

**Outline of Q&A Conference Call Regarding Consolidated Financial Results
for the Third Quarter of the Year ending March 31, 2009**

Q.

How does Capcom plan to counteract the impact on net sales and income and preserve the full business year plan, despite of the postponement of the originally planned release of the “Bionic Commando” and pachislo machines?

A.

Although we are going to postpone the release of “Bionic Commando” and pachislo machines to the next fiscal year, current orders for “Resident Evil 5” and “Street Fighter IV” which we plan to release in the fourth quarter are brisk, and their sales may exceed original expectations. We believe that conclusive sales figures for these big-hit titles depend particularly on overseas sales, so without definite shipment numbers, our full-year performance is uncertain. In consideration of the possibility that results have an equal likelihood of exceeding or being less than planned, we haven’t changed our forecasts for sales and profits for FY2008. Moreover, regarding the pachislo machines that we scheduled for release during this term, their delayed sale will not significantly affect our business plan as its profitability was very slim to start with. We believe that the key point is how much we can offset the loss of sales and profits we expected to obtain from the sales of “Bionic Commando” with sales of “Resident Evil 5” and “Street Fighter IV.” In addition, we know we must watch the impact of the exchange rate closely.

Q.

I would like to know why your forecasts for ordinary income and other items below remain the same, even though you recorded a loss of JPY 930 million in foreign exchange.

A.

While we indeed recorded a foreign exchange loss in non-operating expenses, at this point we haven’t changed our prospects regarding ordinary profit and other items. As I explained, this is because we don’t have definite sales figures and full-year business performance largely depends on sales figures for best-seller titles.

Q.

I would like to ask for a detailed background on how lower priced title sales increased profits in the Home Video Games Business.

A.

This is because Japanese sales of the lower priced title “Monster Hunter Portable 2nd G PSP the Best” were favorable. In addition, we have been working to increase the sales volume of old and lower priced titles through various sales promotions, including limited period sales, selling bundles of several copies from the same series, and sales of special versions.

Q.

Regarding the Arcade Operation Business, which is decreasing? Average customer spending or customer numbers?

A.

Both average customer spending and customer numbers are worsening. Comparable store sales are 88% of last year's figures on a year-to-year basis, so you can take the view that average customer spending and customer numbers both dipped to the same extent. We believe the Arcade Operation Business to be the most severely hit by the impact of the recession.

However, depending on geographical conditions, there are some stores that are not showing much impact from the recession.

Q.

Please explain Capcom's position regarding store opening and closing numbers for the next fiscal year.

A.

We are unlikely to aggressively open stores in the future, but will instead reduce store numbers or maintain the same level. Nevertheless, we won't drastically reduce the number of existing stores. Initially, we aim to recover our income by reducing the cost of goods sold at stores and by closing several unprofitable stores.

Q.

I thought "Resident Evil 5" had very poor playability in the demo version, so I would like to hear Capcom's opinion.

A.

We would prefer not to comment, as we haven't received any such opinion.

Q.

You mentioned that orders for "Resident Evil 5" are brisk. Is there any possibility that additional orders after the release might decrease due to the increase in the number of first shipments?

A.

We admit additional orders may decrease. However, so far the shipments of the "Resident Evil" series have grown continuously, and the series has long-term sales value. The "Resident Evil 4 Wii edition," released in the previous fiscal year, has also recorded continuous high sales. Thus, we believe that shipments of the series will not suddenly stop.

Q.

Please tell us the impact of the yen's appreciation.

A.

We have already revised our forecasts several times during this term due to the effect of the stronger yen. However, if the yen continues to appreciate, it will be a significant problem for us—as can only be expected.

Q.

I suppose that there is a growing concern within the industry that overseas retail stores have less capacity for carrying inventory. Therefore, I would like to know Capcom's approach to handling this situation.

A.

