



March 31, 2006

Company Name C a p c o m C o . , L t d .
Representative Kenzo Tsujimoto, President & C.E.O.
(Company Code: 9697 Tokyo-Osaka Stock Exchange)
C o n t a c t Public Relations Office
Phone Number + 8 1 - 6 - 6 9 2 0 - 3 6 2 3

Receipt of Notice of Tax Assessment based on Transfer Pricing Adjustment in Japan

Today, Capcom Co., Ltd.(the “Company”) received notice of tax assessment based on transfer pricing adjustments from the Osaka Regional Tax Bureau for the five business years for the March 2000 Term through the March 2005 Term. The Bureau's assessment is based on that the prices in the transactions between the Company and its overseas subsidiaries are beyond the arm's length prices' range.

The incremental income amount as a result of the assessment is approximately 5.1 billion yen and the resultant additional tax liabilities will be approximately 1.7 billion yen based on preliminary calculations after including local taxes, etc.

The Company disagrees with this assessment and is going to file a request for reconsideration. The Company to date has been using the arm's length prices set by taking into consideration the transaction stages, transaction scale, market and other differences on the basis of third party transaction prices. This Company and its overseas subsidiaries have sincerely coped with the transfer pricing taxation issues in a consistent manner and have been appropriately reporting and paying taxes.

It is regrettable in any case that the Company has received such a notice, and the Company is going to file an appeal to the regional tax authorities. The Company believes that it should be able to obtain a satisfactory resolution of the matter by having its position understood under the fair proceedings in the future. The Company will endeavor to obtain agreement from the tax authority to the Company view through applicable procedural processes.