Explanation Summary of Financial Results Briefing for 2nd Quarter of the Year ending March 31, 2014 by Haruhiro Tsujimoto, President and Chief Operating Officer (November 1, 2013)

In my presentation, I will talk about our first half business segment performance and our strategic goals for each segment.

P8 Point of Financial Highlights



Point of Financial Highlights

Growth Strategy Initiatives

- Improve the Consumer business
- "Monster Hunter 4" shipments are 3 million units
 'As of October 15, 2013, including download sales
- Now implementing reorganization measures (development activities and overseas subsidiaries) associated with structural improvements in the previous fiscal year
- Strengthen the Online Games business, which has much growth potential
 - DLC sales increased 150% from one year earlier to 5.4 billion yen
 - Announced 14 new online game titles in August 2013

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I will begin with a progress report concerning the two growth strategies we have been pursuing as the most important measures for achieving our medium-term goals.

The first is "improving the Consumer business". We anticipate slow growth to continue in the home video game market, which includes digitally distributed content (DLC). In addition, the Consumer business is where we create the content for our businesses. As a result, we will continue to place emphasis on this business.

We launched "Monster Hunter 4" on September 14. As of October 15, shipments totaled 3 million units, including full-game download sales. This figure was 3.3 million units on October 25. Overall, this title is performing very well because of the strong response it generated among users.

As you heard from the chairman, we are making progress with our reorganization. In consideration of the volatile market environment, Capcom must create successful new titles and shift from selling products to performing operations. To accomplish these goals amid the rapid pace of change in our markets, Capcom is altering its organizational structure and shifting the role of overseas subsidiaries from sales to marketing.

The second goal is "strengthening the Online Games business". Just as in the Consumer business, we will continue to use numerous initiatives to grow in the online content sector, too.

In the first half, DLC sales were up by more than 150% from one year earlier to 5.4 billion yen. Full-game downloads of "Monster Hunter 4" were one reason for this growth. Furthermore, in August we announced 14 online game titles that we plan to introduce starting in the second half of this fiscal year.

My next subject is an overview of our business segment performance.

P11 Digital Contents – First Half Highlights (1)

Digital Contents - First Half Highlights (1)

Clear division between winners and losers for major titles, but Consumer business profitability improved due to higher downloadable content (DLC) sales ratio

■ First Half Highlights (Consumer)

- "Monster Hunter 4", a key title in this fiscal year, has performed well due to sales mainly in Japan, where profitability is high, and an increasing ratio of download sales
- · Sales of "Resident Evil Revelations Unveiled Edition" reached one million units
- · Sales of "Lost Planet 3" was 300,000 units, below expectations in Europe and North America

■ First Half Sales of Major Titles (Consumer)

			(T	housand uni	
Platform	Title	Region	Date	Result	
3DS	Monster Hunter 4	Japan	9/14	2,800	
PS3		Japan	5/23		
Xbox 360 Wii U	Resident Evil Revelations	North America	5/21	1,000	
PC	A MARIE CONTRACTOR OF THE STATE	Europe	5/24	2	
		Japan	4/25		
PS3 Xbox 360	Dragon's Dogma: Dark Arisen	North America	4/23	650	
ADDX 500		Europe	4/26		

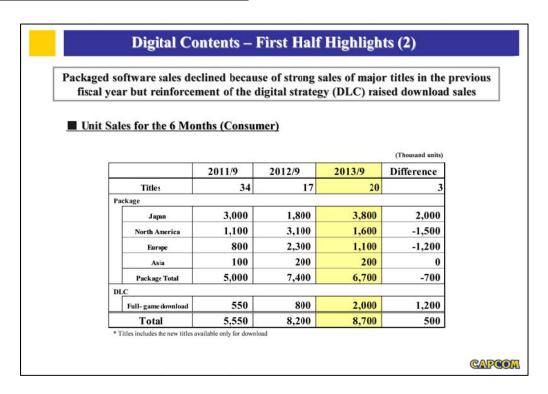
Result includes the units of download sales
 *Japan includes sales in other Asian countries

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In the Consumer business, profitability improved because of the higher share of sales from DLC. However, there was a clear divide between successful and unsuccessful titles.