We have introduced a ranking method for retail store business conditions. We purchase insurance for transactions with business partners whose financial health is critical or we request advance payment. Nevertheless, the majority of our business partners are major general merchandising stores, so we do not have big problems. On the other hand, in Europe, each country has its own retail stores, and some of them are fairly small in size. We also insure our business transactions with them to cover credit while constantly evaluating their situation, so the total impact on us is quite limited.

Q.

Could you explain Capcom's view on the current severe situation regarding medium and small-scale titles?

A.

We share your concern regarding this issue. We plan to spend less on marketing small-scale titles, but strategically promote sales of higher quality medium-scale titles. We don't think there will be any impact during this period, as titles for release in the fourth quarter are all big-hit titles.

Q.

Can you tell us the concrete order figures for "Street Fighter IV"?

A.

Please accept my apologies that we cannot disclose concrete figures.

Q.

I would like to ask the reasons for increased expenses in the "elimination or corporate" item.

A.

These are mainly due to investment costs in the system. Currently we are improving the company's information infrastructure, including exchanging SAP and developing a global information coupling system.

We would like to continue making investments in our system that are appropriate to the size of the company and necessary for business growth.

Q.

I would like to know the present status of your original plan to increase Capcom's selling, general, and administrative expenses (SG&A) for the full business year by JPY 8 billion compared with the previous term.

A.

As we have been cutting costs for SG&A, it is highly possible that the total SG&A figure for the full year will be lower than our forecast. However, we expect to spend an appropriate amount on advertising for "Resident Evil 5" and "Street Fighter IV," taking into account the sizes of those titles.

Q.

Can I assume you will most likely achieve your full-year profit forecast if you succeed in cost-cutting? Do you have any problem with this idea?

A.

I can't tell you in detail, as we are currently studying the situation. At this point, we are unable to definitively inform you about our final business performance, as there have been many changes in the cost balance within each business segment since the beginning of the business term.

Q.

Could you tell us the results of your R&D investments?

A.

I am sorry, but we cannot disclose our R&D expenses. Regarding R&D expenses for the full-year plan, it is highly likely that they will decrease, as we are carefully reviewing the expenditure of JPY 24.7 billion.

Q.

I would like to know Capcom's forecasts for the entire game software market for the next term by region, as well as your concrete platform strategy based on market trends.

A.

First of all, concerning the market overview, it is in line with our forecasts. Although sales of each platform in Japan are facing something of an uphill battle, I am told that sales of Wii are brisk in the European and North American markets, which are the major market for the industry, and sales of Xbox 360 are also quite favorable—mainly driven by price-cuts. We also recognize that sales of Nintendo DS and PSP are generally within the expected levels.

There is no significant change in Capcom's strategy, and we will primarily release game titles for PS3, Xbox 360 and Wii. In addition, we plan to release our leading titles overseas to acquire game users, as the overseas market for Wii is extensive. One of our leading titles is "Monster Hunter 3 (tri-)." If we can gain recognition of this product in the European and North American markets, our market strategy will see a noticeable change. Meanwhile, we are reviewing the possibility of releasing new titles besides "Ace Attorney" for Nintendo DS.

Q.

Could you tell us your sales plan for game software for the full year?

A.

We expect to release 113 titles and ship 19.2 million units during this fiscal year.

Q.

I would like to know the number of downloads for the demo version of “Resident Evil 5.”

A.

I heard that there have been more than two million downloads of the Xbox 360 version.

Q.

Concerning the postponed release of “Bionic Commando,” excluding external factors, do you foresee any other delays in your development schedule?

A.

There is no problem with the development schedule. During this period, we have scheduled more titles for release in the second half than ever before, but considering the worsening market environment, we decided to delay releases in order to maximize the sales volume.

Q.

Do you think you can expect greater sales volume if you postpone the release of “Bionic Commando”?

A.

At the moment, we have not changed our initial plan. “Bionic Commando” has achieved a certain degree of name recognition overseas, but it is a still lower-profile title than Capcom’s other series titles. Moreover, we assume that rapid economic recovery will be difficult, so we don’t expect to increase our prospects for sales volume.