



February 6th, 2008

**Press Release**

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**Steady Financial Results for the 3rd Quarter ended December 31, 2007 compare  
with the projection**  
**Net Sales 4.8% increase, Operating Income 8.2% decrease from the previous term**  
- Revising up earning forecast for the fiscal year 2007 -

Capcom Co., Ltd. would like to announce that net sales increased to 51,655 million yen (up 4.8% from the same term last year), operating income increased to 6,101 million yen (down 8.2% from the same term last year), ordinary income decreased to 6,520 million yen (down 15.3% from the same term last year), net income decreased to 3,574 million yen (down 17.8% from the same term last year) in the 3rd Quarter financial results ended December 31, 2007.

Regarding Home Video Games business, “Resident Evil: The Umbrella Chronicles” achieved robust sales particularly in the US and Europe. Additionally, “Monster Hunter Freedom 2”, which was released in February 2007, achieved sales of over 1.5 million copies in Japan. “Monster Hunter Freedom 2” is the first title to achieve these record sales among those developed for PlayStation Portable. Moreover, in fourth quarter, sales and pre-order of “Devil May Cry 4” as well as “Monster Hunter Freedom 2 G” showed healthy growth, which covered the weak performance of Arcade Operations business and Arcade Game Sales business.

As a result, net sales will increase to 81,600 million yen (up 4.6% from the original forecast on November 8, 2007) and operating income will increase to 11,500 million yen (up 15.0% from the original forecast on November 8, 2007).

1. Financial Results of the 3rd Quarter ended December 31, 2007

	Net Sales	Operating Income	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
3rd Quarter Ended Dec. 31, 2007	51,655	6,101	6,520	3,574
3rd Quarter Ended Dec. 31, 2006	49,283	6,648	7,701	4,347
(Reference) Year Ended March 31, 2007	74,542	9,602	10,600	5,852

## 2. Forecast for the Fiscal Year ending March 31, 2008

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share of Common Stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Revised Forecast	81,600	11,500	11,000	6,200	105.59
Previous Forecast	78,000	10,000	11,000	6,200	105.77

## 3. Status of Each Operational Department

### (1) Home Video Games

(Unit: Millions of Yen)

	3rd Quarter ended Dec. 31, 2006	3rd Quarter ended Dec. 31, 2007	Difference (%)
Net Sales	25,015	30,852	23.3%
Operating Income	4,369	6,039	38.2%
Operating Margin	17.5%	19.6%	-

- a. In this business segment, “Resident Evil: The Umbrella Chronicles” (for Wii), one of our flagship titles, made a strong showing. “Zack&Wiki: Quest for Barbaros' Treasure” (for Wii) and “Sengoku Basara 2 Heroes” (for Wii, PlayStation 2) also grew steadily.
- b. “Moto GP 07” (for PlayStation 2), which serves as an ambush-product of Capcom, also underwent healthy growth, increasing its sales particularly in Europe.
- c. In addition, “Monster Hunter Freedom 2” (for PlayStation Portable), which was released in February 2007, achieved the long-selling record of over 1.5 million copies in Japan.
- d. “WE LOVE GOLF!” (for Wii) and “Mega Man Star Force 2” (for Nintendo DS) saw sluggish growth.
- e. The resulting net sales increased to 30,852 million yen (up 23.3 % from the same term last year), and the operating income increased to 6,039 million yen (up 38.2 % from the same term last year).

### (2) Arcade Operations

(Unit: Millions of Yen)

	3rd Quarter ended Dec. 31, 2006	3rd Quarter ended Dec. 31, 2007	Difference (%)
Net Sales	9,627	9,577	-0.5%
Operating Income	1,516	573	-62.2%
Operating Margin	15.7%	6.0%	-

- a. In this business segment, we tried to attract more customers focusing on females and families. Such efforts included holding a variety of events and implementing a special discount day.

- b. However, the overall performance remained on a weak note due partially to the flagging popularity of card dispensing games for children, a decrease in demand due to the successful home video game market, and a decrease in customer spending that resulted in fewer customer visits as well as less sales-per-customer.
- c. We opened “Plaza Capcom Elumi Konosu” and “Plaza Capcom Hanyu” in Saitama Prefecture, “Plaza Capcom Rock City Sanuma” in Miyagi Prefecture, “Plaza Capcom Kofu” in Yamanashi Prefecture, “Plaza Capcom Rinku” in Osaka Prefecture, and “Plaza Capcom Ashikaga” in Tochigi Prefecture.
- d. The current number of “Plaza Capcoms” totals forty-one after these activities.
- e. Such aggressive strategy of opening new arcades pushed up net sales to 9,577 million yen (down 0.5 % from the same term last year), while the operating income decreased to 573 million yen (down 62.2 % from the same term last year) due to the increased expense associated with the opening of new stores.

### (3) Arcade Games Sales

(Unit: Millions of Yen)

	3rd Quarter ended Dec. 31, 2006	3rd Quarter ended Dec. 31, 2007	Difference (%)
Net Sales	6,834	2,170	-68.2%
Operating Income	947	(692)	-
Operating Margin	13.9%	-31.9%	-

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. In this business segment, we made all-out efforts in sales development looking for opportunities in the turbulent business environment. Holding an event, “Capcom Private Show Winter 2007”, is just one example of such efforts.
- b. The sales performance was burdened by the facts that there were many small-scale titles but no big flagship software, we couldn’t create synergetic effects from our popular Home Video Games, and there was a machine trouble in “Donkey Kong Banana Kingdom”, which entailed sluggish sales.
- c. The resulting net sales decreased to 2,198 million yen (down 68.0 % from the same term last year), and the operating loss was 692 million yen (operating income of the same term last year was 947 million yen).

### (4) Contents Expansion

(Unit: Millions of Yen)

	3rd Quarter ended Dec. 31, 2006	3rd Quarter ended Dec. 31, 2007	Difference (%)
Net Sales	6,056	7,042	16.3%
Operating Income	1,888	2,282	20.9%
Operating Margin	31.2%	32.4%	-

- a. In this business segment, we were engaged in aggressive business development with an aim to widen business opportunity. As a result of such efforts, the distribution of games to mobile phones underwent a healthy growth and contributed to the overall sales increase.

- b. On the other hand, the sales of peripheral devices for gaming machines during this quarter stayed at low levels because the main activity of this segment was the sale of peripheral products for a small number of Pachislo machines and there was no introduction of new products.
- c. The resulting net sales increased to 7,042 million yen (up 16.3 % from the same term last year), and the operating income increased to 2,282 million yen (up 20.9 % from the same term last year).

(5) Other Businesses

(Unit: Millions of Yen)

	3rd Quarter ended Dec. 31, 2006	3rd Quarter ended Dec. 31, 2007	Difference (%)
Net Sales	1,753	2,012	14.8%
Operating Income	(41)	366	-
Operating Margin	-2.3%	18.2%	-

The net sales from other businesses, mainly character-related licensing royalties, increased to 2,012 million yen (up 14.8 % from the same term last year), and the operating income increased to 366 million yen (operating loss of the same term last year was 41 million yen).