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Press Release

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FY2007 Financial Results Better than the Previous Ones for Two Consecutive Years The Second Highest Results ever Achieved on Net Sales and Ordinary Income

- Forecasting the best net sales and ordinary income for the next fiscal year -

Capcom Co., Ltd. would like to announce that net sales increased to 83,097 million yen (up 11.5% from the previous year), operating income increased to 13,121 million yen (up 36.6% from the previous year), ordinary income increased to 12,267 million yen (up 15.7% from the previous year), net income increased to 7,807 million yen (up 33.4% from the previous year) in financial results of fiscal year ended March 31, 2008.

Regarding Home Video Games business, “Resident Evil 4 Wii edition”, “Resident Evil: The Umbrella Chronicles”, and “Devil May Cry 4” achieved robust sales particularly in overseas markets. Additionally, “Monster Hunter Freedom 2”, which was released in February 2007, and “Monster Hunter Freedom 2G” in the end of this fiscal year, made satisfactory sales in Japan.

In the segment of Contents Expansion, furthermore, earnings increased supported by the contribution from game distribution to mobile phones. These factors have covered the weak performance of Arcade Operations business and Arcade Game Sales business, and resulted in the second highest performance in the past, which means net sales increased by 11.5%, operating income by 36.6%, ordinary income by 15.7% from the previous year.

As for the forecast for the next fiscal year ending March 31, 2009, net sales will increase to 95,300 million yen (up 14.7% from the previous fiscal year ended March 31, 2008) and ordinary income will increase to 14,800 million yen (up 20.6% from the previous fiscal year ended March 31, 2008) by the steady growth of each segments, which will be the best records of Capcom Co., Ltd.

1. Financial Results of the Year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

	Net Sales	Operating Income	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March. 31, 2008	83,097	13,121	12,267	7,807
Year ended March. 31, 2007	74,542	9,602	10,600	5,852

2. Forecast for the Fiscal Year ending March 31, 2009

	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, 2009	95,300	14,600	14,800	8,600	140.60

3. Status of Each Operational Department

(1) Home Video Games

(Unit: Millions of Yen)

	Year ended March. 31, 2007	Year ended March. 31, 2008	Difference (%)
Net Sales	43,813	51,679	18.0%
Operating Income	8,055	11,609	44.1%
Operating Margin	18.4%	22.5%	-

- a. In this business segment, "Resident Evil 4 Wii edition" and "Resident Evil: The Umbrella Chronicles" (for Wii) increased their brand recognition especially in overseas markets. Their shipment surpassed one million units, greatly exceeding our projection.
- b. "Devil May Cry 4" (for Xbox 360 and Playstation 3) gained overwhelming popularity as soon as it was released and continued to achieve smooth growth in the US and Europe. This software achieved record sales for Capcom in recent years with over two million units sold.
- c. "Monster Hunter Freedom 2nd G" (for PlayStation Portable), which was released in the end of this fiscal year, also made a strong start, and almost one million units were sold.
- d. These leading software titles continued to be a tremendous success for Capcom.
- e. The resulting net sales increased to 51,679 million yen (up 18.0 % from the previous year), and the operating income increased to 11,609 million yen (up 44.1 % from the previous year) contributing to the improvement of overall operating results.

(2) Arcade Operations

(Unit: Millions of Yen)

	Year ended March. 31, 2007	Year ended March. 31, 2008	Difference (%)
Net Sales	13,043	13,406	2.8%
Operating Income	2,009	753	-62.5%
Operating Margin	15.4%	5.6%	-

- a. In this business segment, we tried to attract more customers including women and families while assuring repeated visits by current customers. Such efforts included offering clean, bright and fun arcades; holding various marketing events; implementing special discount days; and introducing a wide variety of game machines that satisfy customer demands.

- b. However, this business segment had sluggish growth under adverse market conditions. There were several factors that negatively affected performance: the dissemination of home video game machines, intensified competition, declining popularity of card dispensing games for children, and the decrease of visitors to those arcades located in suburban shopping malls due to rising gasoline/petrol prices.
- c. As for the new arcades, we opened nine stores this year: "Plaza Capcom Iruma", "Plaza Capcom Elumi Konosu", and "Plaza Capcom Hanyu" in Saitama Prefecture; "Plaza Capcom Rock City Sanuma" and "Plaza Capcom Sendai Izumi" in Miyagi Prefecture; "Plaza Capcom Chiharadai" in Chiba Prefecture; "Plaza Capcom Kofu" in Yamanashi Prefecture; "Plaza Capcom Rinku" in Osaka Prefecture; "Plaza Capcom Ashikaga" in Tochigi Prefecture.
- d. The current number of Plaza Capcoms totals 42 at the end of this fiscal year.
- e. The resulting net sales increased to 13,406 million yen (up 2.8 % from the previous year), while the operating income decreased to 753 million yen (down 62.5 % from the previous year) due to the increased expense associated with the opening of new arcades.

(3) Arcade Games Sales

(Unit: Millions of Yen)

	Year ended March. 31, 2007	Year ended March. 31, 2008	Difference (%)
Net Sales	8,021	6,574	-18.4%
Operating Income	1,369	1,182	-13.7%
Operating Margin	17.1%	18.1%	-

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 struggled until the third quarter of this fiscal year as the market was shrinking drastically due to the weakening demand and decrease in purchasing power of arcade operators. Other factors that burdened our performance were machine malfunction in "Donkey Kong Banana Kingdom" and the fact that the main activity of this business segment was the sale of peripheral products such as trading cards for "Wan! Tertainment Music Channel", a card-dispensing game machine.
- b. Under these circumstances, we introduced a promising video game machine at the end of this fiscal year trying to push up the slow sales. However, overall sales still remained at low levels affected by the lapse during this term.
- c. The resulting net sales decreased to 6,574 million yen (down 18.4 % from the previous year), and the operating income decreased to 1,182 million yen (down 13.7 % from the previous year).

(4) Contents Expansion

(Unit: Millions of Yen)

	Year ended March. 31, 2007	Year ended March. 31, 2008	Difference (%)
Net Sales	7,102	8,525	20.0%
Operating Income	1,624	2,633	62.1%
Operating Margin	22.9%	30.9%	-

- a. In this business segment, we tried to take full advantage of the synergistic effects from our home video game software into the distribution of games to mobile phones. As a result of such efforts, we saw satisfactory sales increase with "Ace Attorney" serving as a sales growth engine.
- b. As for LCD device for Pachislo machines, the overall sales remained unchanged with the introduction of "Devil May Cry 3".
- c. The resulting net sales increased to 8,525 million yen (up 20.0 % from the previous year), and the operating income increased to 2,633 million yen (up 62.1 % from the previous year) supported by the contribution from game distribution to mobile phones.

(5) Other Businesses

(Unit: Millions of Yen)

	Year ended March. 31, 2007	Year ended March. 31, 2008	Difference (%)
Net Sales	2,561	2,947	15.1%
Operating Income	-439	468	-
Operating Margin	-17.1%	15.9%	-

The net sales from other businesses, mainly character-related licensing royalties, increased to 2,947 million yen (up 15.1 % from the previous year), and the operating income increased to 468 million yen (operating loss of the previous year was 439 million yen).