

*Translation: Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*

June 2, 2004

To: Shareholders

Notice of Convocation of the 25th Ordinary General Meeting of Shareholders

We are pleased to inform you that the 25th Ordinary General Meeting of Shareholders of the Company will be held as described below. Your presence at the Meeting is cordially requested.

In the event you are unable to attend the aforesaid Meeting, please study the Reference Document Concerning Exercise of Voting Right stated below and indicate your approval or disapproval of the Proposals listed on the Voting Right Exercise Form enclosed herewith, and kindly return to the Company the written Form after affixing your seal thereto.

Yours faithfully,

CAPCOM Co., Ltd.  
1-3, Uchihirano-machi 3-chome  
Chuo-ku, Osaka

By: Kenzo Tsujimoto  
President and  
Representative Director

---

When you attend the meeting in person, please submit the Japanese original of the Voting Right Exercise Form enclosed herewith to the receptionist at the place of the meeting.

Particulars

1. Date & Time: June 18, 2004 (Friday) 10:00 a.m.
2. Place: Osaka Castle Hotel, 6F Hall  
1-1, Tenmabashikyomachi Chuo-ku, Osaka
3. Agenda:

Matters to be reported:

Business Report, Balance Sheets and Statements of Income for the 25th fiscal year (from April 1, 2003 to March 31, 2004)

Matters to be resolved:

**First proposal: Approval of Proposed Appropriation of Retained Earnings for the 25th fiscal year**

**Second proposal: Partial Amendments to the Articles of Incorporation**  
**Particulars of the Proposals described above are as stated in the pages from 18 to 19 (English Translation: page 3 to page 4) of the attached "Reference Document Concerning the Exercise of Voting Rights".**

**Third proposal: Election of Four (4) Corporate Auditors**

**Fourth proposal: Presentation of Retirement Gratuity to Corporate Auditor to Retire**

## Reference Document Concerning the Exercise of Voting Rights

1. **Total number of voting rights held by all shareholders:** 564,960 rights

2. **Proposals and reference matters:**

**First proposal:** Approval of Proposed Appropriation of Retained Earnings for the 25th fiscal year.

The details of the proposal are stated in the page 15 (English Translation: page 7) of the attached documents.

It is with great regret that the Company posted losses for the fiscal year under review. This was attributable to a loss resulting from the disposition of inventories and other factors.

With respect to unappropriated losses for the fiscal year under review, the Company proposes not to forward such losses to the next fiscal year, by reversing ¥8,945,916,075 from a portion of other surplus in capital account of ¥17,386,508,865.

The Company considers continued distribution of stable dividends is one of its important management policies and gives a foremost priority to return profits to shareholders.

Therefore, it proposes that year-end dividend will be ¥10 per share, by a reversal of ¥569,177,690 from a certain portion of other surplus in capital account after appropriating the losses for the fiscal year under review. The remaining amount of other surplus in capital account of ¥7,871,415,100 shall be forwarded to the next fiscal year.

Since the interim dividend of ¥10 per share has been already paid, the annual dividend shall be ¥20 per share in total.

The Company decided not to offer Directors' bonuses.

**Second proposal:** Partial Amendments to the Articles of Incorporation

1. Reason for amendments:

(1) The Company will add new items of the Company's purpose of business to Article 2 (Purpose of Business) of the present Articles of Incorporation, in response to the expansion and diversification of its businesses.

(2) Due to the enforcement of the "Law regarding the Partial Amendments to the Commercial Code and the Commercial Code Special Measures Law concerning Audit, etc. of Kabushiki Kaisha." (Law No. 132 of 2003) as from September 25, 2003, the Company may purchase its own shares by resolution of the Board of Directors in accordance with the provisions of the Articles of Incorporation. The Company will newly incorporate Article 6 (Acquisition of its own shares) stated in the proposed amendment below, and accordingly, the numbers of the Articles after Article 6 of the present Articles of Incorporation will be renumbered.

2. Details of amendments  
 Details of the proposed amendments are as follows.

(Parts proposed to be amended are underlined.)

Present Articles of Incorporation	Proposed amendments
<p>(Purpose of Business)            Article 2. The purpose of the Company is to conduct the following businesses:</p> <ol style="list-style-type: none"> <li>1. Planning, development, manufacture, sale, import and export and lease of electronic game machines, software and toys;</li> <li>2. Lease, management, dealing, mediation of real estate;</li> <li>3. Financial businesses;</li> <li>4. Agency business for non-life insurance;</li> <li>5. Management of amusement park;</li> <li>6. Management of amusement arcades;</li> <li>7. Management of golf courses, tennis courts, billiard rooms and bowling alleys;</li> <li>8. Acquisition of intangible property rights, such as industrial property rights and copyrights, know-how and granting the use thereof ;</li> <li>9. Produce and sale of publications;</li> <li>10. Planning and producing of films such as movies and videos;</li> <li>11. Management of restaurants;</li> <li>12. Planning, development, manufacture and sale, leasing, rental and maintenance business of digital electronic equipment such as mobile phones;</li> </ol> <p style="text-align: center;">(To be newly established)</p> <p><u>13.</u> Any and all businesses relating to or incidental to any of the foregoing items.</p> <p style="text-align: center;">(To be newly established)</p> <p>Article <u>6.</u> ~ Article <u>33.</u>            (Provisions intentionally omitted)</p>	<p>(Purpose of Business)            Article 2.</p> <p>1. ~ 12. (Same as Section 1. ~ Section 12. of the present Articles 2)</p> <p><u>13. Management of music copyrights;</u>  <u>14. Development of the use of music copyrights;</u>  <u>15. Planning and creation of originals for CDs and videos, etc.;</u>  <u>16. Publication of music books; and</u>  <u>17. Any and all businesses relating to or incidental to any of the foregoing items.</u></p> <p>(Acquisition of its Own Shares)  <u>Article 6.</u>  <u>The Company may acquire its own shares by resolution of the Board of Directors pursuant to the provisions of Article 211-3, Paragraph 1, Item 2 of Commercial Code.</u></p> <p>Article <u>7.</u> ~ Article <u>34.</u>            (Same as the present Article 6. ~ Article 33.)</p>

