

**Summary of Q&A at the Briefing on the Consolidated Financial Results
for the Second Quarter of the Year ending March 31, 2010**

Q.

Could you tell us about the in-house evaluation for the “Monster Hunter Tri” results?

A.

“Monster Hunter Tri” was the first third-party title created for the Wii to achieve one million sales. Although it’s true that sales fell slightly short of our projections, we believe that overall performance was not bad. Considering the very strong performance of users playing online games, we recognize that the know-how we obtained through this experience will prove extremely useful for further expanding the “Monster Hunter” series in the future. At this point, we only have sales performance figures for Japan, but we will be releasing the title in North America and Europe in the near future. Considering the market penetration of the Wii and the kinds of games overseas customers enjoy, this title has a great chance to be more popular overseas than past titles in this series.

Q.

Could you tell us the percentage of paying users that connect to “Monster Hunter Tri” online?

A.

I would like to refrain from answering that question. This is because of our contract with video game console manufacturers, and thus the percentage of paying online users that are online is confidential information. However, it is true that business has been more brisk than our plan projected.

Q.

Could you tell us more about the development processes used to curb development costs?

A.

To be specific, these processes include 1) complete schedule management of product development, and 2) using the “MT Framework” to expand multiple platforms applications. These processes will enable us to establish highly effective management that strives to curtail expenses for development.

Q.

Does the “MT Framework” make it possible to use the same products on the Wii and PS3? Did you release products for the Wii in order to boost the total volume of sales?

A.

Shared use of products on both the Wii and PS3 with “MT Framework” is technically possible, but that’s not really what we aim to do at Capcom. We merely see it as a means for improving our development efficiency. However, Capcom’s policy is that it is too risky to invest in the exclusive development for one type of video game console, so we select the most desirable consoles on a title by title basis, and promote basic research in line with this purpose.

Q.

Regarding your Pachinko and Pachislo business, I heard from pachinko parlors that Capcom’s sales ability is rather lackluster. What kind of measures are you considering to fix this?

A.

As you correctly pointed out, we are fully aware that our current sales structure is not yet ideal. There are some cases in which the Home Video Games or the Arcade Games Sales business has a completely different idea for dealing Pachislo slot machines. It takes time to build up trusted relationships between different parlors and our company alone, so we are currently considering forming alliances with major sales companies in order to obtain the necessary expertise. In the future, we shall strive to gain the trust of sales companies, pachinko parlors, and customers, while using our leading brands.

Q.

It seems Capcom readjusted the development investment plan for this fiscal year to JPY 23 billion. What were the reasons behind reducing the amount that was originally planned?

A.

After carefully examining development plans for mainly North America, we decided to reduce the amount by around JPY 1 billion.

Q.

Will you make further reductions in development investment in the future?

A.

At Capcom, it is not unusual for actual development investment to be lower than the initial plan, and this term will exemplify this trend. Because strategies for the next term and future are taken into account when adjusting expenditures for development, please keep in mind that this figure represents our current expectation.

Q.

Compared to the initial plan, why has the number of released titles increased?

A.

After reviewing our plan at the end of the second quarter, we increased the amount of sales for primarily titles from other companies. Because there's a strong chance that the number of titles we'll handle from these companies will increase during the period, we have only included the number of titles that we have currently decided to release.

Q.

Do you think that tendency of overseas sales companies to refrain from spending, which began with the so-called Lehman shock last year, will continue to affect your sales during the course of this term?

A.

Though we aggressively released large scale titles at the end of the previous term, we didn't really experience any major problems. Likewise, because no major title was released during the first half of this fiscal year, we haven't run into any real difficulties. The collection of accounts receivable for the titles released in the previous term has been largely completed in Japan, North America, and Europe.

Q.

It seems that competition with other rivals in the North American and European markets will really heat up during the fourth quarter of this fiscal year, more so than last year. Could you tell me about Capcom's future plan for releasing titles? Will you release an even number of titles each quarter?

A.

Because many major titles are slated for release, we know that we face a tough battle during the second half of this fiscal year. Capcom also plans to release several major titles around the same time, so we are currently considering the release dates, taking into account competition with our own products, and with the products of our competitors.

Furthermore, up until now Capcom's strategy has been to release big-name titles in the fourth quarter, mainly because 1) the sales volume of video game consoles overseas increases at the end of the year, and 2) software that aims to take advantage of Christmas sales will then hit its sales peak by the end of the third quarter. However, now the number of consoles purchased by consumers is relatively stable, and our competitors are also focusing on releasing their products in the fourth quarter for the very same reasons. Hence, we are going to consider the possibility of releasing our products throughout the course of the entire year in the future.

Q.

Could you tell us the reasons why unit sales prices for software are expected to fall around 6% period-over-period in your plan?

A.

As you said, our plan indicates that unit sales prices are expected to decrease slightly. This is because we used a relatively unfavorable exchange rate. Moreover, we set unit sales prices low because we anticipate the sales of PC games, whose unit prices are low, to increase in comparison to the figures for the previous term. However, this is just our current plan, so there is a chance that the actual results at the end of the term might vary.

Q.

Could you tell us about your approach to developing products for new video game consoles?

A.

Capcom strives to choose consoles best suited to the nature of individual game titles we intend to create. Thus, once we feel certain that we can provide a playing experience that fully utilizes the game's characteristics, naturally we move forward with development.

Q.

I would like to know more about Capcom's mid- to long-term policy for the number of staff devoted to product development. Do you have any plans for large scale corporate downsizing or other measures?

A.

Ultimately, the Home Video Games business is Capcom's core business. Thus, to accommodate future growth, we feel that as a company it is important to increase the number of workers for development. We plan to increase our in-house development team by around 50-100 people every year. If we lack sufficient human resources for in-house development, we shall fortify manpower by entering partnerships with other video game developers, both in Japan and overseas. In the meantime, we have no plans to lay off any of our development staff.

Q.

Could you tell us where Capcom stands in regards to developing games for the iPhone?

A.

As for the iPhone, our stance towards product development hasn't really changed much. We look forward to using our in-house game content and enthusiastically creating products as a part of our "Multiple Platforms" strategy.