



Capcom Co., Ltd.
**(Tokyo and Osaka Exchanges,
First Section, 9697)**

1st Quarter Report
Fiscal year ending March 31, 2009

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Financial Highlights

Consolidated Business Results

- Capcom started the year on a strong note, with FY2008 1Q sales, earnings and earnings per share higher than the same period a year earlier.
- The weaker yen translated into a foreign exchange gain of ¥840 million, a significant boost to ordinary income.

(Million yen)	FY07/Q1	FY08/Q1	YoY change(%)
Net sales	14,277	16,352	+14.5%
Operating income	2,075	2,978	+43.5%
(Operating margin)	14.5%	18.2%	+3.7%
Ordinary income	2,513	4,024	+60.1%
Net income	1,130	2,382	+110.8%
Earning per share	¥20.02	¥38.96	+94.6%

Financial Highlights

Performance by Business Segment

- The home video game segment drove sales, on accelerating sales of “Monster Hunter Freedom 2G”, launched in the previous fiscal year.
- Arcade operations were more sluggish than expected as the market deteriorated.

(Million yen)		FY07/Q1	FY08/Q1	YoY change (%)
Home Video Games	Net sales	7,914	10,406	+31.5%
	Operating income	1,872	3,556	+90.0%
Arcade Operations	Net sales	2,937	3,128	+6.5%
	Operating income	261	-73	-
Arcade Game Sales	Net sales	687	1,010	+47.0%
	Operating income	-167	-245	-
Contents Expansion	Net sales	2,174	1,097	-49.5%
	Operating income	826	279	-66.2%
Other Businesses	Net sales	564	710	+25.9%
	Operating income	134	302	+125.4%

Financial Highlights

Financial Position

Significant changes in balance sheet items are as follows.

(Figures in parentheses are changes vs. end of March. '08)

Assets		(Million yen)
· Work-in-progress for game software	8,800	(+2,559)
· Gradual increase in the absence of major title launchings		
· Notes and accounts receivable	6,446	(-7,736)
· Progress in collections related to “Monster Hunter Freedom 2G”, launched at the end of the previous fiscal year.		

Financial Highlights

Topics (April 2008 – end of July 2008)

- **“Monster Hunter Freedom 2G” becomes a major hit.**

Shipments reach 2.48 million units as of July 2008 (in Japan and Asia)

Becomes the number one title in Japan for CY2008 1H for all platforms combined

(source: Enterbrain)

A super hit that became a social phenomena; repeat sales are still strong

- **Capcom announces plan to establish subsidiary in France (July 3)**

Strengthen marketing organization in the European market

Third direct marketing base in EU, following the U.K. and Germany

Business Segment Summary

Home Video Games (1)

- 1st quarter sales were strong, supported by repeat sales of titles launched in the previous fiscal year.

Cumulative sales through Q1: 3.76 million units (FY2007 1Q: 2.68 million units)

Breakdown	Japan	2.12 mil. units		
	North America	0.85 mil. units	Titles of other companies	0.21 mil. units
	Europe	0.65 mil. units	Old titles/Lower-priced versions	2.80 mil. units
	Asia	0.14 mil. units		

FY08 Q1 Sales of Major Titles

	Platform	Region	Sales	FY2008 Plan (units)
Monster Hunter Freedom 2G (repeat during period)	PSP	Japan	1.42 mil. units	1.5 mil. units
Lost Planet Colonies	X360,PC	Worldwide	0.39 mil. units	0.61 mil. units
Okami	Wii	North America / Europe	0.28 mil. units	Not announced

Sales for Japan include the entire Asian region

Business Segment Summary

Home Video Games (2)

- Sales of major titles due for launch in the second half will have an important bearing on full-year sales.
- No major titles are to be launched in 2Q
- "Resident Evil 5" is scheduled for a worldwide launch in March

Plans for Major New Titles

	Platform	Region	Release date	Plan
Resident Evil 5	X360, PS3	Worldwide	Japan Mar/12 North America Mar/13 Europe Mar/13	2.3 mil. units
Street Fighter IV	X360, PS3, PC	Worldwide	Not announced	1.7 mil. units
Bionic Commando	X360, PS3, PC	Worldwide	Not announced	1.5 mil. units
Dead Rising Chop Till You Drop	Wii	Worldwide	Winter 2008	0.5 mil. units

Business Segment Summary

Arcade Operations

- **Business performance deteriorated in 1Q as existing arcades continued to face headwinds.**

Arcades in shopping centers had a particularly difficult time because of the rising popularity games for home video games and escalating gasoline price.

1Q Existing arcade sales YoY change (%)

1Q	84%
Fiscal Year (Plan)	99%

FY08 1Q Arcade Openings and Closings

	Arcades opened	Arcades closed	Total
As of March 31	-	-	42
April - June 2008	1	0	43
(Plan for FY 2008)	3	5	40

- **Uncertainties about the outlook for business performance are growing**
FY business forecasts are currently being reviewed.

Arcade Games Sales

- **Segment was in the red in the 1Q, as only a few new titles were launched and heavy up-front game development expenses**

- **Most titles launched were for home video games**

Commenced shipping “Sengoku Basara X(cross)” and “Fate Unlimited Code”, shipments are a shade below plans

Card game sales to arcade game machines are running somewhat above plan

- **Major titles planned after 1Q**

- **Titles to expand the lineup for home video game platforms**
- **We expect to launch *Street Fighter IV* more or less on schedule**
- **We are not revising our FY2008 forecasts at this point**

Contents Expansion

- **1Q business results were on target**

- No major title launches in the pachinko and pachislo business
- Mobile contents business performance was on target, both in Japan and overseas
- Mobile content represented most of cumulative sales through 1Q sales

- **We are not revising full year segment forecasts**

- Pachinko and pachislo business → Major title launches planned after 2Q
- Mobile contents business → No developments requiring revisions envisioned at this point

Fiscal 2008 Forecasts

Fiscal 2008 Forecasts

(Million yen)	Net sales	Operating income	Ordinary income	Net income	Net income per share
FY08 Q1 Results	16,352	2,978	4,024	2,382	¥38.96
FY08 Q2 Forecast	34,700	3,300	3,400	1,800	¥29.40
FY08 Forecast	95,300	14,600	14,800	8,600	¥140.36
Change	+13.6%	+11.3%	+20.6%	+10.2%	+5.6%

- We are leaving first-half and full-year forecasts unchanged.

Foreign exchange rates may have an impact on forecasts later in the year.

In the home video game business, title launches that are likely to have a significant bearing on business results are concentrated in the second half.

The arcade operations business may weigh heavily on business results.

Forward-looking Statements

Information in these materials concerning strategies, plans, outlooks and all other items except historical facts are forward-looking statements. These statements are based on certain assumptions that use reasonable judgments in accordance with information that is currently available. Actual performance may differ significantly from these statements for a variety of reasons.

The operating results of all companies in the video and arcade game business may be highly volatile due to shifts in market conditions caused by changing user needs and other factors.

Factors that may affect operating results include, but are not limited to: 1) the ability to introduce hit products, and the volume of sales, in the home video games business, which accounts for the majority of sales; 2) progress in developing new home video games; 3) the popularity of home video game players; 4) sales outside Japan; 5) changes in stock prices and foreign exchange rates; 6) alliances with other companies concerning product development, sales and other operations; and 7) changes in market conditions.