**Third proposal:** Election of Four (4) Corporate Auditors

The term of office for each of the current four (4) Corporate Auditors will expire at the closing of this meeting. You are requested to elect four (4) Corporate Auditors.  
 This proposal was approved by the Board of Corporate Auditors.

Candidates for Corporate Auditors are as follows:

Candi -date No.	Name (Date of Birth)	Resume Status as other company's representative, if any	Number of shares of the Company Held
1	Shoji Yamaguchi (November 25, 1939)	Apr. 1962: entered into National Tax Administration Agency June 1990: Nagoya Regional Tax Tribunal Chief Appeals Judge Aug. 1992: Councilor of Business Promotion Dept. of The Sumitomo Trust & Banking Co., Ltd. June 2001: Corporate Auditor of the Company (full-time) (to present)	0 shares
2	Kazushi Hirao (September 25, 1951)	Apr. 1975: entered into Hitachi Zosen Corporation Apr. 1987: Assistant Manager of the said company June 1988: entered into the Company Apr. 1997: General Manager of Overseas Business Dept. of the Company July 1999: Corporate Officer, General Manager of Overseas Business Dept. of the Company Oct. 2002: General Manager of General Affairs Dept. of the Company Apr. 2004: General Manager of Investor Relations Dept. of the Company (to present)	8,000 shares
3	Morio Kuroda (November 21, 1931)	Apr. 1954: entered into National Tax Administration Agency July 1980: Kumamoto Regional Tax Tribunal Chief Appeals Judge Aug. 1982: entered into KYOCERA Co., Ltd. Dec. 1989: Advisor of the Company Jan. 1990: Corporate Auditor of the Company (to present) Dec. 2002: Corporate Auditor (full-time) of CAPTRON Co., Ltd. (to present)	7,371 shares
4	Yoshio Nakayama (September 28, 1933)	Apr. 1956: entered into National Police Agency Apr. 1980: Chief of Ehime Police Headquarters Aug. 1983: Councilor of Security Bureau of National Police Agency Aug. 1985: Chief of Kanagawa Police Headquarters June 1999: Advisor of The Chuo Trust & Banking Co., Ltd. (currently The Chuo Mitsui Trust & Banking Co., Ltd.) June 2001: Corporate Auditor of the Company (to present)	0 shares

(Notes)

1. There are no special interests between other candidates and the Company.

2. Each of Mr. Shoji Yamaguchi, Morio Kuroda and Yoshio Nakayama is a candidate of an outside Corporate Auditor prescribed in Article 18, Section 1 of the Special Law of the Commercial Code Concerning the Audit of Corporation ("*Kabushiki-Kaisha*")

**Fourth proposal:** Presentation of Retirement Gratuity to Corporate Auditor to Retire

It is proposed that the retirement gratuity shall be presented to Mr. Shigeo Konishi, who will resign as Corporate Auditor due to expiration of his term of office at the close of this meeting, in order to reward his meritorious services, within an appropriate amount to be fixed based on the specified regulations for officers' retirement gratuities of the Company. The amount, the date of presentation and the procedures therefor are requested to be entrusted to the Board of Corporate Auditors' determination.

Resume of the Corporate Auditor to resign is as follows:

Name	Resume
Shigeo Konishi	June 2001: Corporate Auditor (full-time) of the Company (to present)

- End -

**PROPOSED APPROPRIATION OF RETAINED EARNINGS**

(Yen)

<Appropriation of losses for the fiscal year under review>	
Unappropriated losses for the fiscal year under review	8,945,916,075
It is proposed that the following appropriation be effected:	
Reversal of portion reduced of surplus in common stock and additional paid-in capital	8,945,916,075
Losses carried forward to the next term	0

(Yen)

<Appropriation of other surplus in capital account >	
Balance of other surplus in capital account	17,386,508,865
Profit from decrease in common stock and additional paid-in capital	17,380,886,249
Profit on disposition of treasury stock	5,622,616
It is proposed that the following appropriation be effected:	
Appropriation of other surplus in capital account	
Dividends (¥10 per share)	569,177,690
Reversal of profit from portion reduced of surplus in common stock and additional paid-in capital	8,945,916,075
Other surplus in capital account carried forward to the next term	7,871,415,100
Profit from portion reduced of surplus in common stock and additional paid-in capital	7,865,792,484
Profit on disposition of treasury stock	5,622,616

(Note) Interim dividends in the aggregate amount of ¥569,196,890 (¥10 per share) were paid on November 28, 2003.