

**Summary of Q&A at the Briefing of Financial Results
of the Year ended March 31, 2014
(May 9, 2014)**

Q. What specific actions are you taking to achieve the goals of the medium-term plan?

A. With a higher percentage of internal content creation in a more efficient development environment, we plan to improve profitability and increase the operating margin. We also believe these actions will reduce the time needed to develop major titles by increasing the flexibility of scheduling and the use of our development personnel. In addition, we think we will be able to create even higher quality content. We believe that the goals of the medium-term plan can be reached by using the benefits of these actions to increase our operating income level.

Q. You will need earnings of about 20 billion yen in each fiscal year starting in the year ending in March 2016 to reach the medium-term target of cumulative operating income of 80 billion yen. Please explain how you plan to raise earnings.

A. We have fallen behind in our progress toward this target because of the reduction in our earnings forecast last year. However, we believe that this target is within our reach due to internal structural reforms and subsequent strengthening of our existing businesses. In specific terms, we plan to increase our total earnings by improving the operating margins in all three sectors of our core Digital Contents business: the Consumer sub-segment, PC Online sub-segment and Mobile Contents sub-segment.

Q. When do you think your operations in Asia will become a significant source of earnings?

A. In Asia, content for smartphones and PCs account for most sales because of the low utilization of game consoles. Our subsidiaries in Taiwan and Korea are developing content and these titles are already contributing to earnings. However, we believe that more time will be needed until Asian operations can become a significant source of earnings.

Q. What are your thoughts about the operation of “deep down”? Isn’t the free-to-play approach very risky?

A. We understand that there are some risks, partly because “deep down” is our first free-to-play game for a next-generation console. But we believe that risk taking to some extent is required in part because this title is the starting point for our growth in content sales for next-generation consoles. Furthermore, a business model in which we do not simply sell games has the advantage of giving us access to feedback from users. We are able to use that information to solve issues, so we plan to continue to refine and update “deep down” for some time.

Q. What is your outlook for game software under development?

A. We plan to invest 28 billion yen for development activities in the current fiscal year, about the same as in the previous fiscal year. But we expect work-in-progress in game software at the end of this fiscal year to be higher than one year earlier partly because of our decision to focus on fewer titles.

Q. What are your plans for assigning people to the buildings now under construction?

A. We have not finalized plans for the deployment of personnel to the two new development buildings under construction. Incidentally, regarding the integration of the development operations for the PC Online and Mobile Contents businesses, we have established a unified organization for the reporting line. But we have not reached a decision about which development operations should be located in Osaka or Tokyo.

Q. Why is your plan for the sales volume of “Monster Hunter 4G” less than actual sales of “Monster Hunter 4”?

A. We are planning sales volume that is about the same as for the previous title, so we do not believe that our “Monster Hunter 4G” plan is “less”. Our basic stance is for people who enjoyed the previous title to enjoy this new one as well.

Q. What is your outlook for earnings from “deep down” in the current fiscal year?

A. We have not decided when to launch this title. But since we will use the free-to-play business model, earnings will probably be small in the first fiscal year regardless of when we start this service because of depreciation expenses. We anticipate earnings from this title for longer term starting in the following fiscal year.

Q. Do you have plans for second and subsequent versions of “Monster Hunter Online” in China?

A. Development of “Monster Hunter Online” is progressing with Tencent Holdings Limited playing the leading role as we move closer to starting this service. But we have no plans at this time for any other titles.

Q. What is your plan for the Pachinko & Pachislo business in this fiscal year and for new titles?

A. We plan to sell three titles and 65 thousand units this fiscal year. We are unable to provide names of titles at this time. But we are able to say that development is under way based on our fundamental policy of using core game series like “Monster Hunter” and “Resident Evil” as well as a broad array of content created in our Consumer business.

Q. Please describe your development framework for creating the sequel of major franchises.

A. We have about 30 key developers and are able to deploy the required personnel at the required times as needed. This allows us to develop content with a small number of people while operating a number of lines at once. Ideally, we want to use a development period of 1.5 years as a rule for each team. Our goal is to make the development cycle even shorter.

Q. How much will the transition to next-generation consoles increase your development expenses?

A. We believe that development expenses can be lowered by producing more content internally and establishing a more flexible framework for development operations. In addition, we will not have any leasing expenses at the new development buildings, so this will hold down development expenses over the long term.