

**Outline of Q&A at the Conference Call
for the First-Quarter of the Year ending March 31, 2011
(July 29, 2010)**

Q. Looking at the consolidated performance for the first quarter, how does your progress level compare to your initial projection?

A. Sales of “Super Street Fighter IV” did much better than we expected and contributed to our earnings, but “Lost Planet 2” did less than its respective sales target. This caused our earnings as well as our operating income lower than our initial goal. In addition, foreign exchange losses did impact on ordinary income and other areas.

Q. Could you provide us with a breakdown of the progress levels for each individual business segment?

A. Excluding the Consumer Online Games Business, for the most part we feel that our businesses are proceeding according to plan.

Q. Could you tell us the main reasons for the increases in the selling, general and administrative expenses?

A. These increases are mainly the result of an increase in advertising expenses. Other expenses, such as personnel costs, were nearly the same as those in the previous term.

Q. Do you expect Capcom to be continuously affected by the exchange rate in the future?

A. We feel the chances of the yen appreciation for the US dollar and Euro seem rather low.

Q. What effect do you think the postponed release of “Dead Rising 2” had on operating income during the first half year?

A. Because its release was delayed nearly a month, a repeat shipment will be posted in the third quarter. However, the title received great reviews at the recent Electronic Entertainment Expo (E3) 2010, so there’s still a strong chance that the initial shipment will exceed our original goal. Please understand our position that the company cannot give any definitive comments about the impact of the postponed release until we officially start receiving orders.

Q. Do you plan to release any titles for the Nintendo 3DS this fiscal year?

A. We broke the news at E3 2010 that development is underway for “Resident Evil: Revelations (tentative title)” and “Super Street Fighter IV 3D Edition”, but these are not in our initial plan for release.

Q. Could you tell us when Capcom’s titles for the Nintendo 3DS will be released?

A. We regret to advise you that release date is uncertain at this time.

Q. Could you tell us about Capcom’s development costs for game titles made for the Nintendo 3DS?

A. By employing our original game development engine the “MT Framework”, we are able to streamline the basic development processes with those for other consoles. Thus we don’t really expect to see a dramatic rise in costs.

Q. When you say that Capcom uses the “MT Framework” to develop game titles for Nintendo 3DS, are you implying that the Nintendo 3DS is going to be part of your multi-platform strategy?

A. The “MT Framework” is tailored to the unique features of each individual platform, and we upgrade it as needed. The Nintendo 3DS is one of the platforms for which the “MT Framework” is compatible. This doesn’t mean that we necessarily adapt a title to each console when we release it; rather the company comprehensively consider all the game elements when choosing which platform to develop the game for.

Q. Could you tell us why the sales of “Lost Planet 2” fell short of its initial target?

A. As we see it, the main reasons are 1) Capcom made no success of differentiating the product from all the other competing shooters on the market, and 2) the company hardly managed to launch a decent sales promotion campaign as a result of the postponed release date.

Q. Is there any chance a price protection guarantee for “Lost Planet 2” will be introduced?

A. Capcom always considers strategic pricing as a means for reducing inventory risk, not just for “Lost Planet 2”, but for all of our products.

Q. Do you have any plans to reevaluate works-in-progress for game software?

A. We recognize that accounting has become more transparent, because we carefully review works-in-progress for game software in each quarter.

Q. What percentage of the first quarter earnings for the Consumer Online Games Business did the Online Game business account for?

A. We haven't publicized the details yet, but compared to the previous term our Online Game business grew between 10 to 20%.

Q. Could you tell us how many registered members there are for "Monster Hunter Frontier Online"?

A. We regret to advise you that no detailed figures is disclosed at this time.

Q. Could you describe Capcom's specific measures for effectively outsourcing product development to outside developers?

A. Capcom strives to establish an effective "hybrid development" structure, in which we farm out only part of the game development to outside developers, while designing the game framework ourselves. Furthermore, in regards to outsourcing game development, Capcom will implement thorough management controls by having the headquarters oversee game quality control and working to manage budgets and human resources through the effective use of overseas subsidiaries.

Q. What is Capcom's outlook on the competitive environment of the year-end sales season?

A. Right now we are not really worried about competing with the game titles released by rival companies, both in Japan and overseas markets. The company plans to release franchise titles from the third quarter onward, so we are going to do our best to achieve our individual goals.

Q. What are your thoughts on the long-term trends in the video game market?

A. While we believe the combined total of the packaged game software market and the online games market will continue to grow in the long-run, we anticipate the market share of the online game market will expand.

Q. What is the break-down of sales for the Amusement Equipment business in the first quarter?

A. The Arcade Games Sales business accounts for 80% of the net sales, while the Pachinko & Pachislo business accounts for 20%.

Q. Do you plan to reorganize the corporate structure or implement other measures to reinforce the Online Game business in the foreseeable future?

A. Currently, the structure of Capcom's development division for home video game software is different from that of the development division for online games. Nevertheless, as we look ahead to the future world market, we realize there is a need to lower the barriers between each division and implement a product development structure that is more cross-sectional.

Q. Could you tell us about the mobile content development system?

A. In Japan, the mobile contents development division is in charge of developing video games for conventional carriers, smartphones, and SNS. Overseas, Capcom Interactive, Inc., one of Capcom's subsidiaries, handles the development of mobile phone games.

Q. What is Capcom's take on the In-App Purchase for iPhone game applications?

A. Considering the current expansion of smartphone and SNS users, the micro-transaction has become a necessary feature for purchasing items, such as virtual goods within online games. We are going to actively consider using it because it can help us attract new users in addition to our existing core users.