

**Briefing on Consolidated Financial Results
for the Second Quarter of the Year Ending March 31, 2009**

Explanatory summary by Kazuhiko Abe, Director, Managing Corporate Officer

**Supplementary document for Statement of Financial Results for the Second Quarter of the Year
Ending March 31, 2009: Overview of Business Performance**

I would like to briefly explain the overall condition of Capcom's Consolidated Financial Results for the Second Quarter of the year ending March 31, 2009, as well as our financial policies. Regarding financial results for the second quarter, the Home Video Games and Character Content businesses were brisk, while the Arcade operations and Contents Expansion businesses were weak.

Going into further detail, the Japanese Home Video Games market is in excellent condition. Sales of "Monster Hunter Freedom 2G" released in the end of March 2008 continue to be favorable, while sales of lower priced titles have also been very strong. Overseas, we have mainly focused on sales of lower priced titles, and because there weren't any big-hit title sales by the second quarter, we have started a new business model involving digital distribution of game software to PCs via the internet. As a result, overseas sales mostly consisted of products with lower sales prices, which caused our operating income to decrease compared with last fiscal year. However, we plan to take various measures for the second half year, and will implement thorough cost-cutting activities.

Our Arcade operations business couldn't reach the figures planned at the beginning of this fiscal year, as the market condition could not recover. Regarding the Contents Expansion business, Capcom entered the Pachinko & Pachislo market by subsidizing Enterrise Co., Ltd. As for the Mobile Content business, sales of the "Ace Attorney" series were stagnant in Japan, while our mobile business in North America has been going strong. Finally, with respect to the Arcade Game Sales business, our sales in the last fiscal year fell far below the sales plan due to a malfunction in the "Donkey Kong Banana Kingdom" machine, but first half sales went in the black following the disappearance of that influence. On the whole, net sales remained at the same level but ordinary income and others ensured an approximate 10% to 20% increase.

P.3-5 Consolidated Statement of Income

With respect to the rise and fall of actual figures on a year-to-year basis, net sales remained at the same level, while operating income, ordinary income, and net income increased. Because we have approximately 900 million yen in interest earned and foreign exchange gains, our ordinary income showed a substantial increase. Compared to our targets, net sales decreased by about 10%, while profits turned out as planned. We couldn't achieve our targets in net sales due to the considerable drop in sales in the Pachinko & Pachislo business. We were able to ensure our profit as planned because of the strong Home Video Games business.

P.6-8 Overview by Business Category

Next is an overview of business performance by category. As I explained earlier, net sales in the Home Video Games business remained unchanged, while this business saw an increase in its operating margin of approximately 24%. As for the Arcade operations business, net sales stayed flat, while the operating margin dropped substantially. With respect to the Arcade Game Sales business, as I described earlier, without the negative effect of last year's trouble the business performance improved dramatically. It was also boosted by good sales of the arcade video game machine "Street Fighter IV." In contrast, both net sales and profits in the Contents Expansion business largely decreased.

Next, I will give you an overview of each business area by region. Business conditions in Japan have been excellent, as you can see from the chart. On the other hand, business performance in Europe and North America sagged because there wasn't any big-hit title release by the second quarter. Because Capcom will release big-hit titles including "Street Fighter IV" and "Resident Evil 5" in the second half of the fiscal year, we forecast that the business situations in Europe and North America will be restored in the second half of the fiscal year.

P.9-12 Consolidated Balance Sheet

There is no substantial change. Net assets increased by around 2.1 billion yen and our equity ratio exceeded 60%. That is to say, it finally reached the same level as other companies in the same industry.

Regarding trade notes and accounts receivable in the assets section, around 8 billion yen was collected for accounts receivable from "Monster Hunter Freedom 2G", released in the end of the previous term. The increase of work-in-progress goods and work-in-progress for game software was the result of investing the collected funds into product development. I suppose you will be able to clearly comprehend how we circulate our cash flow.

There is no significant change in the liability section, either. The changes in long-term and short-term loan payables are a result of changes from short-term money to long-term.

P.13-14 Consolidated Statement of Cash Flow

Operating cash flow increased by around 8.8 billion yen due to the decrease in accounts receivable, while work-in-progress decreased by about 7.6 billion yen, as I explained earlier. Cash flows from investing and financing activities were mostly at the same level as past years, and the major item of investment was arcade facilities. The decrease in financial cash flow is due to payments for dividends, etc.

P.15-16 Basic Policy in Financing Activities

What you are perhaps most interested in is the method for refinancing the 15 billion yen's worth of Convertible Bonds that will mature at the end of next March. We hope they will be converted, but considering the current unfavorable environment in the financial market, the company is preparing for other possible scenarios. In such case, we plan to use 15 billion yen of our credit commitment line once. According to the circumstances, we are going to create more liquidity, including an increase in our commitment line.

This concludes the summary of Capcom's financial results and policy. Thank you very much for your attention.