furthermore, we established "Capcom Taiwan Co., Ltd." and have established a development line at our subsidiary in Korea.

In the Mobile Contents business, we plan to launch many Capcom brand social games in Japan. We will also start selling three titles outside Japan for the GREE Platform: "DEADRISING THE SURVIVAL", "RESIDENT EVIL VS." and "MONSTER HUNTER Massive Hunting".

For the Beeline brand, we are introducing many titles featuring popular content. For example, we will start selling "Smurf Life", the latest addition to the globally successful "Smurf" series, and "Chibimaruko-Chan to Okashi no Kuni", which features Chibimaruko-chan, a popular character in Japan. In all, we plan to start distributing 15 Beeline brand titles this fiscal year.

In addition, we established "Beeline Interactive Thailand Co., Ltd." and strengthen development line as well as our operations in Asia.

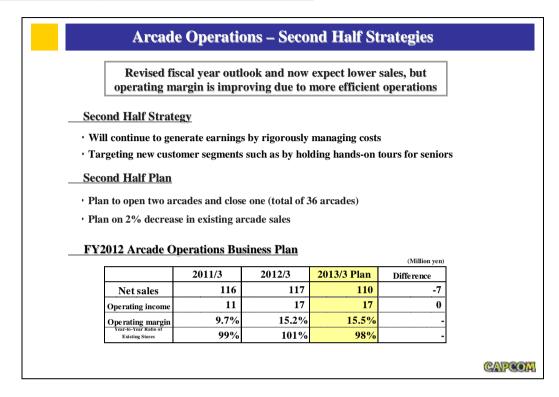
<u>P14</u> Arcade Operations – First Half Highlights

Arcad	le Operat	ions – Firs	t Half Hig	ghlights	
due to surg	Existing arcade sales down from one year earlier due to surge in 2011 in demand in Japan for leisure activities following the Great East Japan Earthquake				
First Half Highligh	<u>nts</u>				-
 Existing arcade sale (down 8% in first q Closed two arcades 	uarter and 4%	•			
First Half Arcade	Operations H	<u>Performance</u>		(Million yen)	
	2010/9	2011/9	2012/9	Difference	
Net sales	59	60	56	-4	
Operating income	7	12	9	-3	
Operating margin	12.4%	20.2%	17.5%	-	
Year-to-Year Ratio of Existing arcades	98%	102%	94%	-	
Number of Arcade	25			(Facilities)	
	2011/3	2012/3	2012/9	2013/3 Plan	
New arcades	0	0	0	2	
Closing arcades	1	0	2	3	
Total	37	37	35	36	

In the Arcade Operations business, existing arcade sales were lower than one year earlier because of higher sales in the first half of the previous fiscal year as demand rose following the Great East Japan Earthquake.

Existing arcade sales decreased 6% and first half sales decreased 0.4 billion yen to 5.6 billion yen. Operating income decreased 0.3 billion yen to 0.9 billion yen and the operating margin was 17.5%. Two arcades were closed during the first half, resulting 35 arcades at the end of the first half.

P15 Arcade Operations – Second Half Strategies

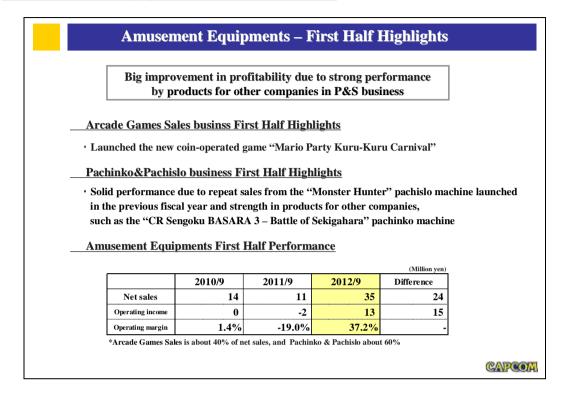


We have lowered our fiscal year sales and earnings plan in this business because first half performance was slightly below the initial plan. But we will continue to control costs tightly in order to generate earnings. In addition, we are targeting new segments, such as by inviting seniors to take part in hands-on tours of our arcades.

