



March 31, 2006

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Revision of Earnings Forecast for the Fiscal Year Ending March 31, 2006

Capcom Co., Ltd. hereby announces that it has revised its consolidated and non-consolidated earnings forecast for the fiscal year ending March 31, 2006, which was previously released on November 21, 2005 as follows:

1. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income
Previous Forecast (A)	70,000	7,400	8,900
Revised Forecast (B)	70,000	6,400	6,500
Change (B) - (A)	-	(1,000)	(2,400)
Change (Percentage)	-	(13.5)	(27.0)
(For Reference) Actual ended March 31, 2005	65,895	7,399	3,622

2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income
Previous Forecast (A)	53,000	5,600	7,600
Revised Forecast (B)	53,700	5,600	5,700
Change (B) - (A)	700	-	(1,900)
Change (Percentage)	1.3	-	(25.0)
(For Reference) Actual ended March 31, 2005	47,542	5,542	2,757

3. Reason for the revision

On this date of March 31, 2006, 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.

Income taxes of the fiscal year ending March 31, 2006 will increase due to this notice of tax assessment. As a result, consolidated and non-consolidated net income will be below in comparison with the forecast disclosed on November 21, 2005, respectively.

Furthermore, a decrease from the earlier profit projections in both consolidated and non-consolidated net profits is expected due to poor performance of the North America home video games industry and weak sales of a number of titles in Europe.

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.