

**Summary of Q&A at the Briefing  
on the Consolidated Financial Results  
for the Second Quarter of the Year ending March 31, 2014  
(November 1, 2013)**

- Q. What were first half sales for mobile content in relation to your plan for the fiscal year ending March 2014? Also, if you fall short of plans for upcoming titles to start distributing, how much would this affect overall performance?
- A. There are many challenges in this business, including market conditions. We believe that we can reach our fiscal year plan with contributions from titles launched in the first half and new titles in the second half. Even if a particular title falls short of our plan, we believe this can be offset in total consolidated performance by repeat sales of “Monster Hunter 4” in the Digital Contents business and changes in other businesses.
- Q. The Mobile Contents business continues to decline very slowly. Are you thinking about making changes to the development framework or taking other actions?
- A. In the mobile content market, we are seeing explosive growth worldwide due to the popularity of smartphones in the number of users who have never played a mobile game before. We also think that the mobile content industry itself is currently in a phase of determining the needs of users. Consequently, we believe there is an urgent need at this time for the flexible development of games in many categories.
- Q. What is your plan for performance in the fiscal year ending March 2015?
- A. We are unable to say anything at this time about our forecast for the next fiscal year.
- Q. What are the major elements of the first half full-game download sales of 2 million units?
- A. This figure is full-game download volume for consumer titles. Major titles included in these sales are “Monster Hunter 4”, “Duck Tales”, “Resident Evil 6”, and “Resident Evil Revelations”. We are unable to provide figures for individual titles. Note free to play (with paid content in-game) titles are not included in these downloads.
- Q. Please provide information about progress with “Monster Hunter Online”, which you plan to operate with Tencent Holdings Limited in China.
- A. Tencent Holdings Limited is currently developing this title. A closed beta test took place in June 2013 and work on the title is proceeding as planned.
- Q. Will Capcom continue to develop major titles for overseas markets? What is your policy concerning development activities?
- A. There is no change in our basic policy of aiming to develop content that is competitive worldwide. As in the past, Capcom will create “brand content” with the potential of becoming continuous hits and we will maximize brand value by using our Single Content Multiple Usage strategy.

- Q. What is your strategy for the Pachinko & Pachislo (P&S) business?
- A. We are currently building a development infrastructure with the aim of eventually launching one new model every quarter. In the first half of this fiscal year, we sold about 25,000 units for one model. If we can do this for four models, this would translate into sales of 100,000 units in a fiscal year. This is why we will continue to focus on establishing the capability to introduce four models every year.
- Q. In the P&S business, what is your standard for selecting content for pachislo machines?
- A. We select content from among our consumer titles that will be widely recognized and highly appealing for pachislo users.
- Q. Please provide regional data for first half Mobile Contents business results of operations.
- A. In Japan, there was a larger than expected downturn in existing titles that made a big contribution to performance one year earlier. Overseas, “Smurfs’ Village” continues to perform well but there was a decline in sales of small and midsize titles. The domestic-overseas composition of first half sales was 6-to-4.
- Q. In the second half, are you planning on more growth in Japan or overseas for mobile content?
- A. Our fiscal year plan is for a 6-to-4 ratio for sales in Japan and overseas.
- Q. What is your outlook for the final sales volume of “Monster Hunter 4”?
- A. We revised our plan for the current fiscal year to 3.3 million units but we are unable to say anything now about our outlook for the final sales volume. Repeat sales are steady. We will work on maximizing volume by holding events for users and making extensive use of other promotional activities.
- Q. Will development expenditures continue to increase in association with the reorganization and launch of next-generation game consoles?
- A. We do not anticipate a big increase in these expenditures. Our goal is to make development operations more efficient by raising the share of work performed internally and reducing outsourcing.
- Q. Why was “Monster Hunter 4” successful and what percentage of sales are downloads?
- A. We believe the success is the result of our ability to skillfully translate into a game our fundamental philosophy for creating products: “make enjoyable products that can satisfy users”. Offering users new elements and forms of enjoyment is what we think generated a strong response from users. In addition, we believe that using networks for the constant distribution of content also contributed to heightening customer satisfaction. Downloads are about 15% of sales volume.
- Q. Why is Capcom shifting to an internal development infrastructure?
- A. Outsourcing every step of the development process creates restrictions involving schedules and resources. This prevents us from developing titles as originally planned. By performing most of the work ourselves, we can manage time and resources with more flexibility. This makes it possible to create content with much more attention to detail. Ultimately, we want to go beyond game development to perform every aspect of comprehensive marketing activities internally. Doing this includes creating online content introduction plans and the strategic horizontal expansion of content using our Single Content Multiple Usage strategy.