



FOR IMMEDIATE RELEASE

SQUARE ENIX LICENSES EPIC GAMES' UNREAL ENGINE 3

Middleware to be Utilized in Square Enix's Next-Generation Game Development Process

Tokyo, Japan, (Jan. 25, 2007) – Square Enix Co., Ltd. today announced a licensing agreement with Epic Games that enables Square Enix to introduce Epic's Unreal® Engine 3 middleware into its next-generation game development process.

Square Enix has built its highly successful franchises such as FINAL FANTASY®, DRAGON QUEST® and KINGDOM HEARTS by pushing game consoles to their limits and providing unparalleled user experiences for more than 20 years. This was achieved through the company's proprietary technologies, which were mostly optimized for each game given the limited resources of game consoles. However, in order to ensure both game quality and development efficiency for next-generation game systems including consoles, PCs and network titles, Square Enix is now building a technology platform to be used throughout the company utilizing proprietary technologies as well as introducing third-party solutions such as Unreal Engine 3.

"The complexity of next-generation game systems featuring HD graphics and multi-core parallel processing poses a number of technological challenges to our game development. However, we can expedite our game development process significantly while allowing extra time and resources to be spent on game design and mechanics by establishing an effective technology platform," said Taku Murata, General Manager, Research and Development Division, Square Enix, Co., Ltd. "The technology platform for game development is becoming more important than ever. I'm excited to be partnering with Epic Games in such an important area."

"We're extremely excited to be working with Square Enix," said Jay Wilbur, Vice President, Epic Games, Inc. "Square Enix is one of the biggest and most influential companies in the world-wide game business, and having them work with Unreal Engine 3 is a major honor for us and something we're very proud to be announcing."

About Unreal Engine 3

The award-winning Unreal Engine is known for cutting-edge graphics and a best-of-breed toolset. Unreal Engine 3 is expected to maintain those features while adding massive world support, multi-processor support, next-generation console optimizations, and one of the most mature tool pipelines in the industry.

Unreal Engine 3's new toolset is designed specifically to accelerate developers' productivity for ultra-complex, next-generation content. Additional information on Unreal Engine can be obtained at www.unrealtechnology.com.

About Square Enix Co., Ltd.

With its headquarters in Tokyo, Japan, Square Enix Co., Ltd. (Square Enix) develops, publishes and distributes entertainment content including interactive entertainment software and publications in North America, Europe and Asia. Square Enix brings two of Japan's best-selling franchises - FINAL FANTASY, which has shipped over 70 million units worldwide, and DRAGON QUEST, which has shipped 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 at <http://www.square-enix.com/jp/>.

About Epic Games

Epic Games, Inc., based in Cary, NC and established in 1991, develops cutting-edge games and game engine technology for PC and console. The company has created multiple million-selling, award-winning titles in their Unreal® series and their latest game, Gears of War®, broke sales records on Xbox 360 selling more than 3 million copies worldwide in the first ten weeks and winning GameSpot's overall Game of the Year for 2006. Epic is also responsible for the Unreal Engine, which is the underlying technology for a wide range of games including, Console Game of the Year winner, "Tom Clancy's Splinter Cell (tm)" by Ubi Soft; PC Gamer's Game of the Year, "Deus Ex" from Ion Storm/Eidos; "America's Army: Special Forces," by the United States Army, and "Harry Potter and the Sorcerer's Stone" (PC) by Electronic Arts. Epic's Unreal Engine 3 is the current holder, and three-time consecutive winner, of Game Developer magazine's Front Line award for Best Game Engine. Epic Games was also awarded Studio of the Year at the 2006 Spike TV Video Game Awards. Additional information about Epic can be obtained through Epic's Web site at <http://www.epicgames.com>.

DRAGON QUEST, FINAL FANTASY, SQUARE ENIX and the Square Enix logo are trademarks or registered trademarks of Square Enix Co., Ltd. in the United States and/or other countries. Unreal and Gears of War are registered trademarks of Epic Games Inc in the U.S. and/or other countries. All other trademarks are the property of their respective owners.

###