In the second half, we plan to open two arcades and close one, which will raise our network to 36 arcades. We expect fiscal year existing arcade sales to be 2% less than in the previous fiscal year.

For the fiscal year, we expect sales of 11.0 billion yen, 1.0 billion yen below the initial plan, and operating income of 1.7 billion yen, 0.2 billion yen below the initial plan. Our plan calls for an operating margin of 15.5%. Despite the lower sales in our revised plan, we foresee no change in operating income due to measures to improve efficiency and we expect the operating margin to increase.

P16 Amusement Equipments : First Half Highlights



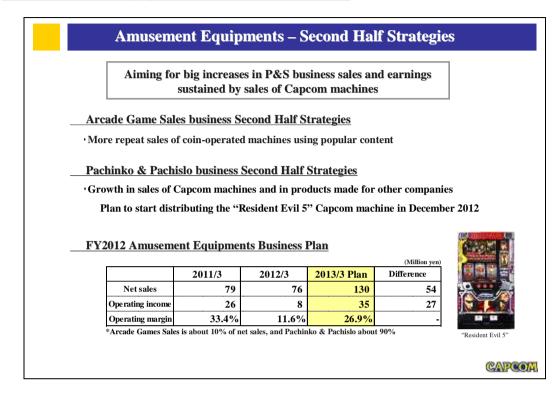
In the Amusement Equipments business, there was a substantial improvement in profitability primarily because of a big contribution from the production of machines for other companies in the Pachinko & Pachislo business.

In the Arcade Game Sales business, we started selling the "Mario Party Kurukuru! Carnival" coin-operated game and performance was generally as planned.

The Pachinko & Pachislo business performed well because of repeat sales from the "Monster Hunter" pachislo machine and a solid performance by the "CR Sengoku BASARA 3" pachinko machine and other products for other companies.

As a result, there were big increases in sales and earnings from one year earlier. Sales increased 2.4 billion yen to 3.5 billion yen, operating income was up 1.5 billion yen to 1.3 billion yen and the operating margin was 37.2%.

P17 Amusement Equipments – Second Half Strategies



In the second half of the fiscal year, our goal is to again achieve much higher sales and earnings than the same term last year. We plan to accomplish this by launching new Capcom pachislo machines.

In the Arcade Game Sales business, there will be no new models but we expect more repeat sales from our current coin-operated games that feature popular content.

In the Pachinko and Pachislo business, we will continue expanding sales of Capcom machines and the production of machines for other companies. In December 2012, we plan to start distributing "Resident Evil 5", which is a Capcom pachislo machine. The initial market response is good; we have received orders for 35,000 units thus far. We plan to start selling a number of models for other companies, too.

We expect fiscal year sales of 13.0 billion yen, 3.0 billion yen above the initial plan, operating income of 3.5 billion yen, 1.2 billion yen above the initial plan, and an operating margin of 26.9%.

No change in fiscal titles and increasi	•	0	
			(Million ye
	2012/3	2013/3 Plan	Difference
Net sales	82,065	105,000	22,935
Operating income	12,318	15,800	3,482
Ordinary income	11,819	15,700	3,881
Net income	6,723	9,800	3,077
No change in initia Fiscal year EPS for Forecast first half or resulting in a FY3/	recast is 170.19 dividend of 15	yen yen and year-en	•

My last subject is our consolidated forecast for the current fiscal year.

In the first half, our performance was generally in line with our initial plan. For the fiscal year, we have lowered our package software sales plan mainly because of a revision in projected sales volume but we expect solid growth in the Online Contents business and a strong performance in the Pachinko and Pachislo business. As a result, we have not revised our initial plan for the fiscal year.

Consequently, our forecast is as follows: net sales up about 23.0 billion yen to 105.0 billion yen, operating income up about 3.5 billion yen to 15.8 billion yen, ordinary income up about 3.9 billion yen to 15.7 billion yen, and net income up about 3.1 billion yen to 9.8 billion yen. We also forecast earnings per share of 170.19 yen and a fiscal year dividend of 40 yen, the sum of a 15 yen first-half dividend and 25 yen year-end dividend.

Everyone at Capcom is firmly dedicated to achieving the targets in our initial fiscal year plan. Thank you for taking the time to attend today's meeting.