



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

**3rd Quarter Report  
Fiscal year ending March 31, 2010**

## 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

	Page
<b>Financial Highlights</b>	<b>3 ~ 9</b>
Consolidated Business Results	4
Financial Position	5
Others (Acquisition of Treasury Stock)	9
<b>Overview of Business Segments</b>	<b>10 ~ 20</b>
Home Video Games	11
Arcade Operations	15
Arcade Games Sales	17
Contents Expansion	19
<b>Fiscal 2009 Forecasts</b>	<b>21</b>
<b>Fiscal 2010 Forecasts</b>	<b>23</b>



# Financial Highlights

## Financial Highlights (Consolidated Business Results)

### 9 months results in FY3/09 vs. FY3/10

(Million yen)

	2008/12	2009/12	Difference
Net Sales	47,223	49,987	2,764
Operating Income	2,613	4,817	2,204
Ordinary Income	2,107	4,795	2,688
Net Income	179	1,731	1,552

**Sales and all profit figures were higher than the same period in previous fiscal year because of the strong performance in the current fiscal year's 1st half.**

**Strong sales of the “Monster Hunter” series in the Home Video Games business helped improve performance.**

# Financial Highlights (Financial Position)

## Balance Sheets March 31, 2009 vs. December 31, 2009

(Million yen)

	2009/3	2009/12	Difference
<b>Current assets</b>	78,806	60,305	-18,501
<b>Fixed assets</b>	27,404	26,048	-1,356
<b>Total assets</b>	106,210	86,354	-19,856
<b>Current liabilities</b>	38,415	22,584	-15,831
<b>Long-term liabilities</b>	8,445	7,762	-683
<b>Total liabilities</b>	46,861	30,347	-16,514
<b>Total net assets</b>	59,349	56,007	-3,342
<b>Total liabilities and net assets</b>	106,210	86,354	-19,856

# Financial Highlights (Financial Position)

## Balance Sheets Major Changes in Assets

(Million yen)

	2009/3	2009/12	Difference
Notes and accounts receivable, trade	27,894	4,117	-23,777
Work-in-progress	2,097	647	-1,450
Raw materials and supplies	2,745	1,642	-1,103
Work-in-progress for game software	10,432	14,050	3,618

**(1) Notes and accounts receivable, trade**

Decreased mainly because of collections of receivables associated with major titles that were released near the end of the previous fiscal year

**(2) Work-in-progress, Raw materials and supplies**

Decreased mainly because of valuation losses on parts and materials in the Pachinko & Pachislo business

**(3) Work-in-progress for game software**

Increased due to progress in the development of titles to be launched in the next fiscal year forward

# Financial Highlights (Financial Position)

## Balance Sheets Major Changes in Liabilities and Net Assets

(Million yen)

	2009/3	2009/12	Difference
Notes and accounts payable, trade	9,682	3,678	-6,004
Short-term borrowings	15,766	10,711	-5,055
Treasury stock	-8,015	-10,720	-2,705

### (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 purchase of treasury stock from the market

# Financial Highlights (Financial Position)

## Consolidated Statements of Cash Flows

(Million yen)

	2008/12	2009/12	Difference
Cash flows from operating activities	-1,640	14,845	16,485
Cash flows from investing activities	-2,503	-1,318	1,185
Cash flows from financing activities	-2,979	-10,216	-7,237

### **(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

## Others (Acquisition of Treasury Stock)

### Acquisition of Treasury Stock (as of February 1, 2010)

	Authorization	Purchases
Number of shares	3 million shares (maximum)	1,502,700 shares
Total cost	4.5 billion yen (maximum)	2,420,722,500 yen
Type of shares	Capcom common stock	
Acquisition period	January 4 to 29, 2010	

### Tokyo Stock Exchange Guidelines for Stock Repurchases

- Buy orders prior to the start of trading cannot be placed at a price that is higher than the closing price (including the final indicated price) of the previous trading day
- Restrictions are imposed to prevent a company from attempting to raise its stock price above the closing price of the previous trading day



# Overview of Business Segments

# Overview of Business Segments (Home Video Games)

## Sales of Major Game Titles in the 9 months

**Sales of the repeat titles accounted for most sales in the 9 months because there were no launches of major titles during this period**

(Thousand units)

Platform	Title	Region	Date	Sales	Total
Wii	Monster Hunter Tri	Japan	8/1	1,150	1,150
PSP	Monster Hunter Freedom Unite (Best Price included)	Japan	2008/3/27	700	1,150
		North America	6/23	200	
		Europe	6/26	250	
PS3 Xbox 360	Resident Evil 5	Japan	3/5	100	850
		North America	3/13	480	
		Europe	3/13	270	
PS3 Xbox 360	Bionic Commando	Japan	6/25	50	700
		North America	5/19	300	
		Europe	5/22	350	

