

August 29, 2008

SQUARE ENIX CO., LTD.
Yoichi Wada
President and Representative Director
(Code: 9684, Tokyo Stock Exchange, First Section)
Contact: Michihiro Sasaki
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Notice Regarding Proposal submitted to TECMO, LTD. for Friendly TOB

SQUARE ENIX CO., LTD. (the "Company") announced today that the Company submitted to the board of directors of TECMO, LTD. (Securities Code: 9650, 1st 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 take over 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. Therefore, please be advised that the Company will NOT acquire the TECMO Shares through the TOB as planned in the Proposal in case that the Company receives no response from TECMO or fails to obtain consent by the board of directors of TECMO to the TOB, by the date. This Notice shall not be construed as solicitation for sales and/or purchase of the TECMO Shares.

1. The reason to submit the Proposal

Video games have been globally recognized as a major entertainment genre, and have now become an industry receiving considerable attention in terms of its market size and growth potential. In the meantime, the game industry in Japan is standing at a critical juncture whether it continues to be a center of the video game industry in the world, or not.

TECMO is a group of excellent creators with proven track-record in the global market, which is a precious human resource of Japan. We, however, cannot be optimistic about the future of this significant resource, given the current circumstances surrounding TECMO.

We believe that TECMO will be able to make a great leap forward by joining the Square Enix Group, which will provide the group with further growth opportunities as well.

We are planning to position TECMO as a wholly-owned subsidiary of Square Enix Holdings maintaining TECMO's current organization and brand as in the cases of Square Enix and Taito.

2. Major Points of the Proposal

(1) TOB Price: 920 yen per share

Adding a premium of 30%+ to TECMO's closing stock price as of August 28, 2008 (706 yen).

(2) Number of the TECMO Shares to acquire

Lower Limit: More than half of the outstanding TECMO Shares upon fully-diluted basis (including residual shares subject to stock options).

Upper Limit: None.

(3) Deadline to reply the Proposal: September 4 (Thursday)

If the Company should, by the deadline, receive no response from TECMO, or fail to obtain consent by the board of directors of TECMO to the TOB, the Company will withdraw the Proposal, and will NOT acquire the TECMO Shares through the TOB as planned in the Proposal.