



April 18, 2003

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Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2003

Capcom Co., Ltd., hereby announces that it has revised its consolidated earning forecast for the fiscal year ending March 31, 2003, which was previously released on November 12, 2002 as follows:

1. Consolidated earnings forecast for the fiscal year ending March 31, 2003 (April 1, 2002 to March 31, 2003)

(Millions of Yen)

	Net Revenues	Income before income taxes	Net Income
Previous Forecast (A)	70,500	10,050	△ 12,700
Revised Forecast (B)	61,900	6,700	△ 19,500
Change (B)-(A)	△ 8,600	△ 3,350	△ 6,800
Change (Percentage)	△ 12.2	△ 33.3	—
(For reference) Actuals ended March 31, 2002	62,742	9,261	4,912

2. Non-consolidated earnings forecast for the fiscal year ending March 31, 2003 (April 1, 2002 to March 31, 2003)

(Millions of Yen)

	Net Revenues	Income before income taxes	Net Income
Previous Forecast (A)	48,100	5,850	△ 10,500
Revised Forecast (B)	43,400	4,300	△ 13,500
Change (B)-(A)	△ 4,700	△ 1,550	△ 3,000
Change (Percentage)	△ 9.8	△ 26.5	—
(For reference) Actuals ended March 31, 2002	45,015	5,837	3,342

3. Reason for the revision (Consolidated and Non-consolidated)

Our new software titles released during the fiscal year for PlayStation 2 such as "CLOCK TOWER 3" and "BREATH OF FIRE V: DRAGON QUARTER" with high expectation made quite less results than we anticipated. Further, out of our staple software "RESIDENT EVIL 0" for NINTENDO GAMECUBE, "Devil May Cry 2" for PlayStation 2 also performed less contribution to sales than we projected. As a countermeasure to achieve our initial forecast, we advanced new software releases such as "CHAOS LEGION" for PlayStation 2 as well as "P.N. 03" for NINTENDO GAMECUBE for the domestic market, of which sales results did not compensate for the shortage of sales. On the other hand, "MEGAMAN BATTLE NETWORK 3" and "Court Battle 2" for GAMEBOY ADVANCE performed better than expected and the sales in the overseas markets did good performance as we expected because of continuing strong demands and greatest-hits version sales. However, those better results made less contribution to our overall sales.

In the right of R&D structural review, we reviewed our developing titles to ascertain their marketability and we came to conclusion that recognition of suspended R&D projects were to be made to re-allocate those resources to sellable titles for generation of better projects in the future.

Despite of our incessant efforts to lower capital expenditures as well as reductions of various costs, including Selling & G&A expenses, shortage of Sales exceeded over reduction of those costs and our forecast made on November 12, 2002 is forced to be revised.

4. Forecast for the fiscal year ending March 31, 2004.

Our focus is on the following for better structure of the company in the future:

- 1) To restructure R&D organization, including its detailed process,
- 2) To improve customers' satisfaction levels to much higher with an aim of meeting market's demands.
- 3) To positively cope with impairment of assets like we did in September, 2002.

On the basis of the steps we are taking, we would like to reinforce building up stable cash generation and stronger financial backbone of the company.

Consolidated earnings forecast for the fiscal year ending March 31, 2004
(April 1, 2003 to March 31, 2004)

(Millions of Yen)

Net Revenues	Income before income taxes	Net Income
63,000	7,300	4,200

Non-consolidated earnings forecast for the fiscal year ending March 31, 2004
(April 1, 2003 to March 31, 2004)

(Millions of Yen)

Net Revenues	Income before income taxes	Net Income
45,500	5,100	3,000

5. Year-end dividend:

There is no change in the dividend forecast released on November 12, 2002 based on one of our management objectives as stable reward to the shareholders although our company net results are far less than what we forecasted in November 12, 2002.

Notes: The forecasts for the financial statements made in this press release are based on management's assumptions and beliefs in the light of information currently available to it. Various important factors could cause actual results to be materially different from the above statements.
