

April 17th, 2007

Press Release

Company Name Capcom Co., Ltd.
Representative Kenzo Tsujimoto, President & C.E.O.
(Company Code: 9697 Tokyo-Osaka Stock Exchange)

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Notice about merger of a consolidated subsidiary

Capcom Co., Ltd., hereby announces that a resolution was passed at the Board of Directors' meeting held on April 17, 2007 that Flagship Co., Ltd., one of consolidated subsidiaries, is to be merged into the parent company. The details of the merger are as follows.

1. Purpose and details of merger

Flagship Co., Ltd. established in April, 1997 for the purpose of creating scenario, planning and development of game software.

However, in view of promoting a business strategy that concentrates management resources on a selected business to enhance the efficiency of the development power of the entire Capcom group, the merger of Flagship Co., Ltd. has been raised and passed at a Board of Directors' meeting.

2. Summary of merger

(1) Schedule

Board of directors' meeting regarding resolution of merger	April 17, 2007
Signing of merger contract	April 17, 2007
Scheduled date of merger (Effective date)	June 1, 2007
Scheduled registration of merger	June 4, 2007

In accordance with Article 796, Paragraph 3 (small-scale merger within consolidated group) and Article 784, Paragraph 1 (small-scale merger without approval of shareholders' meeting) of the Corporate Law, both Capcom Co., Ltd. and Flagship Co., Ltd. do not need to undergo approval process of Merger Contract at respective shareholders' meeting.

(2) Method of merger

Flagship Co., Ltd. is to be merged into Capcom Co., Ltd.. Flagship Co., Ltd. is to be dissolved.

(3) Deal with share warrant and convertible bond issued by Flagship Co., Ltd..

Flagship Co., Ltd. does not issue share warrant and convertible bond.

3. Outline of companies involved in merger

(as September 30th, 2006)

(1) Name of company	Capcom Co., Ltd. (merging company)	FLAGSHIP Co., Ltd. (company to be merged)																				
(2) Major business segments	1. Planning, development and sale of home video games 2. Planning, development, manufacture and sale of arcade games 3. Management of amusement arcades	Planning and development of game software																				
(3) Date of establishment	May 30, 1979	April 24, 1997																				
(4) Head office	3-1-3 Uchihirano-machi, Chuo-ku, Osaka 540-0037, Japan	3-2-8 Uchihirano-machi, Chuo-ku, Osaka 540-0037, Japan																				
(5) Representative	President & CEO Kenzo Tsujimoto	President & CEO Yoshifumi Yamashita																				
(6) Paid-in capital	¥27,581 million	¥70 million																				
(7) Number of shares issued	58,435,819 shares	1,400 shares																				
(8) Total shareholders' equity	¥37,213 million (consolidated)	¥214 million (non-consolidated)																				
(9) Total assets	¥96,168 million (consolidated)	¥325 million (non-consolidated)																				
(10) Fiscal term	March 31	March 31																				
(11) Name of major shareholders, number of shares held and investment ratio	<table border="0"> <tr> <td>Crossroad Limited</td> <td>6,771 (11.59%)</td> </tr> <tr> <td>Kenzo Tsujimoto</td> <td>2,900 (4.96%)</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>2,331 (3.99%)</td> </tr> <tr> <td>Morgan Stanley and Company Inc.</td> <td>1,676 (2.87%)</td> </tr> <tr> <td>Yoshiyuki Tsujimoto</td> <td>1,669 (2.86%)</td> </tr> <tr> <td>Ryozo Tsujimoto</td> <td>1,545 (2.65%)</td> </tr> <tr> <td>Haruhiro Tsujimoto</td> <td>1,545 (2.65%)</td> </tr> <tr> <td>Deutsche Bank AG London PB Non-Treaty Clients 613</td> <td>1,467 (2.51%)</td> </tr> <tr> <td>Deutsche Bank AG London-PB Irish Residents 619</td> <td>1,459 (2.50%)</td> </tr> <tr> <td>Bank of New York GCM Client Accounts E ISG</td> <td>1,332 (2.28%)</td> </tr> </table> <p>*Number of shares held above are in thousands.</p>	Crossroad Limited	6,771 (11.59%)	Kenzo Tsujimoto	2,900 (4.96%)	Japan Trustee Services Bank, Ltd. (Trust Account)	2,331 (3.99%)	Morgan Stanley and Company Inc.	1,676 (2.87%)	Yoshiyuki Tsujimoto	1,669 (2.86%)	Ryozo Tsujimoto	1,545 (2.65%)	Haruhiro Tsujimoto	1,545 (2.65%)	Deutsche Bank AG London PB Non-Treaty Clients 613	1,467 (2.51%)	Deutsche Bank AG London-PB Irish Residents 619	1,459 (2.50%)	Bank of New York GCM Client Accounts E ISG	1,332 (2.28%)	Capcom Co., Ltd. 1,400 (100%)
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4. Outline of Capcom Co., Ltd. following the merger

(1) Name of Company	Capcom Co., Ltd.
(2) Major Business Segments	1. Planning, development and sale of home video games 2. Planning, development, manufacture and sale of arcade games 3. Management of amusement arcades
(3) Head Office	3-1-3 Uchihirano-machi, Chuo-ku, Osaka 540-0037, Japan
(4) Representative	President & CEO Kenzo Tsujimoto
(5) Paid-in Capital	There will be no increase in Paid-in capital due to this merger.
(6) Fiscal Term	March 31

5. Impact on Financial Forecasts

There is little impact to be caused by the merger of Flagship Co., Ltd. on the consolidated group financial results as well as non-consolidated financial results.