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Press Release

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Capcom Co., Ltd.
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Favorable Financial Results for the 9 months ended December 31, 2010

41.6% increase in Net Sales, 165.1% increase in Operating Income

- Strong Performance of “Monster Hunter Freedom 3” Contributed to the Sales and Earnings -

Capcom Co., Ltd. would like to announce that net sales increased to 70,773 million yen (up 41.6 % from the same term last year) in the 9 months of fiscal year ending March 31, 2011. As for profits, operating income increased to 12,769 million yen (up 165.1 % from the same term last year), and ordinary income increased to 11,303 million yen (up 135.7 % from the same term last year). Net profit for the current period increased to 6,836 million yen (up 294.8 % from the same term last year).

During this 9 months, ended December 31, 2010, the feature title “Monster Hunter Freedom 3”, with a bang owing to the overwhelming support of users who had long-awaited its release, took the center stage in the year-end sales campaign with a total shipment of more than 4 million units in Consumer Online Games business. Furthermore, “Dead Rising 2”, which has been doing well in overseas markets, continued to perform solidly.

Additionally, “Super Street Fighter IV” were favorably shipped in Europe and the United States, while “Sengoku BASARA: Samurai Heroes” and “MONHAN NIKKI POKAPOKA AIRU MURA”, which gained stable popularity in Japan, also enjoyed steady growth in sales.

As a result, we achieved to market four “million-seller titles”, which made a big contribution to the consolidated financial results.

Meanwhile, with the rapid rise of smartphones and other changes in the environment, Capcom focused on the development of online and mobile games including those for overseas markets, while rebuilding the development departments comprising our core competence, in an effort to operate business in line with market shifts.

Forecast for the fiscal year ending March 31, 2011 is not changed from what was released on October 4, 2010, because performance will be influenced by fourth quarter sales of major titles and progress with structural reforms.

1. Consolidated Financial Results for the 9 months ended December 31, 2010

(April 1, 2010 – December 31, 2010)

	Net sales	Operating income	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen	Million Yen
9 months ended Dec. 31, 2010	70,773	12,769	11,303	6,836
9 months ended Dec. 31, 2009	49,987	4,817	4,795	1,731

2. Earnings 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
Year ending March 31, 2011	91,000	13,000	11,000	6,500	110.01

3. Status of Each Operational Department

*Prior-year figures are not shown because business segments were revised in FY2010.

(1) Consumer Online Games

(Unit: Million yen)

	9 months ended Dec. 31, 2009	9 months ended Dec. 31, 2010	Difference (%)
Net sales	-	54,057	-
Operating income	-	12,941	-
Operating margin	-	23.9%	-

- a. In this business segment, the feature title “Monster Hunter Freedom 3” (for PlayStation Portable), which was released on December 1, 2010 to long lines of customers nationwide, took the center stage in the year-end sales campaign with a total shipment of more than 4 million units. Furthermore, “Dead Rising 2” (for PlayStation 3 and Xbox 360), a major title targeted at overseas markets, also became a big hit with a shipment of more than 2 million units.
- b. Additionally, 1.6 million units of “Super Street Fighter IV” (for PlayStation 3 and Xbox 360) were shipped mainly to Europe and the United States, while “Sengoku BASARA: Samurai Heroes” (for PlayStation 3 and Wii), the latest in the series that gained stable popularity, also enjoyed steady growth in sales. “MONHAN NIKKI POKAPOKA AIRU MURA” (for PlayStation Portable), a spin-off from the “Monster Hunter” series, which attracted users with its widely popular character “Airu” (known as “Felyne” in English) became a smash hit.

- c. In this 9 months period, Capcom achieved to market four “million-seller titles”, thanks to “Lost Planet 2” (for PlayStation 3 and Xbox 360), the flagship title for overseas markets which recorded steady sales of 1.5 million units, though the figure was less than projected shipment.
- d. Meanwhile, the online exclusive title “Monster Hunter Frontier Online” (for PC, Xbox 360) also fared well and showed solid performance.
- e. The resulting net sales was 54,057 million yen, and the operating income was 12,941 million yen.

(2) Mobile Contents

(Unit: Million yen)

	9 months ended Dec. 31, 2009	9 months ended Dec. 31, 2010	Difference (%)
Net sales	-	2,383	-
Operating income	-	472	-
Operating margin	-	19.8%	-

- a. As social games that are highly compatible with mobile phones and smartphones underwent rapid growth, Capcom has been successfully reaching diverse new users, with players exceeding one million people for “MONHAN NIKKI MOBILE AIRU MURA” distributed exclusively through the “Mobage-town” a mobile SNS.
- b. An increase in the number of downloads were recorded for “Resident Evil 4: iPad Edition”. In addition, “Ghost Trick”, “Ghosts'n Goblins Gold Knights II” and various other contents were released this term for iPhone/iPod Touch, and those other games released in the previous term, namely “Street Fighter IV” and “Phoenix Wright: Ace Attorney”, also achieved their projected sales.
- c. Meanwhile, there have been positive surprises as well, such as the member of players of “The Smurfs’ Village”, distributed through Facebook, United States, exceeding our projection by far.
- d. The resulting net sales was 2,383 million yen, and the operating income was 472 million yen.

(3) Arcade Operations

(Unit: Million yen)

	9 months ended Dec. 31, 2009	9 months ended Dec. 31, 2010	Difference (%)
Net sales	-	8,727	-
Operating income	-	938	-
Operating margin	-	10.7%	-

- a. With the entire industry focusing on energizing the market through such means as the organization of a “Game Day” (November 23 each year) to thank arcade fans, customer-oriented efforts were made in this business segment to attract customers. Sponsoring a variety of events, renovating arcades, and offering special discount days are just a few examples of such efforts.
- b. Further, Capcom also worked to increase female and family customers, while endeavoring to improve the earning capacity by controlling investments, reducing costs, and operating arcades in line with current market conditions.
- c. As part of such efforts, we closed one unprofitable arcade; therefore, the total number of our arcades became 37 as of the end of this fiscal period.
- d. The resulting net sales was 8,727 million yen, and the operating income was 938 million yen.

(4) Amusement Equipments

(Unit: Million yen)

	9 months ended Dec. 31, 2009	9 months ended Dec. 31, 2010	Difference (%)
Net sales	-	2,849	-
Operating income	-	444	-
Operating margin	-	15.6%	-

- a. While the market conditions remained weak for arcade game machines, this business segment saw the video game machine “Super Street Fighter IV Arcade Edition” perform as planned. However, the impact of the lack of new products was inevitable, as it forced the focus of sales activities on repeat products.
- b. Meanwhile, profitability improved, thanks to cost reduction and other business-wide streamlining efforts.

c. As for the Pachislo machine business, “Onimusha: Dawn of Dreams” launched during the previous fiscal year remained a long-seller, contributing to improved profit.

d. The resulting net sales was 2,849 million yen, and the operating income was 444 million yen.

(5) Other Businesses

(Unit: Million yen)

	9 months ended Dec. 31, 2009	9 months ended Dec. 31, 2010	Difference (%)
Net sales	-	2,756	-
Operating income	-	906	-
Operating margin	-	32.9%	-

The net sales from other businesses, mainly character-related licensing royalties, was 2,756 million yen, and the operating income was 906 million yen.