Sales for Japan include the entire Asian region

# Overview of Business Segments (Home Video Games)

## Business Results for the 9 months

**Despite the 3rd quarter loss, sales and earnings were higher for the 9 months because of the strong 1st-half performance**

(Million yen)

	2007/12	2008/12	2009/12	Difference
Net Sales	30,852	26,709	33,426	6,717
Operating income	6,039	4,404	6,994	2,590
Operating Margin	19.6%	16.5%	20.9%	4.4%

(Thousand units)

	2007/12	2008/12	2009/12	Difference
Titles	84	82	55	-27
Japan	5,000	4,600	4,300	-300
North America	3,100	2,200	2,400	200
Europe	2,150	1,700	2,400	700
Asia	150	200	200	0
Total	10,400	8,700	9,300	600

(Composition)

(Thousand units)

	2007/12	2008/12	2009/12	Difference
Distribution Titles	1,440	1,050	750	-300
Old Titles	3,650	4,800	4,500	-300

# Overview of Business Segments (Home Video Games)

## FY3/10 Sales Plan for Major Titles

**The game title lineup will decrease in the 4th quarter because of strategic postponements in the introductions of major new titles.**

(Thousand units)

Platform	Title	Region	Date	Plan
PS3 Xbox 360	Dark Void	North America	2010/1/19	600
		Europe	2010/1/22	
PS3 Xbox 360	Resident Evil 5 Gold Edition <small>*Xbox 360 version is only for overseas</small>	Japan	2010/2/18	350
		North America	2010/3/9	
		Europe	2010/3/12	

# Overview of Business Segments (Home Video Games)

## Plan for FY3/10

Anticipate large declines in sales and earnings because of a smaller number of major titles, although the online game business is contributing

(Million yen)

	2008/3	2009/3	2010/3 Plan	Difference
Net Sales	51,679	62,892	43,500	-19,392
Operating income	11,609	16,392	9,000	-7,392
Operating Margin	22.5%	26.1%	20.7%	-5.4%

(Thousand units)

	2008/3	2009/3	2010/3 Plan	Difference
Titles	106	110	75	-35
Japan	7,100	6,300	4,800	-1,500
North America	4,700	6,000	4,500	-1,500
Europe	3,450	4,500	4,400	-100
Asia	350	500	300	-200
Total	15,600	17,300	14,000	-3,300

(Composition)

(Thousand units)

	2008/3	2009/3	2010/3 Plan	Difference
Distribution Titles	1,650	1,350	1,000	-750
Old Titles	4,550	5,400	5,600	200

# Overview of Business Segments (Arcade Operations)

**Cost cutting raised earnings even though sales decreased because of the ongoing decline in the number of customers**

## Operating highlights for the 9 months

- Existing-arcade sales were down 16% from the same period in the previous fiscal year
- Performance at existing arcades is still weak but profitability is improving because of cost cutting and other measures

## Business Results for the 9 months

(Million yen)

	2007/12	2008/12	2009/12	Difference
Net Sales	9,577	10,039	8,935	-1,104
Operating income	573	113	448	335
Operating margin	6.0%	1.1%	5.0%	3.9%
Year-to-Year Ratio of Existing arcades	86%	88%	84%	-4%

## Number of Arcades

(Facilities)

	2008/3	2009/3	2009/12	2010/3(Plan)
New arcades	9	6	0	0
Closing arcades	0	8	0	3
Total	42	40	40	37

# Overview of Business Segments (Arcade Operations)

**Aiming for further improvements in efficiency  
by closing unprofitable locations**

## Outlook for remainder of FY3/10

- Will close three unprofitable locations
- Due to the current performance at existing arcades, the FY3/10 plan has been revised to a 15% year-on-year sales decline at existing locations

## Plan for FY3/10

(Million yen)

	2008/3	2009/3	2010/3 Plan	Difference
Net Sales	13,406	13,509	11,500	-2,009
Operating income	753	224	400	176
Operating Margin	5.6%	1.7%	3.5%	1.8%
Year-to-Year Ratio of Existing Stores	86%	85%	85%	-

# Overview of Business Segments (Arcade Games Sales)

**Segment has a loss due to big drops in sales and earnings caused by an insufficient number of new models**

## Operating highlights for the 9 months

- Sold 80 “Mario Party Fushigi no Korokoro Catcher” coin-operated game
- Combined the Arcade Game Sales business and Arcade Operations business to create a unified organization for these operations

## Arcade Game Machine sales by category in the 9 months

- coin-operated/prize-winning games      100 units
- Video games      160 units
- Total      260 units

## Business Results for the 9 months

(Million yen)

	2007/12	2008/12	2009/12	Difference
Net Sales	2,170	4,841	2,012	-2,829
Operating income	-692	381	-63	-444
Operating margin	-31.9%	7.9%	-3.1%	-