"Monster Hunter 4", a major new title of this fiscal year, has performed well. The game has been sold mainly in Japan, which has high profit margins, and has raised the share of sales from full-game downloads. In addition, "Resident Evil Revelations" became a million seller and "Dragons Dogma: Dark Arisen" sales have been in line with our plan. But sales of "Lost Planet 3" were only about 300,000 units because of weakness in Europe and North America.

P12 Digital Contents – First Half Highlights (2)



Sales volume in the Consumer business was down for packaged software due to the strong sales of a major title one year earlier. But full-game download sales volume increased because we reinforced our digital (DLC) strategy.

We launched 20 titles in the fiscal year's first half. Package software sales volume in Japan was up 2 million to 3.8 million units mainly because of "Monster Hunter 4". Overseas, package software sales volume was down 1.5 million to 1.6 million units in North America and down 1.2 million to 1.1 million units in Europe. Strong sales of "Resident Evil 6" one year earlier were partly responsible for these declines. In Asia, sales volume was unchanged.

For full-game download sales, volume was up 1.2 million to 2 million units mainly because of the popularity of "Monster Hunter 4".

P13 Digital Contents – First Half Highlights (3)

Digital Contents – First Half Highlights (3)

Sales growth in the Mobile Contents business is slowing in Japan and overseas PC and other sales were strong primarily for major titles

■ First Half Highlights (Mobile Contents)

- · Capcom and Beeline brand sales were lackluster due to absence of new hit titles
- · In Japan, started to sell native apps like "Oto Ranger"

■ First Half Highlights (PC Others)

- · "Monster Hunter Frontier G" was launched as a major update of a key title
- · Started distributing the "Onimusha Soul" PC browser game in Taiwan; initial sales are strong
- · Started closed beta test of "Monster Hunter Online" in China with Tencent Holdings Limited

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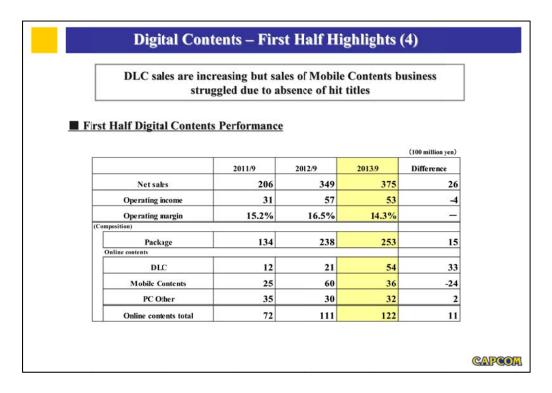
In the Mobile Contents sector, growth is slowing in Japan and overseas but the PC Others sector is performing well, chiefly for major titles.

Mobile Contents performance was lackluster throughout the first half due to the absence of new hit titles for both the Capcom and Beeline brands. However, for the Capcom brand in Japan, we are starting to introduce native apps like "Oto Ranger".

In PC Others, the main title "Monster Hunter Frontier G" was upgraded to a G2 version in July and a G3 version in October. These steps to further energize this game led to growth in the number of users.

In Asia, Capcom's Taiwan subsidiary started distribution in April of "Onimusha Soul", a PC browser game that is selling briskly in Japan. Initial results are strong, including a number one popularity ranking. In China, the development of the joint title "Monster Hunter Online" with Tencent Holdings Limited is going as planned. We conducted a closed beta test in June.

P14 Digital Contents – First Half Highlights (4)



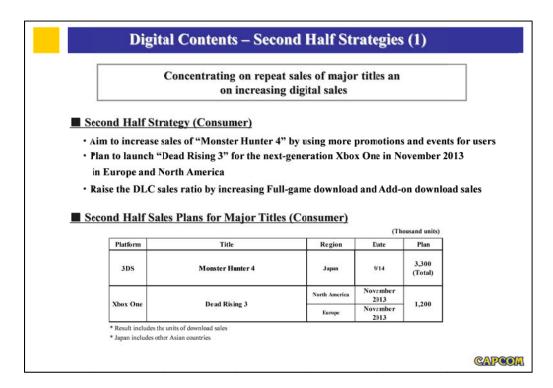
There was a temporary lull in first half Digital Contents sales and earnings. DLC continued to grow but there were no hit titles in the Mobile Contents sector.

