

May 23, 2008

SQUARE ENIX CO., LTD.
Yoichi Wada
President and Representative Director
(Code: 9684, Tokyo Stock Exchange, First Section)
Contact: Michihiro Sasaki
General Manager, Corporate Strategy Division

Notice Regarding Implementation of Pure Holding Company System and Amendment of the Articles of Incorporation

SQUARE ENIX CO., LTD. (the “Company”) announced a policy to implement a pure holding company system by means of the company split method on April 25, 2008, and further announced today that the Company’s board of directors resolved, at the board of directors meeting held on May 23, 2008, on the implementation of a pure holding company system by means of the company split (Incorporation-type Company Split) method, whereby a newly-established and wholly-owned subsidiary succeeds to the Company’s businesses effective as of October 1, 2008 (the “Company Split”).

In connection with the Company Split, the Company also announced today that it will amend its Articles of Incorporation, effective as of October 1, 2008, to the effect that its corporate name will be changed to SQUARE ENIX HOLDINGS CO., LTD., and that the business purposes of the Company will be changed to those of a pure holding company. The stock issued by the Company will continue to be listed on the First Section of the Tokyo Stock Exchange after the Company Split is complete.

The implementation of the Company Split and the amendment of the Articles of Incorporation are subject to approval by a general meeting of Company shareholders to be held on June 21, 2008.

Since the Company Split falls in the category of a Simple Incorporation-type Company Split, the items to be disclosed and their content are partially-abbreviated.

I. Implementation of a pure holding company system by means of the Company Split

1. Purpose of the Company Split

It is crucial for the Company to achieve mid- to long-term growth while maintaining profitability through the provision of high-quality, sophisticated content and services. However, the business environment has been changing as a result of increasingly diversified customer preferences and swiftly advancing technological innovation due to the rapid development of an IT and telecommunications infrastructure.

Within said business environment, the Company has determined it indispensable to implement a group company management system under which each member company’s profitability and accountability are clearly measured, and strategic alliances, including capital affiliations with third parties, are facilitated. The Company, therefore, has decided to implement a pure holding company system.

2. Outline of the Company Split

(1) Schedule of the Company Split

Record Date of the General Meeting of Shareholders:	March 31, 2008
Meeting of the Board of Directors for approval of the policy:	April 25, 2008
Meeting of the board of directors for approval of the Company Split:	May 23, 2008
Holding of the General Meeting of Shareholders for approval of the Company Split:	June 21, 2008 (scheduled)
Effective Date of the Company Split:	October 1, 2008 (scheduled)

(2) Method of the Company Split

The Company, as the Transferor Company, will newly establish SQUARE ENIX CO., LTD., as the Succeeding Company, through the Incorporation-type Company Split method.

(3) Reduction of Capital due to the Company Split

Not applicable.

(4) Stock Options and Bonds with Warrant

Certain stock options that had been issued by the Company and subscribed for by employees of the Company will be amended subject to approval by a general meeting of Company shareholders to be held on June 21, 2008, so that those employees to be transferred to the Succeeding Company will be able to exercise the stock options after the transfer. Other stock options and bonds with warrant that have been issued by the Company will remain unchanged.

(5) Rights and Obligations to be transferred to the Succeeding Company

The Succeeding Company will assume, as of the effective date of the Company Split, all assets, liabilities, rights and obligations, and employment relations pertaining to businesses to be transferred.

The Company will be jointly and severally liable for all liabilities to be assumed by the Succeeding Company.

(6) Liability Fulfillment

Regarding the liabilities to be borne by the Transferor Company and Succeeding Company, following the effective date of the Company Split, the assets of these companies are anticipated to surpass liabilities, and it has been determined that no problems are expected in the fulfilling of said liabilities.

3. Outline of the Parties

Since the Succeeding Company has not been established yet as of the date hereof (to be established on October 1, 2008), its corporate name and other items are current forecasts for those as of the date of the Company Split.

	The Transferor Company (as of April 30, 2008)	The Succeeding Company (status after the Company Split)
(1)Corporate Name	SQUARE ENIX CO., LTD. (to be changed to SQUARE ENIX HOLDINGS CO., LTD. as of October 1, 2008)	SQUARE ENIX CO., LTD.
(2)Major Businesses	Planning, development, and sales of content including games and services.	Planning, development, and sales of content including games and services.
(3)Date of Incorporation	September 22, 1975	October 1, 2008
(4)Address of Headquarters	3-22-7, Yoyogi, Shibuya-ku, Tokyo	3-22-7, Yoyogi, Shibuya-ku, Tokyo
(5)Name and Title of Representative	Yoichi Wada President and Representative Director	Yoichi Wada President and Representative Director
(6)Common Stock	14,928 million yen	1,500 million yen
(7)Outstanding Shares	115,117,896 shares	30,000 shares
(8)Net Assets	149,407 million yen	37,388 million yen
(9)Total Assets	195,534 million yen	46,140 million yen
(10)Fiscal Year End	March 31	March 31
(11)Major Shareholders and Shareholding Ratios	Yasuhiro Fukushima 20.57% The Master Trust Bank of Japan, Ltd. (Trust Account) 8.83% Fukushima Planning Co., Ltd. 8.50% Sony Computer Entertainment Inc. 8.29% Masashi Miyamoto 6.86%	The Company 100%

4. Outline of Businesses to be Split

(1) Business of units to be split

Games (Offline), Games (Online), Mobile Phone Content, Publication, and Others.