# Overview of Business Segments (Arcade Games Sales)

**Aiming for the target in the FY3/10 plan with steady sales of large coin-operated games**

## Outlook for remainder of FY3/10

- Continue to sell the “Mario Party Fushigi no Korokoro Catcher” coin-operated game
- Use the integration with the Arcade Operations business to improve operating efficiency

## FY3/10 sales plan by category

- Plan for FY3/10 sales of arcade games Total of 280 units

## Plan for FY3/10

(Million yen)

	2008/3	2009/3	2010/3 Plan	Difference
Net Sales	6,538	8,023	2,200	-5,823
Operating income	1,182	1,758	-400	-2,158
Operating margin	18.1%	21.9%	-18.2%	-

# Overview of Business Segments (Contents Expansion)

**Reported operating loss as weak sales of pachislo machines  
brought down segment performance**

## Pachinko & Pachislo business operating highlights for the 9 months

- Posted a loss as an insufficient number of new products meant that up-front expenses could not be covered
- Extraordinary losses for valuation loss on parts and materials, and for losses on the suspension of development programs

## Mobile Content business operating highlights for the 9 months

- Distributed new titles in Japan and other countries, mainly for the iPhone  
“Phoenix Wright: Ace Attorney,” “Ghosts’ n Goblins Gold Knights,” and others

## Business Results for the 9 months

(Million yen)

	2007/12	2008/12	2009/12	Difference
Net Sales	7,042	3,801	3,385	-416
Operating income	2,282	188	-299	-487
Operating margin	32.4%	4.9%	-8.8%	-

\*Pachinko & pachislo is about 20% of sales and mobile content about 80%

# Overview of Business Segments (Contents Expansion)

**Expect profit in FY3/10 due to introduction of models from Capcom and developing titles for other companies in the Pachinko & Pachislo business**

## Pachinko & Pachislo business – Outlook for remainder of FY3/10

- Plan to launch “Viewtiful Joe,” a Capcom model, in February 2010
- Plan to launch new “Onimusha,” a model from RODEO Co., Ltd., in March 2010
- FY3/10 sales plan for the two Capcom models is 2,000 units

## Mobile Content business – Outlook for remainder of FY3/10

- Will continue to introduce new titles, including “Full House Kiss” (for NTT DOCOMO) etc.

## Plan for FY3/10

(Million yen)

	2008 /3	2009/3	2010/3 Plan	Difference
Net Sales	8,525	4,628	4,800	172
Operating income	2,633	-230	400	630
Operating margin	30.9%	-5.0%	8.3%	-

\*Pachinko & pachislo is about 25% of sales and mobile content about 75%



# **Forecast for fiscal year ending March 31, 2010**

## Fiscal 2009 Forecasts

**FY3/10 plan is for lower sales and earnings due to the postponement of major title launches in the Home Video Games business**

(Million yen)

	2009/3	2010/3Plan	Difference
<b>Net Sales</b>	91,878	65,000	-26,878
<b>Operating Income</b>	14,618	6,000	-8,618
<b>Ordinary Income</b>	13,808	5,000	-8,808
<b>Net Income</b>	8,063	2,000	-6,063

**No change in fiscal year forecast announced on December 22, 2009**

**Earnings per share forecast is 32.94 yen**

**Forecast dividend per share of 35 yen, the sum of a 15 yen 1st half dividend and 20 yen year-end dividend**



# **Forecast for fiscal year ending March 31, 2011**

# Forecast for fiscal year ending March 31, 2011

## Forecast for fiscal year ending March 31, 2011

(Million Yen)

	FY2010 ending Mar. 31, 2011 (Forecast)	FY2009 ending Mar. 31, 2010 (Forecast)	Difference	Difference (%)
Net Sales	approx. 95,000	65,000	30,000	46.2%
Operating Income	approx. 15,000	6,000	9,000	150.0%
Ordinary Income	approx. 14,000	5,000	9,000	180.0%
Net Income	approx. 8,000	2,000	6,000	300.0%

\* More information about the forecast for the next fiscal year will be provided in the earnings release for the fiscal year ending March 31, 2010.

- **Aiming for stable and sustained growth by effectively using the titles where introductions have been strategically postponed**
- **Plan to increase investments in the online game business to make this a supplementary source of earnings**
- **Aiming to improve profitability of arcade operations by using structural reforms**

# Forecast for fiscal year ending March 31, 2011

## Plan for title lineup in fiscal year ending March 31, 2011

Platform	Title	Region	Date
PS3 Xbox 360	Super Street Fighter	Japan	2010/4/28
		North America	2010/4/27
		Europe	2010/4/30
Wii	Monster Hunter Tri overseas	North America Europe	Apr. 2010
PS3 Xbox 360	Lost Planet 2	Japan	2010/5/20
		North America	2010/5/18
		Europe	
PS3 Xbox 360 PC	Dead Rising2	World Wide	CY2010
	Other Major Titles		

- Introductions of the above titles will be spread across all four quarters of the fiscal year to prevent an excessive contribution from new titles in the 4th quarter