



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

1st Quarter Report
Fiscal year ending March 31, 2010

Contents

	Page
Financial Highlights	2 ~ 5
Consolidated Business Results	2
Performance by Business Segment	3
Financial Position	4
Topics	5
Business Segment Summary	6 ~ 10
Home Video Games	6 ~ 7
Arcade Operations	8
Arcade Games Sales	9
Contents Expansion	10
Fiscal 2009 Forecasts	11

Financial Highlights

Consolidated Business Results

- Business performance was favorable, with 1Q sales, operating income and ordinary income posting year-on-year gains.

(Million yen)	FY08/1Q	FY09/1Q	YoY change(%)
Net sales	16,352	19,497	+19.2%
Operating income	2,978	3,664	+23.0%
(Operating margin)	18.2%	18.8%	+0.6%
Ordinary income	4,024	4,117	+2.3%
Net income	2,382	2,230	-6.4%
Earning per share	¥38.96	¥36.08	-7.4%

Financial Highlights

Performance by Business Segment

- In the Home Video Games segment, sales of “Resident Evil 5,” a title launched in the previous fiscal year, continued well, boosting overall sales.
- An absence of new models and severe competition at the retail level drove Arcade Game Sales and Contents Expansion segments into the red.

(Million yen)		FY08/1Q	FY09/1Q	YoY change (%)
Home Video Games	Net sales	10,406	14,148	+36.0%
	Operating income	3,556	4,711	+32.5%
Arcade Operations	Net sales	3,128	2,926	-6.5%
	Operating income	-73	114	-
Arcade Games Sales	Net sales	1,010	313	-69.0%
	Operating income	-245	-168	-
Contents Expansion	Net sales	1,097	1,474	+34.4%
	Operating income	279	-65	-
Other Businesses	Net sales	710	635	-10.6%
	Operating income	302	239	-20.9%

Financial Highlights

Financial Position

Notable changes in balance sheet items are as follows.

(Figures in parentheses are changes vs. end of March. '09)

Assets

(Million yen)

• Notes and accounts receivable	7,125	(-20,769)
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• Due to collection of receivables from major titles released in the prior FY

Liabilities

• Notes and accounts payable	3,656	(-6,026)
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• Due to payment of amounts due for titles released in the prior FY

Financial Highlights

Topics (April 2009 – July 2009)

- **Global shipments of “Resident Evil 5” (PS3, Xbox 360) topped 5 million**

Sold 4.4 million units in the prior FY, 0.6 million units in this quarter

Set a new record for shipments in the “Resident Evil” series

- **First shipment of “Monster Hunter Tri” (Wii) firms up 1 million**

Japan’s first million-seller of a third-party title for the Wii

“Monster Hunter” series surpass 10 million units shipped

- **Delay in debut of “Dark Void” (PS3, Xbox 360, PC)**

Postponed the release date to avoid competition with releases of major titles of other companies

Plan to start sales in North America and Europe in the 4th quarter

Business Segment Summary

Home Video Games (1)

- A rush of repeat sales of titles launched in the previous fiscal year supported 1Q sales
Lucrative titles, led by “Resident Evil 5,” helped lift earnings

Cumulative sales through 1Q : 4.1 million units (FY2008 1Q : 3.76 million units)

Breakdown	Japan	1.7 mil. Units		
	North America	1.2 mil. Units	Titles of other companies	0.2 mil. Units
	Europe	1.1 mil. Units	Old titles/Lower-priced versions	2.5 mil. units
	Asia	0.1 mil. Units		

FY09 1Q Sales of Major Titles

	Platform	Region	Sales	FY2009 Plan
Resident Evil 5 (repeat during period)	PS3, X360	Worldwide	0.6 mil. Units	0.8 mil. Units
Monster Hunter Freedom Unite (Best Price and Overseas version included)	PSP	Worldwide	0.6 mil. Units	Not announced
Bionic Commando	PS3, X360	Worldwide	0.55 mil. Units	Not announced

Business Segment Summary

Home Video Games (2)

- The plan for FY09 performance will depend on sales of major titles to be released during the year
 - "Monster Hunter Tri" shipments have topped 1 million in Japan; plan to start sales overseas in FY09
 - "Dark Void" debut pushed back to 4th quarter to due to timing of competitors' new titles

Plans for Major New Titles

	Platform	Region	Release date	Plan
Monster Hunter Tri	Wii	Worldwide	Japan Aug. 1 North America / Europe FY2009	2.0 mil. Units
Dark Void	PS3, X360, PC	North America / Europe	FY2009 4Q	2.0 mil. Units
Lost Planet 2	PS3, X360, PC	Worldwide	FY2009	2.7 mil. units

Business Segment Summary

Arcade Operations

- Performance remained weak in the 1st quarter with sales down from the previous year

Remained profitable (operating income) by lowering fixed expenses

1Q Existing arcade sales YoY change (%)

1Q	86%
Fiscal Year (Plan)	93%

FY09 1Q Arcade Openings and Closings

	Arcades opened	Arcades closed	Total
As of March 31, 2009	-	-	40
April - June 2009	0	0	40
Plan for FY 2009	0	1	39

- No change at this time in the FY09 plan

Arcade Games Sales

- **There was a loss (as planned) due to the absence of new titles in the 1st quarter as operating expenses continued**
- **Plan to launch a major title in the 3rd quarter**
 - **Plan to launch the coin-operated game Mario Party Fushigi no Korokoro Catcher in the fall of 2009**
 - **No change at this time in the FY09 plan**
- **Cooperation with amusement business of NAMCO BANDAI Games Inc.**
 - **Outsourcing sales of coin-operated games to maximize sales volume**
 - **Considering more cooperation, including development of new models using the content of Capcom and NAMCO BANDAI Games Inc.**

Contents Expansion

- **1st quarter performance was largely as planned**
 - **In the pachinko & pachislo business, shipments of “Vampire” pachislo machine started (operation started in July)**
 - Sales of 1,100 units are less than planned**
 - **In the mobile content business, performance was largely as planned in Japan and overseas**
 - **1st quarter sales composition was approximately 40% pachinko & pachislo and 60% mobile content**
- **No change at this time in the FY09 plan**
 - **Pachinko & pachislo business → Currently examining sales plans for 2nd half titles**
 - **Mobile content business → No revisions envisioned at this point**

Fiscal 2009 Forecasts

Fiscal 2009 Forecasts

(Million yen)	Net sales	Operating income	Ordinary income	Net income	Net income per share
FY09 1Q Results	19,497	3,664	4,117	2,230	¥36.08
FY09 1H Forecast	43,200	4,400	4,300	2,300	¥37.20
FY09 Forecast	95,000	15,500	14,700	8,500	¥137.48
Change	+3.4%	+6.0%	+6.5%	+5.4%	+5.0%

· **No change in 1st half and FY09 forecasts**

1st half forecast: No change despite strong 1st quarter performance because “Dark Void” launch was pushed back to the 2nd half

FY09 forecast: No change because of 2nd half major title releases in the home video games business and current level of pachislo machine sales in the contents expansion business

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.