

September 4, 2008

SQUARE ENIX CO., LTD.  
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(Code: 9684, Tokyo Stock Exchange, First Section)  
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## **Notice Regarding Response to TECMO, LTD.'s Rejection of Proposal for Friendly TOB**

As announced on August 29, 2008, SQUARE ENIX CO., LTD. (the "Company") submitted to the board of directors of TECMO, LTD. (Securities Code: 9650, 1<sup>st</sup> Section of the TSE, "TECMO") a proposal for basic conditions of acquisition of shares of common stock issued by TECMO (the "TECMO Shares") through a friendly takeover bid (the "TOB") (the "Proposal") in order to obtain consent to the TOB by the board of directors of TECMO.

The Proposal was made in order to acquire the TECMO Shares through the TOB, and is subject to obtaining consent by the board of directors of TECMO no later than September 4, 2008. However, the Company today received a written notice of rejection of the Proposal from the board of directors of TECMO stating the reason for rejection as follows; *"the management and employees will work together to continue contribution to the further growth of the industry through maintaining TECMO's accumulated corporate culture and providing 'entertainment' to the world."* Followed by the notice, TECMO made disclosure at the TSE that they decided to begin discussions with KOEI CO., LTD. ("KOEI") toward integration of management.

The Company immediately requested TECMO for explanation of some issues as follows:

1. Please confirm that the decision on the start of discussions with KOEI toward integration of management is the reason for rejection of the Proposal.
2. If that is the case, please clarify concretely that major terms of the integration of management with KOEI (form of the integration, stock price assumption, integration ratio, and so forth) are favorable for TECMO's shareholders than the Proposal.
3. If not, please clarify that TECMO has an alternative plan, which is favorable for TECMO's shareholders than the Proposal.

The Company will make definitive decision on its plan immediately after receiving a response from TECMO.