

**Q&A Summary for Conference Call about Revisions to Forecast
for Fiscal Year Ending March 31, 2010**

Q.

Was the decision to delay introductions of major titles in the home video games business based on strategic factors or were there problems involving the development of these games?

A.

This was a strategic decision. Capcom uses an approach that combines management and development to reach various decisions. Consequently, we would not decide to postpone the launch of a title for reasons that involve only the game development side of our business.

Q.

Many companies in the video game industry have been downsizing their workforces. Does Capcom have any plans to lower its headcount?

A.

We have already reorganized some of our operations. However, we are continuing to recruit workers, chiefly younger people, for the development operations of our core home video games business in order to sustain growth. As a result, the overall size of our workforce is increasing.

Q.

Please explain the problems in the pachinko and pachislo business and the actions you plan to take to resolve these problems?

A.

There are two main problems: 1) product development activities and 2) operations and sales capabilities. With regard to developing products, our alliance with Enterrise did not work well as the two companies were independently working for each assigned object. We have decided to combine the product development teams of Enterrise and Capcom. By creating a unified development organization at Capcom, we believe that we will be able to develop products more efficiently. In addition, we plan to use expertise gained from the home video games business in our pachinko and pachislo business. This includes our skills in quality control, improving work processes, monitoring customer satisfaction and other activities. Concerning business operations, we need to strengthen our ability to sell products to pachinko halls. Since we believe that we cannot

continue to rely only on our own direct sales organization, we plan to maximize our sales network by forming alliances with large sales agents.

Q.

Is there a danger of a further drop in performance caused by shortfalls in sales of titles other than those where you have delayed introductions?

A.

This forecast revision includes a number of risks, including potential shortfalls in sales of Dark Void and repeat sales of older titles. We therefore believe that the risk of a further decline in performance is small.

Q.

Why do you forecast sales growth of 30 billion yen in the fiscal year ending March 31, 2011?

A.

The main reason is our outlook for a sales recovery in the home video games business. However, due to the delay in the launch of titles originally scheduled for this fiscal year, we may not introduce all of the titles that are planned for the next fiscal year. Consequently, we will have to reexamine the title lineup in the next fiscal year and afterward from the standpoint of achieving sustained growth. In addition, we believe that the online game business will be another major source of growth in sales and earnings. Our goal is to narrow the divide between PC online games and the use of networks for home video games and to strengthen these operations.

Q.

What are the main components of the special loss of about 4.5 billion yen?

A.

We are not providing a breakdown of this loss. The loss is primarily the result of valuation losses for parts and expenses for the termination of product development activities in pachinko and pachislo business.

Q.

What is the status of orders for the Viewtiful Joe pachislo machine?

A.

We are currently conducting sales activities for this model but we cannot provide any figures.

Q.

What is your outlook for the current generation of game consoles and other hardware?

A.

We believe that further declines in prices of consoles will cause a slow decline in prices of software as well. But we expect to see a rebound in software prices when the next generation of consoles goes on sale.

Q.

How do you plan to improve activities involving alliances with overseas development companies?

A.

Our experience with Bionic Commando has demonstrated the difficulty of outsourcing the development of new title to overseas companies. Nevertheless, we cannot develop a sufficient number of titles without using the resources of these companies. This is why we plan to continue using these alliances. We are considering ways to separate the roles of activities in Japan and overseas. We plan to develop new titles primarily in Japan. Overseas companies may be used mostly to develop titles for existing game series with well-established characters and universal themes. Overseas companies will also handle certain parts and/or lineups of such games.

Q.

Isn't the extraordinary loss too large for assets in the Contents Expansion business?

A.

This business is not responsible for the entire extraordinary loss of 4.5 billion yen. However, the loss is large because of two factors involving pachinko and pachislo business: 1) a conservative reevaluation of parts that we have purchased to assemble pachinko and pachislo machines and 2) losses resulting from the suspension of development of several titles. We are realigning our product development operations, including activities involving Enterrise. Furthermore, we are terminating the development of weak titles in order to concentrate on major titles that use powerful brands. Our goal is to use these structural reforms along with the development of products for other companies in order to achieve a turnaround in pachinko and pachislo business starting in the next fiscal year.

Q.

Please explain the order of your priorities concerning the goals of sustained growth and maximizing sales volume. Does this stance mean that, even if you believe the time is right to introduce a title, the launch may be delayed from the standpoint of optimizing results of operations?

A.

The goals of growth and maximizing volume are somewhat contradictory. There are different factors with regard to the timing of launches for each title. We will determine the best timing to introduce each title based on game console sales, the needs of consumers, our goal of stable growth and all other applicable items.

Q.

For the next fiscal year, you forecast operating income of about 15 billion yen in the home video games segment. What is your forecast for sales volume?

A.

We plan to achieve a recovery in sales volume to our original plan for the current fiscal year, which ends in March 2010. However, we may revise the forecast for the next fiscal year because market conditions are constantly changing. We will provide more information once we have finalized our plans for the fiscal year ending March 31, 2011.

Q.

Capcom repurchased only about half of the stock that was authorized in the previous repurchase program. Will Capcom repurchase the full amount of stock that has been authorized this time?

A.

Stock repurchases in August 2009 were less than the maximum amount that had been authorized. We hope to reach the maximum in terms of the monetary amount or number of shares while complying with Tokyo Stock Exchange guidelines and other rules.