



This is an English translation of a statement originally issued in Japan on September 4, 2007.

**SQUARE ENIX Issues a Statement on the Indictment of Copyright Infringement Suspects
The Company Alleges that Phantom Entertainment Group Infringed Upon Its Copyright of
FINAL FANTASY VII ADVENT CHILDREN in Their Commercial Music Video**

Tokyo, Japan, (September 4, 2007)– SQUARE ENIX CO., LTD. (Square Enix) today issued a statement regarding an indictment by the Seoul Central District Prosecutors' Office against Phantom Entertainment Group (Phantom) and Mr. HONG Jeong-ho in response to Square Enix's criminal complaint against them. The complaint alleges that Phantom, a Korean talent agency, used portions of the Square Enix CG-animated film *FINAL FANTASY® VII ADVENT CHILDREN™* without obtaining permission from Square Enix. This includes the modification and adaptation of scenes into live-action shots, and the commercial appropriation of these live-action shots for IVY's *Yuhok ui Sonata* (Sonata of Temptation) music video directed and produced by Mr. HONG Jeong-ho. IVY is a popular recording artist belonging to Phantom.

Statement

The attorney for Square Enix has informed us today that Phantom and Mr. HONG Jeong-ho have been indicted by the Seoul Central District Prosecutors' Office for the copyright infringement including illegal modification and adaptation of scenes from Square Enix's CG-animated film *FINAL FANTASY VII ADVENT CHILDREN* into live-action shots, and illegal appropriation of these live-action shots for the music video directed and produced by Mr. HONG Jeong-ho without obtaining permission from Square Enix.

Square Enix had filed a criminal complaint with the Seoul Central District Prosecutors' Office against Phantom and Mr. HONG Jeong-ho on March 20, 2007. Square Enix appreciates the indictment which shows that the Seoul Central District Prosecutors' Office recognizes the maliciousness of the alleged infringement.

Square Enix will continue to take decisive action against any infringements upon the Company's intellectual property, recognizing that this property is one of our most crucial resources.

This is an English translation of a press release originally issued in South Korea on June 22, 2007.

SQUARE ENIX Files Copyright Infringement Lawsuit in South Korea
Lawsuit alleges Phantom Entertainment Group infringes Square Enix's copyright of
FINAL FANTASY VII ADVENT CHILDREN in their commercial music video

Tokyo, Japan, (June. 22, 2007) – SQUARE ENIX CO., LTD. (Square Enix) today announced that on June 22, 2007, it filed a copyright infringement lawsuit with the Seoul Central District Court against Phantom Entertainment Group (Phantom) and Mr. HONG Jeong-ho, seeking damages and other remedies. The complaint alleges that Phantom, a Korean talent agency, used portions of the Square Enix CG-animated film *FINAL FANTASY® VII ADVENT CHILDREN™* without obtaining permission from Square Enix. This includes the modification and adaptation of scenes into live-action shots, and the commercial appropriation of these live-action shots for IVY's *Yuhok ui Sonata* (Sonata of Temptation) music video directed and produced by Mr. HONG Jeong-ho. IVY is a popular recording artist belonging to Phantom.

On April 6, 2007, the Seoul Central District Court ordered an injunction against the future sale or public display of Phantom's music video. On March 20, 2007, Square Enix also filed a criminal complaint with the Seoul Central District Prosecutors' Office against Phantom and Mr. HONG Jeong-ho for reasons similar to the above-mentioned lawsuit, and it is said that the investigation is under way.

Released in September 2005, *FINAL FANTASY VII ADVENT CHILDREN* depicts the world two years after the storyline of the PlayStation® game *FINAL FANTASY VII*, which shipped over 9.8 million units worldwide. The film has received great praise, as evidenced by special invitations to the 61st and 62nd Venice International Film Festivals in 2004 and 2005, as well as being honored with the "Prix Zone05" at Zone05 in France, the "Honorary Maria Award" at the Festival Internacional de Cinema de Catalunya in Spain, and the "Best Visual Designer Award" at the 11th AMD Award in Japan. The film has been released in both dubbed and subtitled versions in 70 countries, and has shipped over 3.4 million DVD/UMD discs worldwide. It was released in Korea in June 2006 from Sony Pictures Home Entertainment.

"It is truly regrettable that such a case of deliberate malicious copyright infringement and exploitation for reasons of publicity could come from a country known for its advancements in content protection, and from a company involved in the same entertainment content business," said Yasuhiko Hasegawa, Square Enix's General Counsel. "Using the music video in question, Phantom Entertainment Group undertook extensive promotional activity of *Yuhok ui Sonata*, and improved the song's ranking on a

variety of charts, as well as succeeded in spreading the video all over South Korea. The video also had spread rapidly among other Asian regions including Japan, China, Hong Kong, Taiwan and Singapore where entertainment content created in South Korea has a large presence, until the losses Square Enix suffered grew to unmanageable proportions." Hasegawa also comments, "As the Seoul Central District Court ordered an injunction against the future sale or public display of Phantom's music video on April 6, 2007, and also through the instrumentality of people concerned, expansion of our damages is on a decline. However, Square Enix filed the lawsuit in consideration of the crucial losses it had suffered to date and no sincere apologies from Phantom or Mr. HONG Jeong-ho so far. Square Enix will continue to take decisive action against such infringement of our company's intellectual property, since this property is our most crucial resource."

About Square Enix Co., Ltd. and Square Enix, Inc.

Square Enix Co., Ltd. (Square Enix), with headquarters in Tokyo, Japan, develops, publishes and distributes entertainment content including interactive entertainment software and publications in Asia, North America and Europe. Square Enix brings two of Japan's best-selling franchises – FINAL FANTASY, which has sold over 75 million units worldwide, and DRAGON QUEST®, which has sold over 41 million units worldwide - under one roof. Square Enix is one of the most influential providers of digital entertainment content in the world and continues to push the boundaries of creativity and innovation. More information on Square Enix can be found on the Internet at <http://www.square-enix.com/>.

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