



February 5, 2009

**Press Release**

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**Sluggish Financial Results for the Nine Months ended December 31, 2008 !**  
**8.6% decrease in Net Sales, 57.2% decrease in Operating Income**  
**Compared to Previous Term**  
 - Maintaining sales and profit for the fiscal year due to our launching of blockbuster titles  
 in the 4th quarter -

Capcom Co., Ltd. would like to announce that net sales decreased to 47,223 million yen (down 8.6% from the same term last year), operating income decreased to 2,613 million yen (down 57.2% from the same term last year), ordinary income decreased to 2,107 million yen (down 67.7% same term last year) and net income decreased to 179 million yen (down 95.0 % from the same term last year) in consolidated financial results for the nine months ended Dec. 31, 2008.

This is attributable to the slacking performance of Arcade Operations and Contents Expansion Business, the sharp rise of yen’s exchange rate, and not having the release of flagship titles until the 4th quarter in the Home Video Games Business.

Ordinary income decreased due to the foreign exchange loss resulted from the rapid appreciation of the yen. In addition, net income for the current quarter recorded 179 million yen (down 95.0 % from the same term last year) due to a report of impairment loss for partial fixed assets within the special loss.

The prospects of the consolidated business results for the current fiscal year ending March 31, 2009 remain the same as what were projected at the financial results announcement on May 20, 2008.

1. Financial Results of the nine months ended December 31, 2008

	Net Sales	Operating Income	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
Nine months ended Dec. 31, 2008	47,223	2,613	2,107	179
Nine months ended Dec. 31, 2007	51,655	6,101	6,520	3,574

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

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
	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)

	Nine months ended Dec. 31, 2007	Nine months ended Dec. 31, 2008	Difference (%)
Net Sales	30,852	26,709	-13.4%
Operating Income	6,039	4,404	-27.1%
Operating Margin	19.6%	16.5%	-

- a. In this business segment, our lower-priced software, “Monster Hunter Freedom 2G PSP the Best” (for PlayStation Portable), showed healthy growth due to its established popularity. “Grand Theft Auto IV” (for PlayStation 3, Xbox 360), the latest of its series, as well as “Mega Man Star Force 3” (for Nintendo DS) achieved their sales goals. The mega hit of “Monster Hunter Freedom 2G” (for PlayStation Portable) in the first half of this fiscal year created a sensation in the market and became a social phenomenon.
- b. Nonetheless, we were not able to achieve favorable profits, and overall sales remained weak because we were in a transitional period in our product development cycle. Many of the flagship software titles are scheduled to be released in the 4th quarter.
- c. The resulting net sales decreased to 26,709 million yen (down 13.4 % from the same term last year), and operating income decreased to 4,404 million yen (down 27.1 % from the same term last year).

## (2) Arcade Operations

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2007	Nine months ended Dec. 31, 2008	Difference (%)
Net Sales	9,577	10,039	4.8%
Operating Income	573	113	-80.2%
Operating Margin	6.0%	1.1%	-

- a. Struggling with declining sales, we tried to create demand and attract more diversified customers including women and families. Holding various events and offering special discount days are just a few examples of such efforts. However, we still struggled with a mediocre sales performance caused by the softening market.
- b. We opened four new facilities starting with “Plaza Capcom Omagari” in Akita Prefecture plus arcades in Shiga, Aichi, and Shimane Prefectures. As for low-productive facilities, we closed down two such arcades as per our profitability-based goals.
- c. The total number of “Plaza Capcom” at the end of the 3rd quarter totals 44 after these activities.
- d. The resulting net sales increased to 10,039 million yen (up 4.8 % from the same term last year), thanks to the contribution from newly opened facilities and from those that opened in the previous fiscal period. However, the operating loss of 113 million yen was reported (down 80.2 % from the same term last year) due to the market stagnation and increased expenses in opening new facilities.

## (3) Arcade Games Sales

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2007	Nine months ended Dec. 31, 2008	Difference (%)
Net Sales	2,198	4,848	120.6%
Operating Income	-692	381	-
Operating Margin	-31.5%	7.9%	-

Note:

1. 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. We were engaged in aggressive sales activities in order to utilize our home video game software in this business segment with the aim of overcoming an unfavorable business environment. One example of such efforts was the introduction of the new video game machine, “Tatsunoko VS. Capcom”. However, we lacked a competitive edge due to limited product lineup and weakening demand.
  - b. Overall sales managed to achieve satisfactory results thanks to the contribution of “Street Fighter IV”, which became a hit in the first half of this fiscal year.

- c. The resulting net sales increased to 4,848 million yen (up 120.6 % from the same term last year), and the operating income turned profitable and reached 381 million yen (the operating loss of 692 million yen was recorded in the same term last year).

(4) Contents Expansion

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2007	Nine months ended Dec. 31, 2008	Difference (%)
Net Sales	7,042	3,801	-46.0%
Operating Income	2,282	188	-91.8%
Operating Margin	32.4%	4.9%	-

- a. Overall performance of this business segment remained weak though we have been trying to apply the synergy from our popular software into the area of game distribution for mobile phones. One of the main reasons for this unfavorable performance was that decrease in demand for “Ace Attorney”, as this software had been leading the sales in this segment. No other leading software was available to increase sales.
- b. As for the Pachislo machine business, “Resident Evil” showed healthy growth, while the highly anticipated “Chun-Li Ni Makase China” struggled. In addition, the worsening business environment as well as limited product lineups placed us in a difficult situation.
- c. The resulting net sales decreased to 3,801 million yen (down 46.0 % from the same term last year), and the operating income decreased to 188 million yen (down 91.8 % from the same term last year).

(5) Other Businesses

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2007	Nine months ended Dec. 31, 2008	Difference (%)
Net Sales	2,012	1,832	-8.9%
Operating Income	366	633	73.0%
Operating Margin	18.2%	34.6%	-

The net sales from other businesses, mainly character-related licensing royalties, decreased to 1,832 million yen (down 8.9 % from the same term last year), and the operating income increased to 633 million yen (up 73.0 % from the same term last year).