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## Press Release

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### Sluggish Financial Results for ended March 31, 2010

**27.3% decrease in Net Sales, 61.8% decrease in Operating Income Compared to Previous Term**

- Expect a sharp rebound by launching major titles during the fiscal year ending March 31, 2011 -

Capcom Co., Ltd. would like to announce that net sales decreased to 66,837 million yen (down 27.3 % from the previous year). As for profits, operating income decreased to 5,587 million yen (down 61.8 % from the previous year), and ordinary income decreased to 5,530 million yen (down 59.9 % from the previous year). Net income for the current period decreased to 2,167 million yen (down 73.1 % from the previous year).

In flagship Home Video Games business, “Monster Hunter Tri” (for Wii) and “Monster Hunter Freedom Unite” (for PlayStation Portable) continued to grow in Japan. And existing products such as “Resident Evil 5” (for PlayStation 3, Xbox 360) and “Street Fighter IV” (for PlayStation 3, Xbox 360) which were released late in the previous year achieved healthy growth in the overseas markets. However, weak sales of some new titles besides the releases of “Lost Planet 2” (for PlayStation 3, Xbox 360), “Super Street Fighter IV” and “Monster Hunter Tri” for overseas were postponed to the next fiscal year significantly depressed sales compared to previous year.

In Arcade related business, extraordinary loss increased due to the business restructuring expense incurred for revising the arcade game development system. On the other hand, the corporate tax refund for prior fiscal years based on the agreement between US and Japanese tax authorities concerning the revision on transfer pricing taxation was recorded.

As for the forecast for the next fiscal year ending March 31, 2011, net sales will increase to 95,000 million yen, operating income will increase to 15,000 yen million by sufficient title lineup of Consumer Online Games business.

#### 1. Consolidated Financial Results of the Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

	Net Sales	Operating Income	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March 31, 2010	66,837	5,587	5,530	2,167
Year ended March 31, 2009	91,878	14,618	13,808	8,063

## 2. Forecast for the Fiscal Year ending March 31, 2011

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share of Common Stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
6 months ending September 30, 2010	45,300	4,800	4,700	2,900	49.08
Year ending March 31, 2011	95,000	15,000	14,000	8,000	135.39

## 3. Status of Each Operational Department

### (1) Home Video Games

(Unit: Millions of Yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Difference (%)
Net Sales	62,892	44,015	-30.0%
Operating Income	16,392	7,846	-52.1%
Operating Margin	26.1%	17.8%	-

- a. In this business segment, our flagship title “Monster Hunter Tri” (for Wii) achieved healthy growth, while “Ace Attorney Investigations: Miles Edgeworth” (for Nintendo DS) and “Resident Evil 5: Alternative Edition” (for PlayStation 3, Xbox 360) also performed satisfactorily.
- b. “Sengoku Basara Battle Heroes” (for PlayStation Portable), which is the latest addition of the Sengoku Basara series, also grew on a steady basis. This software started the so-called “Rekijo” (Japanese term for female history “Otaku”) boom in Japan and generated much public interest in Japan’s “Warring States” (Sengoku) era. In addition, the software gained public attention outside of the game industry when its characters appeared in the official election notice posters by the Miyagi Prefecture municipal government for the election of the governor of Miyagi.
- c. However, the three software titles that were released in the overseas markets, namely “Bionic Commando” (for PlayStation 3, Xbox 360), “Resident Evil: The Darkside Chronicles” (for Wii), and “Dark Void” (for PlayStation 3, Xbox 360), underperformed their sales and remained weak.
- d. Additionally, the releases of “Lost Planet 2” (for PlayStation 3, Xbox 360) and “Super Street Fighter IV” (for PlayStation 3, Xbox 360) were postponed to the next fiscal year. Lacking these sales-inducing software titles also depressed sales in overseas markets.

- e. The resulting net sales decreased to 44,015 million yen (down 30.0 % from the previous year), and the operating income decreased to 7,846 million yen (down 52.1 % from the previous year).

## (2) Arcade Operations

(Unit: Millions of Yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Difference (%)
Net Sales	13,509	11,985	-11.3%
Operating Income	224	590	162.9%
Operating Margin	1.7%	4.9%	-

- a. One of our main focuses in this business segment was to increase demand in this slowly recovering market. As part of such efforts, we held a variety of events, offered special discount days, and created a comfortable environment for customers to attract more women and families, while continuing to hold on to our core users. However, customer traffic did not improve despite our efforts, and sales were restrained due to declining consumer spending and to the trend in which consumers looked for alternative “at-home entertainment”.
- b. We worked on profitability improvement through streamlining business structure including reduction of operation costs. Closing down 2 unprofitable arcades is another example of our operational strategy for increasing profits and adopting to changes in the market environment. The number of our arcades total 38 after these activities as of the end of this fiscal year.
- c. The resulting net sales decreased to 11,985 million yen (down 11.3 % from the previous year), whereas the operating income increased to 590 million yen (up 162.9 % from the previous year) thanks to the success of our profitability improvement strategy.

## (3) Arcade Games Sales

(Unit: Millions of Yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Difference (%)
Net Sales	8,023	2,280	-71.6%
Operating Income	1,758	-203	-
Operating Margin	21.9%	-8.9%	-

Note1. The sales of each business segment in the above are those to the customers only.

2. The sales of each business segment below are inclusive of inter-segment ones.

- a. Within this stagnating market, Capcom released the coin-operated game machine, “Mario Party Fushigino Korokoro Catcher”, with the aim of reaching a new user base as well as holding onto existing customers. We concentrated our efforts in sales expansion to make a breakthrough in

the current market. As part of such activities, we went into partnership with Namco Bandai Games. Despite all of our best efforts, we still struggled with this business segment, and thus the restructuring of the operational system became inevitable.

- b. The resulting net sales decreased to 2,280 million yen (down 71.6 % from the previous year), and the operating loss was 203 million yen (the operating income of the previous year was 1,758 million yen).

#### (4) Contents Expansion

(Unit: Millions of Yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Difference (%)
Net Sales	4,628	5,819	25.7%
Operating Income	-230	509	-
Operating Margin	-5.0%	8.7%	-

- a. Overall, this segment achieved its projected sales. In the area of content distribution for mobile phones, “Apollo Justice: Ace Attorney” showed healthy growth, and the iPhone/iPod touch version of “Resident Evil: Degeneration” also expanded its user base.
- b. The segment of the Pachislo machine business, on the other hand, continued to suffer lacking a sales-inducing product in the severe business environment. “Viewtiful Joe”, which was released in the 4th quarter of this fiscal year, showed solid sales, and “Shin Onimusha: Dawn of Dreams” as a part of cooperation expansion also began to show signs to perform favorably supported by its established brand power.
- c. The resulting net sales increased to 5,819 million yen (up 25.7 % from the previous year), and the operating income was 509 million yen (the operating loss of the previous year was 230 million yen).

#### (5) Other Businesses

(Unit: Millions of Yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Difference (%)
Net Sales	2,824	2,736	-3.1%
Operating Income	1,053	1,097	4.1%
Operating Margin	37.3%	40.1%	-

The net sales from other businesses, mainly character-related licensing royalties, decreased to 2,736 million yen (down 3.1 % from the previous year), and the operating income increased to 1,097 million yen (up 4.1 % from the previous year).