(2) Operating results of units to be split

(Unit: million yen)

Item	Business units to be split (a)	Operating result in fiscal year ended March 2008 (b)	Ratio (a/b)
Net Income	65,719	65,719	100.0%

(3) Values and items of the assets and liabilities to be split

(Unit: million yen)

Item	Book Value	Item	Book Value
Current Assets	35,498	Current Liabilities	6,177
Non-current Assets	10,642	Non-current Liabilities	2,575
Total	46,140	Total	8,752

(Note) Since the above values are computed on the basis of the balance sheet as of March 31, 2008, the actual values of the assets and liabilities to be split will differ.

5. Post-Split Status of the Company as a Listed Company

(1) Corporate Name

SQUARE ENIX HOLDINGS CO., LTD. (planned)

(2) Major Businesses

Management of group companies as a pure holding company

(3) Address of Headquarters

3-22-7, Yoyogi, Shibuya-ku, Tokyo

(4) Name and Title of Representative

Yoichi Wada, President and Representative Director

(5) Common Stock

14,928 million yen

(6) Fiscal Year End

March 31

(7) Forecasts

The Company will continue to be a listed company after the implementation of the pure holding system, and serve a number of functions such as consistent and flexible group strategy planning, optimal allocation of business resources among group companies, and monitoring of subsidiaries' execution of operations. The Company will develop a strategic and transparent management organization to maximize the corporate value of the group.

Since the Company Split will be implemented to establish a wholly-owned subsidiary of the Company through the Incorporation-type Company Split method, impact of the Company Split on the Company's consolidated business results and consolidated financial conditions is expected to be insignificant.

After the Company becomes a pure holding company, its revenue sources will consist of dividends received from subsidiaries and group management fees, among others. The Company's operating costs will be primarily related to functions as a pure holding company.

Post-split business estimates for the Company will be released upon ascertainment.

II. Amendment of the Articles of Incorporation

1. Purposes of the Amendment of the Articles of Incorporation

- (1) In connection with the implementation of the pure holding system, the Company's corporate name will be changed to SQUARE ENIX HOLDINGS CO., LTD. (planned).
- (2) In connection with the implementation of the pure holding system, the business purposes of the Company will be changed to those of a pure holding company.
- (3) Terminological adjustments will be made over the entire document.

2. Schedule

Holding of the General Meeting of Shareholders
for approval of the Amendment:
Effective Date of the Amendment:

June 21, 2008
October 1, 2008

3. Major Amendments

Current provisions to be amended and proposed amendments are as follows:

(Changes have been underlined)

Current Provisions	Proposed Changes
<p>(Corporate Name) Section 1 The corporate name of the Company shall be <u>Kabushiki-gaisha SQUARE ENIX</u>. The corporate name in English shall be <u>SQUARE ENIX CO., LTD.</u></p> <p>(Business Purposes) Section 2 The business purposes of the Company shall be as follows: 1. <u>Planning, development, production, and sales of software and content, as well as provision of various information services;</u> 2. <u>Publication and Printing;</u> 3. <u>Planning, development, manufacturing, distribution, sales and lease of indoor/outdoor amusement machines;</u> 4. <u>Operation of amusement machine facilities;</u> 5. <u>Planning, development, manufacturing, distribution, sales and lease of toys, stationery products, textile goods, everyday sundries, and electronics/electronic appliances;</u> 6. <u>Distribution and sales of goods, and provisions of related services over telecommunication systems;</u> 7. <u>Operation of restaurants;</u> 8. <u>Sales of foods, alcoholic beverages, chemical and pharmaceutical products;</u> 9. <u>Cargo transportation.</u> 10. <u>Sales and license of copyrights, patents, trademarks, design rights, and any other intellectual property rights;</u> 11. <u>Management consulting, education, broadcasting, telecommunication, temporary worker dispatch, advertisement agency, insurance brokerage, real estate, amusement center operation, leisure service, and any other services;</u> 12. <u>Planning, development, production, and sales of products pertaining to, or in connection with those items listed above, as well as provision of related services; and</u> 13. <u>Any businesses pertaining to, or in connection with those items listed above.</u></p> <p>(Amendments to the following sections consist only of terminological adjustments, and therefore their translation has been omitted from this document.)</p>	<p>(Corporate Name) Section 1 The corporate name of the Company shall be <u>Kabushiki-gaisha SQUARE ENIX HOLDINGS</u>. The corporate name in English shall be <u>SQUARE ENIX HOLDINGS CO., LTD.</u></p> <p>(Business Purposes) Section 2 The business purposes of the Company shall be <u>management and control of companies and any other entities that are engaged in the following businesses, through ownership of shares or interests in those entities, as well as doing any businesses pertaining thereto or in connection therewith:</u> 1. <u>Planning, development, production, and sales of content;</u> 2. <u>Planning, development, production, and sales of any other products;</u> 3. <u>Planning, development, and provision of various services; and</u> 4. <u>Any other businesses pertaining to or in connection with the items listed above.</u> <u>(2) The Company may be engaged in the businesses listed in the precedent subparagraph, and any other businesses pertaining thereto or in connection therewith.</u></p>