As a result, first half sales increased 2.6 billion yen from one year earlier to 37.5 billion yen and operating income decreased 400 million yen to 5.3 billion yen. The operating margin was 14.3%.

Package software sales increased 1.5 billion yen to 25.3 billion yen and DLC sales increased 3.3 billion yen to 5.4 billion yen. "Monster Hunter 4" was the main reason for both of these increases. In the Mobile Contents sector, sales fell 2.4 billion yen to 3.6 billion yen because there were no hit titles. PC other sales were basically unchanged at 3.2 billion yen.

Earnings were down despite higher sales because of a decline in the profitability of Mobile Contents, which have a high profit margin.

P15 Digital Contents – Second Half Strategies (1)



This slide outlines out second half strategy for the Digital Contents business.

In the Consumer business, we are concentrating on repeat sales of major titles and on increasing digital sales. We will continue to conduct promotional activities for "Monster Hunter 4", which performed well in the first half. In addition, we will hold user events like the Monster Hunter Festival and collaboration with Universal Studio Japan starting in February 2014 in order to further increase sales. The objective is to maximize sales volume of the entire Monster Hunter series.

We plan to start selling "Dead Rising 3" for the next-generation Xbox One in Europe and North America in November 2013. Our sales plan for this fiscal year is 1.2 million units.

For DLC, our goal is to raise the DLC sales ratio in the Consumer business by increasing sales of full-game downloads and additional DLC.

P16 Digital Contents – Second Half Strategies(2)

Revised			an for packa st half perfo	ged software rmance	and DLC
13 Unit Sale	es Plan (Consume	r).		(Thousand unit
	2	2012/3	2013/3	2014/3 Plan	Difference
Titles		68	46	40	-
Package					
Japan		6,800	4,500	6,300	1,800
North Amer	rica	5,100	5,400	3,500	-1,900
Europe		3,300	3,600	1,900	-1,700
Asia		500	500	300	-200
Package To	otal	15,700	14,000	12,000	-2,000
DLC					
Full- game dov	vnload	1,300	2,700	4,000	1,300
Total		17,000	16,700	16,000	-700

Based on first half sales, we have revised our initial plan for fiscal year sales volume in both the package software and DLC categories.

We expect to increase the number of titles to 40, which is 10 more than in the initial plan.

For regional sales volume of package software, there is no change in our outlook for 6.3 million units in Japan. Overseas, we have reduced our initial plan from 4 million to 3.5 million units in North America and from 2.4 million to 1.9 million units in Europe. These cuts reflect first half sales of "Lost Planet 3" and other factors. In Asia, there is no change to our initial plan.

Our initial plan for full-game download sales was 3.2 million units. We have raised this by 800,000 to 4 million units because strong first half sales.

P17 Digital Contents – Second Half Strategies(3)

Digital Contents – Second Half Strategies(3) Aiming to create hit titles in the mobile and PC online categories by launching many titles ■ Second Half Strategy (Mobile Contents) · Capcom brand: ⇒ Plan to introduce many native apps that use existing brands "Monster Hunter Smart" (plan to start distribution in fall 2013 for iOS) ⇒ Plan to launch several new titles, including "Kiwi & Me" (iOS, distribution to start in Dec. 2013), a new puzzle game targeting casual female game players ■ Second Half Strategy (PC Others) · For "Monster Hunter Frontier G," the main title, will start offering services this year for the PS3 and Wii U, too · Start closed beta test of a new original series of PC browser game, public release is scheduled for December CAPCOM

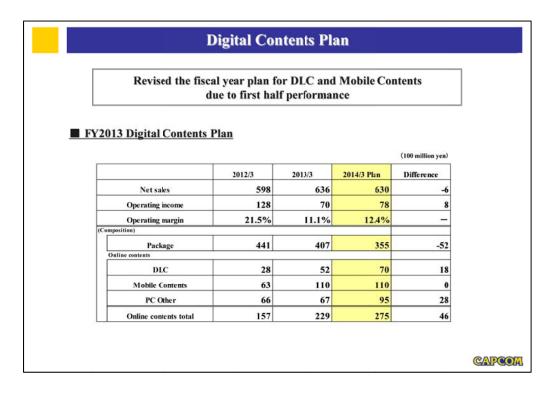
This slide shows our second half strategies for Mobile Contents and PC Others. Our goal is to create more hit titles. One way is by launching full-scale native apps that use existing brands. We also plan to offer major titles for many types of hardware and use other actions.

