

April 19, 2011

Press Release

Company Name: Capcom Co., Ltd.

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Announcement of Strategic Subsidiary in Social Game Business and Plans for Global Expansion

The Board of Directors of Capcom Co., Ltd. (Capcom) approved a resolution on April 19, 2011 to establish a subsidiary to be called Beeline Interactive Japan Co., Ltd. The new company will develop and distribute social games to users of smartphones in Japan and other Asian countries.

1. Reason for establishing Beeline Interactive Japan

The market for video games has undergone dramatic changes in recent years. In addition to the traditional market of home game console users, there has been continuous and rapid growth in the number of people who enjoy games on personal computers, smartphones and other types of new platforms.

The pace of change has been particularly fast in the mobile game market. Advances in the performance of cell phones along with the emergence of social networking services have attracted users in all areas of the world who had never before played a video game.

Significantly, the number of smartphones in use is expected to surpass the number of personal computers in 2012. Growth of the smartphone platform is driven primarily by the popularity of social games, which account for about half of the smartphone game market. As a result, the key to achieving growth of the mobile game business is to focus on social games for smartphones on a global scale.

2. Strategic objectives associated with the establishment of Beeline Interactive Japan

Capcom realigned its mobile operations to focus on smartphone game development in 2009. Since then, the company's North American and European subsidiaries have achieved impressive success with "freemium" social games targeted at the "casual" gamer. Titles released in this category thus far include "Smurfs' Village," "Zombie Café" and "Lil' Pirates." With these games, Capcom quickly created a successful smartphone game business. Cumulative downloads of these three titles are currently more than 15 million. "Smurfs' Village" is very popular, having been a top-grossing game in 55 countries on Apple's App Store. Capcom's goal is to capitalize on this success and grow its audience of smartphone casual game players, a customer segment that differs from users of home video games.

To accomplish this goal, Capcom decided to launch a second brand for the development and distribution of original mobile content outside of the company’s celebrated intellectual property. In addition, Capcom will establish a new strategic subsidiary in Asia. By taking these actions, Capcom is determined to make social games for smartphones a second core business alongside the Consumer Online games business.

The major strategic objectives are as follows.

(1) Launch “Beeline” as Capcom’s second brand

The content and target markets of these overseas social games, distributed mainly by subsidiaries in Europe and North America, are very different from Capcom’s conventional video game operations. As a result, the overseas social game business must be differentiated from the Capcom brand. Therefore, Capcom decided to create a second brand called “Beeline” for the development and distribution of social games on smartphones. Capcom believes that this brand will help better appeal to the desired target market and help maximize the earnings of the entire Capcom Group.

In conjunction with the launch of the “Beeline” brand, Capcom will rename the following subsidiaries. Separately, Capcom’s existing “hardcore” gamer brands will continue to be developed and published under the Capcom name on mobile.

Previous name	New name
Capcom Interactive, Inc.	Beeline Interactive, Inc. (U.S.A.)
Capcom Interactive Canada, Inc.	Beeline Interactive Canada, Inc. (Canada)

(2) Maximize the number of new titles by developing games in three regions

Capcom will establish bases to develop social games for smartphones in three regions: North America, Europe and Japan. This development network, which will be centered in North America, will allow Capcom to introduce more titles worldwide. Beeline Interactive Japan plans to establish a reputation as a pioneer in targeting opportunities created by the expected growth in the use of high-performance mobile devices in Asia. The central goals are establishing the “Beeline” brand in Asian markets and increasing earnings from “Beeline” products.

3. Profile of Beeline Interactive Japan

(1) Name	Beeline Interactive Japan Co., Ltd.
(2) Representative	Manabu Seko, President
(3) Address	2-2-14 Awaji-cho, Chuo-ku, Osaka
(4) Establishment	April 19, 2011
(5) Capital	¥300 million yen
(6) Shares issued	3,000 shares
(7) Shareholder	Capcom Co., Ltd. (100%)
(8) Activities	Development and distribution of smartphone content in Japan and other Asian countries
(9) Fiscal year	March 31

4. Effect on results of operations

Establishment of Beeline Interactive Japan will have only a negligible effect on results of operations in the current fiscal year.