

Summary of Q&A at the Briefing of Financial Results of the Year ended March 31, 2011

Q . Your new medium-term target is to generate online content sales of 30,000 million yen in the fiscal year ending in March 2015. Please provide a breakdown of this figure by platform and geographic region.

A . We are unable to disclose its breakdown. Please bear with us. The major sources of growth will be SNS games, content for smartphones, and expansion of the PC online game business into more regions.

Q . What is your plan for the Mobile Contents business for the first and second halves of this fiscal year?

A . We do not disclose figures for each half. We can say that we plan to start distributing new titles in the second half in the overseas SNS game sector, which is the primary component of the Mobile Contents business.

Q . Why do you plan on a big drop in sales in the Consumer Online Games business in the fiscal year ending in March 2012?

A . We believe that a drop in sales will be unavoidable following the strong sales of five big titles in the previous fiscal year. Furthermore, the packaged game software market is in a cyclical downturn. Sales are expected to be flat in anticipation of the upcoming introductions of titles for next-generation game consoles. In this environment, packaged game software prices are falling. On top of it, foreign exchange rates are negatively impacting overseas sales of major titles. So we had to plan on lower sales because of all these factors.

Q . What is your plan for operating income and the operating margin with regard to your plan for online content sales?

A . We are not disclosing about operating income and the margin. In the past, there have been large ups and downs in profitability. Particularly, online content is a business that requires up-front investments to some degree. So we think you can see that this is a business where the profit margin does not increase in a straight line.

Q . Might Capcom push back the launch of "Resident Evil: Operation Raccoon City" depending on the timing of introductions of competing titles?

A . We have no intention of postponing the launch at this time.

Q . Your medium-term goal is consolidated operating income of 75,000 million yen over the next five years. Isn't your 12,100 million yen plan for this fiscal year the absolute minimum for reaching this goal? Can Capcom continue to increase earnings after this fiscal year?

A . Because of the rapid changes taking place in our operating environment, we decided that aiming for 10% growth in each fiscal year would be very risky. This is why we created a plan that covers five years. We believe that the benefits of structural reforms that we started enacting in October 2009 will start producing benefits in the next fiscal year. So we are aiming for steady growth. At the very least, we believe that the performance we foresee in the current fiscal year will not hold us back with regard to our medium-term target.

Q . What are your plans for more titles in the Monster Hunter series?

A . At this time, the only upcoming major title that we can talk about is the title that we recently unveiled at Capcom Captivate 2011. Of course, we are working on a variety of other titles. But we are unable to say furthermore because of issues involving our marketing strategies.

Q . What is your policy about application to Android?

A . We have a strong commitment to Android application as part of our focus on the smartphone market. But developing mobile content requires up-front expenses. Developing games for all mobile platforms at once would therefore bring down profitability. Furthermore, there are many systems for collecting payments for content used on Android devices. That means we have to supply this content while taking into consideration development expenses, the number of users and profitability.

Q . Why have Capcom's SNS games been successful overseas?

A . We started concentrating on developing freemium games for North America several years ago. At the same time, we have been seeking opportunities in this category along with the rapid increase in popularity of the iPhone. We believe that our success is largely attributable to our ability to use these activities to establish a position as the trailblazer in the SNS game sector. Another reason for our success is the utilization of CRAM, our exclusive marketing tool, to thoroughly analyze the needs of users.

Q . What are your plans for selling Capcom's own machines in the P&S business in the current fiscal year?

A . We are unable to disclose anything right now about titles or the timing of product introductions. Taking into consideration on our performance in the previous fiscal year, we will continue to develop and manufacture our own machines and provide products for other companies so that the P&S business efficiently contributes to earnings.

Q . Your forecast for the fiscal year ending in March 2012 is weighted toward the second half. Is Capcom still working on evening out sales and earnings in each quarter?

A . We are working on evening out our performance, but unfortunately this will not happen in the current fiscal year. We will reexamine our product lineup as part of our second stage of structural reforms. We hope to start making gradual progress toward reducing fluctuations in quarterly performance in the next fiscal year.

Q . How will the suspension of PlayStation Network affect Capcom?

A . We will closely monitor upcoming events, but at this time we do not anticipate a significant effect on our results of operations.

Q . Is there a possibility that restrictions and other limitations will be imposed on billing systems for "The Smurf's Village"?

A . With the billing system provided by Apple, the buyer needs to carefully confirm the desire to make a purchase for each item purchased. Furthermore, as a content provider, Capcom works hard on making users aware that a game includes elements that require payments. Therefore, we are not concerned at this time about restrictions and similar actions.

Q . How many development staffs did Capcom have at the end of March 2011 and how many were in each business?

A . We had about 1,300 persons at the end of March 2011. Approximately 1,000 are involved in creating home video game software. In other businesses, we have about 150 online game developers and about 100 mobile content developers. The remaining developers are in the P&S business and arcade games business.

Q . What is your stance concerning the development of games for next-generation game consoles?

A . We will continue to pursue our multi-platform strategy as in the past. We are very happy when new hardware is introduced because it invigorates the entire game market. Capcom remains committed to developing games that are designed to allow users to enjoy all the capabilities of game consoles.