In the Mobile Contents sector, for the Capcom brand, we will introduce a large number of native apps that use existing intellectual property. For example, distribution of "Monster Hunter Smart" is scheduled to start in the fall of 2013 and we are planning on distributing many more titles. One of them is "Cross x Beats", which we exhibited at the Tokyo Game Show.

For the Beeline brand, we plan to introduce a number of titles. One is an iOS version of "Kiwi & Me", a new puzzle game targeting casual female users. The launch is to take place in December 2013.

In the PC Others, we are working on offering the core "Monster Hunter Frontier G" title for many platforms. We will begin services for PlayStation 3 and Wii U by the end of this year with the goal of increasing the number of users and earnings. In addition, we plan to officially start services in December for "Euro Historia", which is a new original PC browser game.

P18 Digital Contents Plan

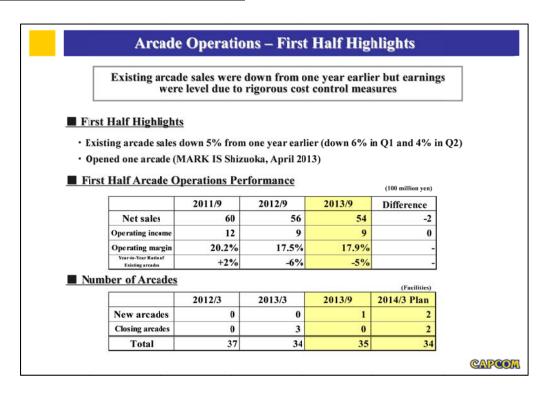


My next subject is our fiscal year plan for the Digital Contents business and the categories within this business. Due to performance in the first half, we have revised the fiscal year plans for the Consumer and Mobile Contents businesses.

For the Digital Contents business, we have lowered the fiscal year sales plan from 64.5 billion yen to 63.0 billion yen and the operating income plan from 9.1 billion yen to 7.8 billion yen. In addition, we expect an operating margin of 12.4%.

Looking at category fiscal year sales plans, package software was lowered from 36.5 billion yen to 35.5 billion yen, DLC was raised from 6.0 billion yen to 7.0 billion yen, Mobile Contents was lowered from 12.5 billion yen to 11.0 billion yen, and PC other is unchanged at 9.5 billion yen.

P20 Arcade Operations – First Half Highlights



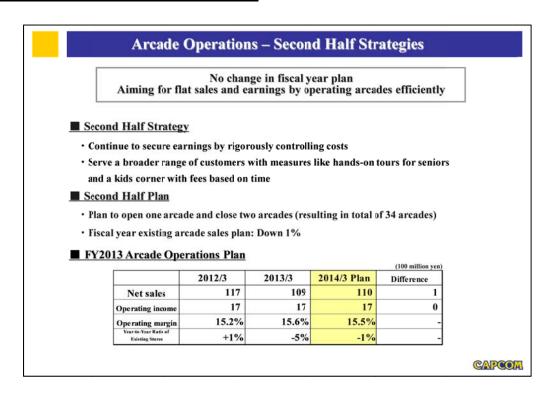
This slide provides an overview of the Arcade Operations business.

The operating environment remained challenging in the first half. Although existing arcade sales were down from one year earlier as a result, we held earnings steady because of rigorous cost management.

Existing arcade sales were down 5% from one year earlier. One location was added in the first half, which raised the number of arcades to 35.

As a result, first half performance was about the same as one year earlier. Sales were down 200 million yen to 5.4 billion yen, operating income was 900 million yen and the operating margin was 17.9%.

P21 Arcade Operations – Second Half Strategies



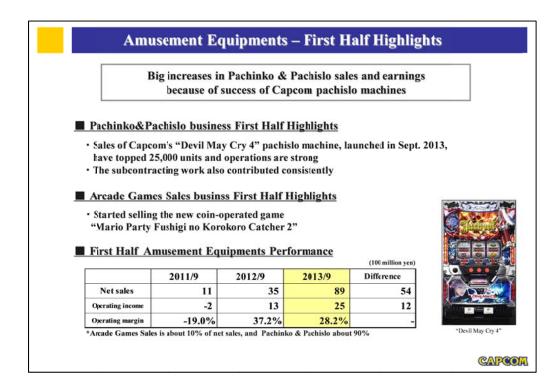
This slide summarizes our strategy for the second half. We have not revised our fiscal year plan and are aiming to hold earnings steady by operating arcades efficiently.

