

**Summary of Q&A at the Briefing
on the Consolidated Financial Results
for the Second Quarter of the Year ending March 31, 2015
(October 30, 2014)**

- Q. Are you making progress with your PC online and mobile contents operations in Asia?
- A. We started distributing some titles in Asia in this second quarter and believe that we had a fairly good start. I am not able to provide numbers for individual titles. At this time, operations in Asia are a small share of our total sales and earnings because we have just started. We will continue to launch more content in Asia as we acquire more knowledge about marketing and other activities in this region.
- Q. My impression is that Capcom's Mobile Contents business has very few hit titles and is not moving fast enough in relation to new genres. How do you plan to deal with these issues?
- A. Our Beeline brand faced challenges in fully taking advantage of the frontrunner position it gained with "Smurfs' Village". We worked on extending this brand's appeal from its core casual female user segment to other customer segments, but because our resources were spread out, we had difficulty in focusing on another big title. We will continue to focus this brand on casual games for women and we are developing games for distribution in the current fiscal year. For Capcom brand titles, we are using the new development framework created by our structural reforms to develop games that will be launched starting in 2015.
- Q. How have your conditions changed since you announced the medium-term plan? Can you reach your goals over the remaining three years?
- A. When we established the plan, we were outsourcing the development of consumer games to a large number of companies. Now we have shifted to developing most of these games internally. We believe that we can achieve the plan's goals by using this more efficient development framework to increase profitability and thus operating income. In the P&S business, there have been revisions in the rules for testing these machines at the Security Communications Association and other changes. We believe that we can offset the fluctuating effect of these changes with higher earnings in our other businesses.
- Q. In the game industry, companies are focusing their resources by reducing the number of titles they develop and sell. What is your plan for new titles in the next fiscal year?
- A. We are not able to share any details at this time about our plan for the next fiscal year. We will determine the number of titles to introduce based on our development operations, business plans and other factors.
- Q. How will the revision in the pachislo machine testing method of the Security Communications Association affect this year's performance of the Amusement Equipments business? Also, what is your outlook for the pachislo market?
- A. Companies and organizations in this industry are currently discussing ways to respond to the new rules for testing. We are not able to make any comment now about how the new rules will influence the pachislo market. We have revised our fiscal year plan, and now plan to launch one new pachislo machine in the second half. Due to this change, we have revised our Amusement Equipments plan for the fiscal year to sales of 11 billion yen and operating income of 4 billion yen.

Q. Why are companies that specialize in home video games having so much difficulty increasing their global share of the mobile market?

A. We believe the mobile market of today is similar to the period about 30 years ago when the arcade game market first emerged. When a boom takes place, it attracts a large number of people. But this popularity does not last forever. As we saw in the game market that followed the arcade game boom, we believe that the best opportunities for Capcom will appear once smartphone performance has become even more advanced and there has been even more progress with the volume and quality of games. From a short-term standpoint, it may appear that Capcom has challenges in generating earnings in the mobile market. But we are acquiring knowledge about the operation of mobile content (combining skills in marketing and development of high-quality games). Our plan is to concentrate on developing content that can reliably produce earnings several years from now after advances in performance and game quality have taken place.

Q. Please provide information about sales of digital download content.

A. Full-game downloads of old and lower-priced titles are both higher than we expected.

Q. What is your digital download content strategy?

A. We will place emphasis on both full-game downloads and downloads of add-on contents. Furthermore, as we will do with “Resident Evil Revelations 2”, we intend to continue to explore new purchasing options, such as separate downloads for each chapter. In the marketing point of view, it would be difficult because of the enormous number of titles that people have to choose from. We must be able to provide people with information that precisely matches their preferences. This is why we will perform even more efficient marketing activities by conducting surveys to identify users’ needs and taking other actions.

Q. How do you plan to operate “Monster Hunter Online” in China?

A. Tencent Holdings Limited will be responsible for the development and operation of this game. Capcom will perform a supervisory role.

Q. In what ways are the preferences of game users in China and Japan different?

A. We have not yet started full-scale game distribution in China. We plan to determine the preferences of consumers and gather other information after game operations have started.

Q. Are there any negative aspects of an increase in the share of sales from digital download content?

A. A negative effect in the future could be possible. But with our current business model, we believe that the advantages of digital download content are greater, such as the absence of inventory risk.

Q. What is the status of your activities to recruit developers and give them the skills to become project managers?

A. We will continue to hire about 100 developers each year. At first, new developers produce games as creators. As they gain experience, we will provide project management training while evaluating their management aptitude. We will deploy our human resources in an appropriate manner to meet our requirements.

Q. What is your second half plan for pachislo machine introductions and sales volume?

A. We are currently planning to launch one new model in the second half and will submit an application by the end of November. Our second half sales goal is 10,000 units.

Q. Please explain your activities involving new intellectual property.

A. Creating new intellectual property is one of our priorities. We allocate about 20% of our investments each fiscal year to intellectual property and are constantly working on developing new property. Producing an immediate hit from new intellectual property is not our objective. We want to build up this property in stages while incorporating the feedback and wishes of users.

Q. What are your plans for emerging countries?

A. We have no specific announcements at this time, but in preparation for starting operations in these countries, we are conducting market surveys in Southeast Asia, South America and other regions.