

**Outline of Q&A at the Conference Call for the First Quarter Financial Results for the
Fiscal Year ending March 31, 2009**

Q. I would like to ask you about the actual damages and future impact of instituting a lawsuit to halt sales of Majikon for Nintendo DS.

A. It is difficult to measure the actual amount of losses or to understand them precisely, but we feel that there are real damages. There are companies that sell downloads without any license in the U.S.A., while a considerable number of pirated copies of game software are available in the Chinese market. In response to these situations, this lawsuit took the initiative for the whole industry in terms of taking countermeasures. It does not necessarily have a great effect at this stage, but we intend to send a wake-up call to such companies in the future.

Q. Do you feel that PlayStation 3 (PS3) has expanded sufficiently for the release of large-scale titles such as "Resident Evil 5"?

A. We believe that PS3 has finally reached full swing after looking at the success of "Metal Gear Solid 4," as well as future large-scale title lineups. In addition, some reduction in the PS3's price was announced at the 2008 E3, and we can expect its spread to increase by next March when our "Resident Evil 5" for PS3 will be released. Moreover, as we are not only focusing on PS3, we would also like to spread our supply of software evenly between Wii and Xbox 360 while their markets in the world increase in a similar manner to PS3.

Q. Could you tell us about Arcade Operation business trends in August?

A. I believe that the environment has not changed so far, and that it may worsen. This is not only due to the increase in gas prices, but also the extreme heat and the Olympic Games this summer. There tends to be a decrease in customer traffic in years when the Olympic Games are held because consumers stay home to watch the Olympics. For this reason, Capcom is not optimistic.

Q. Please tell me about Capcom's plans for reducing fixed costs and restructuring in the Arcade Operation business.

A. At this time, we plan to withdraw on schedule from five stores, as announced, but we may close more stores as a result of our current examination of the financial performance of each individual store. Regarding fixed costs, we are examining, for example, how to manage stores more effectively using such methods as reducing the number of part-time workers and staff who do not actively perform.

Q. Do you have great expectations regarding the trading card game for Monster Hunter?

A. We have relatively high expectations for the Monster Hunter trading card game, but do not really anticipate strong increases in terms of the figures. In view of the situation of the recent trading card market, we are hoping first to secure users who like Monster Hunter. We are thinking about how to expand sales of the card game afterwards, with a central focus on the game.

Q. At the E3, I had the impression that there are so many titles in the horror and action genres that the competition among them will be fierce. Please tell me your company's thoughts.

A. The "Resident Evil" series has strong brand power and a special game concept, which builds a new view of the world that you can't find in any other games. Capcom is not all that concerned about competition with distribution titles, since the quality of our "Resident Evil 5" is also being enhanced. Rather, we are at the stage of devising strategies to expand its sales further.

Q. Capcom has announced that "Lost Planet" is to be made into a film, and that it plans to actively make game films in the future. Accordingly, I would like to ask you once again about Capcom's investment policies in the movie business.

A. The company does not intend to bear any risk in the movie business, so we will basically develop the business through licensing, recording royalty fees as profits. However, as with "Street Fighter," we may partially finance the projects. Our strategy is to increase sales and gain recognition for our game software through the synergistic effects of advertising and promotion achieved by releasing game software together with movies.

Q. With respect to your Arcade Operation business, how much will the situation worsen from this point?

A. Business performance in the first quarter experienced a serious downturn. We predicted the situation would improve in July and August due to seasonal factors, but its current condition is not so good. The situation will remain severe in the second quarter, and it may reach the break-even point or even worse. In our plan for the entire fiscal year, the business is supposed to record a surplus, but in view of the present situations, it depends on how much we are able to recover our losses during the year-end and New Year holiday season in December and January. The company does not have great expectations at present, but would like to record a profit, even if only slight.

Q. The number of old and lower priced titles has increased considerably, so I would like to ask you about their prospects for the full business year.

A. Regarding old and lower priced titles, because we did not release any flagship titles during the first quarter, the company focused on selling old and lower priced titles in each region. As this strategy is based on our whole business plan, I believe the result is within the expected range. We plan to actively sell old and lower priced titles sequentially in the second quarter and later. Although it's not necessarily appropriate to suggest anything about the full business year, we think that the company can reach its planned number of sales.

Q. Could you tell us about the good and bad points in terms of business performance in the first quarter?

A. The Home Video Games business was brisk, the Arcade Operation business was weaker than we envisioned originally, and the Contents Expansion business and Arcade Games Sales business mostly turned out as planned. As regards figures for the second half of the year, we think Arcade Games Sales will achieve the original target thanks to "Street Fighter 4" and titles which will be released in the second half of this year. In addition, because we are going to actively tackle the Pachinko and Pachisuro businesses in the second quarter and later, we expect to achieve our planned figures. Therefore, our business challenge at this stage is to restructure the Arcade Operation business.

Q. I would like to know when Capcom plans to implement practical measures in the Arcade Operation business.

A. As we are currently formulating them, I believe we can possibly start implementing those measures concretely next month or the month after if all goes smoothly. When we are sure that the company will not be able to record profits if we go ahead with our plans, then we will carry out measures such as restructuring. I think we will be able to report to you sometime between the first half of the year and the beginning of the second half of the year.