

December 12, 2005

To whom it may concern:

Company Name: SQUARE ENIX CO., LTD.  
 Representative: Yoichi Wada  
 President & Representative Director  
 (Code Number: 9684, First Section  
 of the Tokyo Stock Exchange)  
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### SQUARE ENIX TO MAKE TAITO A WHOLLY-OWNED SUBSIDIARY

SQUARE ENIX CO., LTD. (the "Company") announced today that it will make TAITO CORPORATION (Code Number: 9646, First Section of the Tokyo Stock Exchange) ("TAITO") a wholly-owned subsidiary on March 31, 2006, pursuant to the resolutions made at a meeting of the Board of Directors held on December 12, 2005.

The Company initially planned to enter into a cash-for-share exchange arrangement, in accordance with Article 12-9 of the Law on Special Measures for Industrial Revitalization, after obtaining approval from the relevant minister, thus making TAITO a wholly-owned subsidiary of the Company at the completion of the aforementioned TOB. However, following comprehensive considerations, the Company has decided to make TAITO a wholly-owned subsidiary by merging TAITO into SQEX, Inc. ("SQEX"), a wholly-owned subsidiary of the Company. This decision was made from view points of procedural promptness and financial strategy. This merger will be implemented by allocation of shares and cash delivery based upon the tender offer purchase price.

#### 1. Name, address, and representative of the parties to the merger

Company name	TAITO CORPORATION	SQEX, Inc.
Address	5-3, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo	5-3, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo
Representative	Yasuo Nishigaki, President and Representative Director	Yoichi Wada, President and Representative Director

#### 2. Objective of making TAITO a wholly-owned subsidiary

In order to implement consistent and integrated business strategies of the Company and TAITO, the Company initially planned to make TAITO a wholly owned subsidiary immediately after the completion of the purchase of 346,689 tendered shares. As a result, the Company acquired 93.70% of the total number of TAITO's shares issued and outstanding (370,000 shares) as of September 28, 2005. Through a merger of SQEX and TAITO, TAITO will become a wholly owned subsidiary of the Company as planned.

### 3. Merger Details

#### A) Schedule of the merger

Ratification of the merger agreement by board of directors of TAITO and SQEX	December 12, 2005
Execution of the merger agreement	December 12, 2005
Ratification of the merger agreement at both companies' extraordinary shareholders meeting	Scheduled for February 6, 2006
Date of the merger	Scheduled for March 31, 2006
Completion of merger registration	Early April 2006

SQEX will be renamed to TAITO CORPORATION as of the date of the merger.

#### B) Merger method

SQEX will remain the surviving company, and TAITO will be dissolved by legal requirement. TAITO CORPORATION is scheduled to be delisted from the First Section of the Tokyo Stock Exchange as of March 7, 2006.

#### C) Merger ratio

Company	TAITO	SQEX
Merger ratio	0.00004	1

#### D) Basis of determining merger ratio

The merger ratio was computed by Daiwa Institute of Research Ltd. ("DIR"). Following careful examination on the merger ratio computed by DIR, TAITO and SQEX reached an agreement on the merger ratio above. DIR computed the merger ratio using a combination of analyses such as average market value method, comparisons to comparable companies, and DCF (discounted cash-flow) method.

In addition, Goldman Sachs (Japan) Ltd. analyzed the TAITO stock price using a variety of differing methods such as evaluating comparable companies.

#### E) Share allocation and cash payment for the merger

SQEX will issue 14 shares of common stock, and allocate 0.00004 shares per share of TAITO common stock when it merges with TAITO.

Immediately after the registration of the merger, SQEX will pay ¥181,081 in cash per share of TAITO common stock to those on the list of TAITO shareholders as of one day before the merger.

The 0.00004 shares allocated by SQEX to those shareholders will be purchased by SQEX, with SQEX paying ¥19 per share. As a result, TAITO shareholders will receive ¥181,100 in exchange for each share of TAITO common stock.

#### 4. Companies to merge

(as of September 30, 2005)

1. Company Name	TAITO CORPORATION (dissolving company)	SQEX, Inc. (surviving company)
2. Business operation	i) Planning, development, production, import, export, sale and rental of in/outdoor amusement machines ii) Operation of amusement facilities equipped with amusement machines above. iii) Planning, development, production, repairs, sale and rental of electronic music devices iv) Planning, development, production, sale and rental of computers, computer peripherals, software and content v) Planning, development, production and sale of networked software, content, information provision system and information technology (IT) systems vi) Online electronic commerce – online shopping services and their supplemental services	i) Planning, development, production, import, export, sale and rental of in/outdoor amusement machines ii) Operation of amusement facilities equipped with amusement machines above. iii) Planning, development, production, repairs, sale and rental of electronic music devices iv) Planning, development, production, sale and rental of computers, computer peripherals, software and content v) Planning, development, production and sale of networked software, content, information provision system and information technology (IT) systems vi) Online electronic commerce – online shopping services and their supplemental services
3. Incorporation date	August 1953	June 1999
4. Headquarters	5-3, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo	5-3, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo
5. Representative	Yasuo Nishigaki, President and Representative Director	Yoichi Wada, President and Representative Director
6. Capital	¥6,820 million	¥10 million
7. Total number of shares issued	370,000 shares	200 shares
8. Shareholders' equity	¥50,565 million	¥91 million
9. Total asset	¥69,022 million	¥93 million
10. Fiscal year-end	March 31	March 31
11. Number of employees	1,143	-
12. Major clients	SEGA Corp. KDDI CORPORATION	Nintendo Co., Ltd. SQUARE ENIX CO., LTD.
13. Major shareholders and shareholding ratio	SQUARE ENIX CO., LTD. 93.7%	SQUARE ENIX CO., LTD. 100.0%
14. Major bank	UFJ Bank Limited	Shikoku Bank, Ltd.
15. Relationship	Capital relationship	N/A
	Personnel relationship	N/A
	Business relationship	N/A

5. Financial results of the past three fiscal years

(Millions of yen)

Period	TAITO CORPORATION (dissolving company)			SQEX, Inc. (surviving company)		
	FY2002*	FY2003	FY2004	FY2002*	FY2003	FY2004
Net sales	73,236	83,006	84,560	-	1,829	12
Operating income	5,585	5,823	2,907	(9)	166	6
Recurring income	5,024	5,735	2,875	(14)	171	7
Net income	4,680	3,513	1,718	(14)	92	7
Earnings per share	12,610.38	9,441.55	4,616.97	(70,069.44)	460,644.31	32,713.25
Dividend per share (yen)	1,500	2,000	2,000	-	-	-
Shareholders' equity per share (yen)	135,650.63	143,852.35	146,199.59	(30,697.30)	429,947.00	462,660.25

\* Fiscal Year ended on March 31, 2003

Notes: TAITO did not prepare consolidated financial statements before FY2005.

SQEX has no subsidiaries or affiliates.

6. Conditions after the merger

1. Company name	TAITO CORPORATION
2. Major business operations	Planning, development, production, import, export, sale and rental of in/outdoor amusement equipment, etc.
3. Headquarters	5-3, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo
4. Representative	Yasuo Nishigaki, President and Representative Director
5. Capital	¥1,648 million (total capital amount of ¥1,000 million as of September 30, 2005 with ¥648 million in capital increases due to the merger)
6. Total assets	¥85,550 million (total assets of ¥93 million as of September 30, 2005 with ¥85,457 million in asset increases due to the merger)
7. Fiscal year-end	March 31

Since TAITO and SQEX are the Company's consolidated subsidiaries, there is no influence on the Company's forecasts of consolidated financial results for the fiscal year ending March 31, 2006.

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