In the second half, our goal is to maintain earnings by continuing to use strict cost management. We will also take steps aimed at serving more customer segments. For example, arcades are holding hands-on tours for seniors and operating kids' corners with fees based on time.

In the second half, we plan to open one arcade and close two, resulting in 34 arcades at the end of the fiscal year. In addition, there is no change in our existing-arcade fiscal year sales target of down 1% from the previous fiscal year.

Overall, there is no change in our initial fiscal year plan for Arcade Operations. We expect sales of 11.0 billion yen, operating income of 1.7 billion yen and an operating margin of 15.5%.

P23 Amusement Equipments – First Half Highlights



Next is the Amusement Equipments business.

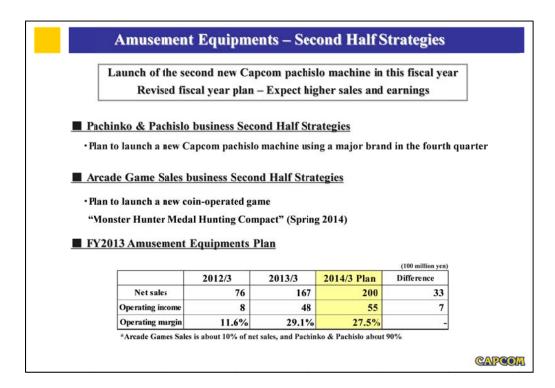
First half sales and earnings were much higher mainly because of strong sales of Capcom pachislo machines.

In the Pachinko & Pachislo (P&S) business, sales of the "Devil May Cry 4" pachislo machine, which was launched in September 2013, have reached 25,000 units. This machine is still performing very well. The subcontracting work also contributed to earnings in this business.

In the Arcade Game Sales business, we started selling a new coin-operated game called "Mario Party Fushigi no Korokoro Catcher 2". This machine as well has been performing well.

As a result, first half sales and earnings were higher than one year earlier. Sales were up 5.4 billion yen to 8.9 billion yen and operating income was up 1.2 billion yen to 2.5 billion yen. This results in an operating margin of 28.2%.

P24 Amusement Equipments – Second Half Strategies



This slide shows our Amusement Equipments business strategy in the second half. The fiscal year plan has been increased because of the strong first half performance.

In the P&S business, we will launch the second Capcom pachislo machine of this fiscal year. We plan to start distributing this machine, which uses our primary brand, in the fourth quarter.

In the Arcade Game Sales business, we plan to start distributing "Monster Hunter Medal Hunting Compact", a new coin-operated game, in the spring of 2014.

As a result, we are aiming for higher sales and earnings. We have raised the fiscal year sales plan from 18.5 billion yen to 20.0 billion yen and the operating income plan from 4.3 billion yen to 5.5 billion yen. This results in an operating margin of 27.5%.

P26 Forecast for Year Ending March 31, 2014

(Million
(Diminus
2013/3 2014/3 Plan Difference
Net sales 94,075 97,000 2,92
Operating income 10,151 12,000 1,84
Ordinary income 10,944 11,700 75
Net income 2,973 6,800 3,82

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

We have made no revisions to our initial plan.

In the second half, we are concentrating on repeat sales of "Monster Hunter 4", offering "Monster Hunter Frontier G" for many platforms in the Online Games business, and selling the new Capcom pachislo machine. Additionally, in the package software business, we will introduce numerous sequels using major intellectual property like "Dead Rising 3" and "Sengoku BASARA 4".

Our fiscal year outlook is for sales of 97.0 billion yen, operating income of 12.0 billion yen, ordinary income of 11.7 billion yen, net income of 6.8 billion yen, and net income per share of 120.61 yen. We plan to pay an interim dividend of 15 yen and a year-end dividend of 25 yen for a total of 40 yen.

Everyone at Capcom is determined to reach the numbers in these plans. Thank you again for attending today's meeting.