

**Overview of Q&A at Briefing on Consolidated Financial Results  
for the Second Quarter of the Year Ending March 31, 2009**

Q.

Regarding your Pachislo business, I would like to know the significance of your daring move to start producing in-house game machines at this time.

A.

Entrusted business is not the kind of business that enables a company to secure a stable periodical income because there are cases when the release date of the machines might be influenced by the intentions of the equipment manufacturers—the assignors. Hence, we expect that our move into producing in-house machines based on our past experience will enable us to ensure a stable level of machine sales in every period. However, this doesn't mean that we have halted our entrusted business, and we will also continue with our entrusted business. As a matter of fact, we are involved in on-going discussions regarding some titles now, and these will be released in the next period or later.

Q.

Regarding your Pachislo business, could you tell us this term's target for machine sales?

A.

Our sales target is 4,500 units in total, with one model in the first half of this fiscal year and another model in the second half.

Q.

Could you tell us Capcom's medium-term sales target for Pachislo machine sales?

A.

The company plans to sell 4,000 units of one model in the second half of this year. We expect to sell about three in-house product models per year excluding entrusted business products, and are targeting about 5,000 units of sales per model for a total of 15,000 units.

Q.

It has been said that Pachislo machine sales depend on the marketing route. I would like to know Capcom's sales channel for the machines.

A.

Because Capcom completely entrusted the sales of its first model to Enterrise Co., Ltd., we were unable to construct the best sales network. Therefore, we are currently reviewing the sales network so we can cover all of Japan. We are fully aware that it is essential to develop not only appealing Pachislo machines, but also our relationship with sales companies, which strongly promote sales of our products. So we have been engaged in negotiations to create such a system.

Q.

Apparently the operating income for the Contents Expansion business for the whole year plan has been reduced by 3.6 billion yen. Is this a temporary reduction that will be followed by profits in the next period?

A.

We are currently devising our plan for the next period, and will continue with our entrusted service in the Pachinko & Pachislo business (a part of the Contents Expansion business). In addition, we will look at releasing our latest games such as the "Ace Attorney" series in the Mobile Contents business, as well as starting a new business for iPhone users.

Q.

Could you tell us the profit and loss data for Enterrise Co., Ltd. over the previous year or the most recent one from the first half of this year?

A.

The company is very small, so its net sales are around several hundred million yen. Its profit is also small.

Q.

With respect to the Contents Expansion business, I would like to ask about the background behind the change in operating income for the full year from the initial 3.1 billion yen to a half billion yen deficit.

A.

Profits in the Mobile Contents business will fall on a year-to-year basis, but the business is still expected to make a profit. In contrast, sales of game machines released in the first half were far below the target, so we anticipate a loss for the Pachinko & Pachislo business. In light of these situations, we revised the operating income for the Contents Expansion business downward.

Q.

Does your own brand machine manufacturing branch have any effect on your entrusted business?

A.

We are going to continue our entrusted business. We cannot tell you our client names due to confidentiality requirements, but even now we are involved in discussions with companies that value our content and the level of our technology.

Q.

Has Capcom been considering developing Nintendo DSi software for cameras and music?

A.

As the Nintendo DSi was just released recently, Capcom would like to see the response of users in the future and respond to that. We select the console based on our game concept. Therefore, after analyzing the sales situation and user trends for Nintendo DSi, if we have some contents suitable for the console, we will consider it.

Q.

Regarding Capcom's in-house game machines in the Pachislo business, I would like to know about the sales results for the first half of this year, the initial sales volume plan for the whole year, and the current revised plan.

A.

Initially, we scheduled the release of three models during this fiscal year, anticipating sales of 5,000 to 10,000 units per model. However, based on the resulting sales performance of around 500 units for the first model, we revised our plan for the second half to 4,000 units.

Q.

What are the reasons for the fall into the red for the full year period in the in-house game machines business? Was it because of fixed costs or losses due to reevaluation of the inventory?

A.

We are not disposing of any inventory. The cause is that we cannot recover fixed costs due to significantly lower than anticipated sales.

Q.

Concerning Arcade Game Sales, I would like to know the sales volumes of medal games, prize-winning games, and arcade video game machines compared with the same period last year.

A.

We sold 33 medal game machines, 101 prize-winning game machines, and 0 arcade video game machines. There was no title release for arcade video game machines during the first half of the last fiscal year. Sales numbers for this half year were 30 medal game machines, 30 prize-winning machines, and 5,300 arcade video game machines.

Q.

So as for your Home Video Games business, could you give us regional and platform breakdowns of the upwardly revised numbers for “Resident Evil 5”?

A.

By region, we didn’t change the Japanese market figures much—we only increased these by around 100 thousand copies. Because the European and North American markets are very large, and considering factors such as the high visibility of “Resident Evil” and its current level of completion, we increased the target figures for these two regions.

Q.

I would like to know if there are any trend indications for game software sales in Japan and overseas markets for this Christmas and year-end shopping season.

A.

Capcom has been watching the situation, as we are also concerned about Christmas shopping trends in Europe and the United States. We have taken steps such as exchanging information with European and American publishers at the Tokyo Game Show 2008 and dispatching the person in charge of the business to investigate the North American market. Our assessment is that the game market won’t be affected by the economic situation overall—in particular, game software for the core gamers that Capcom sells to is unlikely to be influenced further. On the other hand, it is possible that consumers may go easy on buying casual games due to the ongoing economic recession. Hence, we believe overall title sales during the year end through New Year will not be swayed by the economic situation.

Q.

In the Japanese Mobile Contents business, why have profits from "Ace Attorney" declined?

A.

Management had already expected a drop in revenue from “Ace Attorney” for mobile devices as we didn’t release any new version during the first half of this year. However, since memberships decreased at a higher-than-expected rate, the decrease in profits from the game drove down profits for the whole Mobile Contents business.

Q.

The company recorded foreign exchange gains for the first half of this year, so I would like to ask about the severity of the current exchange rate.

A.

We feel foreign exchange rates in September were comparatively good. We haven't changed our initial assumptions from the beginning of this fiscal year—around 100 yen to the dollar and 155 yen to the euro—for the second half year. Our exchange sensitivity is decreasing more than before—that is to say several tens of millions of yen for a one-yen change in dollar volume, while our euro volume is one third of this. Therefore, if the present situation continues, the influence we feel from the dollar's fluctuations will not be so significant. However, the euro is currently at 120 to 130 yen, which may have a slight effect.

Q.

How much will the exchange rate influence non-operating income?

A.

The influence of exchange rate fluctuations is almost 40 million yen per yen in the dollar, while there is hardly any influence from fluctuations in the euro.