Financial Highlights and Basic Policies
First half of fiscal year ending March 31, 2010

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

Precautions Concerning Forward-looking Statements

Strategies, plans, outlooks and other statements that are not historical facts are based on assumptions that use information currently available and reasonable judgments. Actual performance may be significantly different from these statements for a number of reasons.

In the entertainment industry, which includes Capcom, performance may be highly volatile because of diversifying user needs and other changes in market conditions. Items that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) the popularity of home video game players; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; and (7) changes in market conditions. Please note that this is not a complete list of factors that can influence Capcom's operating results.

Contents：

1. First Half Consolidated Statements of Income

First Half Consolidated Financial Highlights

Sept. 2008 Results vs. Sept. 2009 Results

(Million yen)

	2008/9	2009/9	Difference
Net Sales	31,236	38,892	7,656
Operating Income	3,357	5,574	2,217
Ordinary Income	4,115	5,476	1,361
Net Income	1,873	2,967	1,094

- **Sales and all profit figures were higher than the same term of previous year.**
- **Sales were much higher because of strong repeat sales of products in the Home Video Games segment and the success of "Monster Hunter Tri".**

First Half Consolidated Financial Highlights

■ Sept. 2009 Plan vs. Sept. 2009 Results

(Million yen)

	2009/9Plan	2009/9	Difference
Net Sales	43,200	38,892	-4,308
Operating Income	4,400	5,574	1,174
Ordinary Income	4,300	5,476	1,176
Net Income	2,300	2,967	667

- ■ Earnings were higher than planned in at all levels.
- ■ Sales did not reach the plan because launches of some titles in the Home Video Games segment were pushed back and due to weak sales of new products in the Pachinko & Pachislo business.
- ■ Operating income was 26.7% higher than the plan. The main reasons were sales of highly profitable titles in the Home Video Games segment and cost-cutting measures across the entire company.

2. First Half Segment Information

First Half Segment Information (1)

■ Business Segment Information FY3/09 1H vs. FY3/10 1H

(Million yen)

	2008/9	2009/9	Difference
Home Video Games	16,486	27,748	11,262
Arcade Operations	6,847	6,249	-598
Arcade Games Sales	4,071	656	-3,415
Contents Expansion	2,547	2,560	13
Other Business	1,283	1,676	393
Total	31,236	38,892	7,656

Please see to "Results of Operations and Strategies" for details.

First Half Segment Information (2)

■ Geographic Segment Information FY3/09 1H vs. FY3/10 1H

(Million yen)

		2008/9	2009/9	Difference
Japan	Net Sales	24,913	27,906	2,993
	Operating Income	5,529	7,738	2,209
	Operating Margin	22.2%	27.7%	5.5%
North America	Net Sales	3,581	6,098	2,517
	Operating Income	-228	-454	-226
	Operating Margin	-6.4%	-7.4%	-1.0%
Europe	Net Sales	2,183	4,371	2,188
	Operating Income	20	255	235
	Operating Margin	0.9%	5.8%	4.9%

Japan: Higher sales, earnings and operating margin due to strong performance by the "Monster Hunter" series.

North America: Lower profitability due to weakness in game titles developed overseas.

Europe: Higher sales and earnings due to strong repeat sales of titles released in the previous fiscal year.

3. First Half Consolidated Balance Sheets

First Half Consolidated Balance Sheets

■ Balance Sheets March 31, 2009 vs. Sept. 30, 2009

(Million yen)

	2009/3	2009/9	Difference
Current assets	78,806	64,123	-14,683
Fixed assets	27,404	25,978	-1,426
Total assets	106,210	90,102	-16,108

Current liabilities	38,415	24,695	-13,720
Long-term liabilities	8,445	7,859	-586
Total liabilities	46,861	32,555	-14,306
Total net assets	59,349	57,546	-1,803
Total liabilities and net assets	106,210	90,102	-16,108

First Half Consolidated Balance Sheet Highlights (1)

Balance Sheet Major Changes in Assets

(Million yen)

	2009/3	2009/9	Difference
Cash on hand and in banks	28,611	37,351	8,740
Notes and accounts receivable, trade	27,894	3,240	-24,654
Work-in-progress for game software	10,432	13,135	2,703

(1) Cash on hand and in banks

- Increased mainly due to the collection of accounts receivable, trade.

(2) Notes and accounts receivable, trade

- Decreased due to the collection of accounts receivable, trade from the launch of major titles late in the previous fiscal year.

(3) Work-in-progress for game software

- Increased because of progress in developing titles for release in the second half of FY09 and afterward.

First Half Consolidated Balance Sheet Highlights (2)

■ Balance Sheet Major Changes in Liabilities and Net Assets

(Million yen)

	2009/3	2009/9	Difference
Notes and accounts payable, trade	9,682	2,682	-7,000
Short-term borrowings	15,766	10,711	-5,055
Treasury stock	-8,015	-10,719	-2,704

(4) Notes and accounts payable, trade

■ Decreased due to the payment for purchases made for major titles that were released near the end of the previous fiscal year.

(5) Short-term borrowings

■ Decreased due to the repayment of loans using a credit facility.

(6) Treasury stock

■ Decreased due to the repurchase of 1,471,900 shares.

4. First Half Consolidated Statements of Cash Flows

First Half Consolidated Statements of Cash Flows

(Million yen)

	2008/9	2009/9	Difference
Cash flow from operating activities	2,722	19,946	17,224
Cash flow from investing activities	-1,820	-867	953
Cash flow from financing activities	-1,440	-9,199	-7,759

(1) Cash flows from operating activities

■ Increased mainly because of higher net income and a decrease in receivables.

(2) Cash flows from investing activities

■ Decreased mainly because payment for acquisitions of tangible fixed assets.

(3) Cash flows from financing activities

■ The primary uses of cash were repayments of short-term borrowings and purchases of treasury stock.

5. Detail of Transfer Pricing Tax System

Detail of Transfer Pricing Tax System

■ Agreement between Japanese and U.S. tax authorities concerning tax assessment based on transfer pricing tax system

(1) Background of revision disposition and additional tax assessment

- In March 2006, Capcom received a notice of tax assessment from Japanese tax authorities. The assessment alleged that transactions between Capcom and its overseas subsidiaries did not meet the standard for arm's length transactions. The companies allegedly used different prices than would have been used for such transactions between independent companies.
- The assessment totaled 5.1 billion yen and Capcom made an additional tax payment of about 1.8 billion yen. However, Capcom continued to argue with the allegation that it used improper transaction prices. In addition, Capcom requested negotiations between Japanese and U.S. tax authorities so that a mutual agreement could be reached to avoid double taxation.

(2) Main provisions of the mutual agreement

- Capcom received notification on October 1, 2009 of the mutual agreement reached by Japanese and U.S. tax authorities.
- The agreement eliminated double taxation and is expected to result in a refund of corporate income taxes and other items.

(3) Effect on earnings

- The effect of this mutual agreement will be recorded in the 3rd quarter of the current fiscal year.
- Capcom expects a contribution to earnings of about 2 billion yen from the refund of corporate income taxes in past fiscal years and other items.