



The following is a summary of the shareholders' meeting held by SQUARE ENIX HOLDINGS, CO., LTD.

\*This document has been prepared to provide a summary report of the 31st annual shareholders' meeting on our website. The form and contents are different from the statutory minutes of the shareholders' meeting.

Date and time: June 22, 2011 (Wednesday), 10:00 a.m. to 10:54 a.m.

Place: Ascot Hall, South Wing of Hotel Okura Tokyo  
2-10-4 Toranomom, Minato-ku, Tokyo

Number of shareholders present: 361

Meeting Agenda:

- Reports: 1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by Accounting Auditors and by the Board of Corporate Auditors for the 31st Term (April 1, 2010, through March 31, 2011)
- Reports: 2. Non-Consolidated Financial Statements for the 31st Term (April 1, 2010, through March 31, 2011)

Items for Resolution:

First Item: Election of Five (5) Directors

Second Item: Election of Three (3) Corporate Auditors

\*All resolutions were approved as originally proposed.

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1. Changes in economic conditions affecting our operations;
2. Fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the euro;
3. Our ability to continue to win acceptance of our products and services, which are offered in highly competitive markets characterized by the continuous introduction of new products and services, rapid developments in technology, and subjective and changing consumer preferences;
4. Our ability to successfully expand internationally with a focus on our digital content business, online game business and mobile phone content business; and
5. Regulatory developments and changes and our ability to respond and adapt to those changes.

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## Summary of Questions and Answers:

Q1. A game company's most important assets are its employees, but I understand that you reduced headcount by 800 two years ago. As management, how do you think about this?

A1. These 800 employees are the number who left over the entirety of our group companies. In other words, employees both enter and leave the company in the normal course of business and this number is not "net". Further, it includes employees over a variety of different job types, thus we do not have 800 fewer game creators.

In terms of our human resource issues, we understand that our HR development systems are somewhat insufficient. Going forward, we will be enacting measures to invest in activities that energize our workforce such as internal training and intra-group employee exchanges.

Q2. In the business report we just received, for the previous fiscal year a loss of 8.8 billion yen was recorded, and you explained that the majority is due to a write down of goodwill from subsidiaries. In addition, the goodwill item has disappeared from the assets section on the consolidated balance sheet. Can we assume that all goodwill was fully written down?

A2. Your understanding is correct. A rapidly changing operating environment and changes in our business model assumptions led to more prudent estimations of future cash flows that resulted in this write down of goodwill. From this fiscal year onward, our goodwill amortization charges will also disappear.

Q3. The latest company results and stock price are the lowest since the merger, and I therefore would like to know how the executives are sharing the "pains" of the shareholders. Specifically, I would like to hear the current thinking on compensation standards for the board of directors and policies to improve earnings.

A3. Compensation standards for the board of directors are designed to reward directors' achievement of opposing responsibilities of (1) profit generation from existing operations and (2) new business development. For the fiscal year ended March 2011, we consider good progress was made on the second point (2), but achievement of the first point (1) was inadequate and thus we have solemnly accepted that our performance was weak. With your approval of the director election proposal, the newly appointed directors will review their compensation through a compensation committee. Furthermore, for full time board members, we have already enacted a reduction of dozens of percentage points of their compensation since April of this year even though their annual compensation for the current term had been determined.

Q4. Please explain how it was possible for FFXIV to be released even though user tests saw various needed points for improvement in the game, which resulted in your inability to begin billing for the service. Also, please explain when billing may begin for the game.

A4. To make an online game successful, game ideas, the technology to realize those ideas, and large-scale

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project organization management skills are necessary. Among these, project organization management skills were problematic. Furthermore, the function of internal quality review was also weak. In addition to the reorganization of our structure to solve these issues, we are continuing service operation while simultaneously improving the game's content. There has been much improvement already, and thus we are now trying to determine the conditions necessary for billing.

Q5. Do you have plans to be active in reissuing and remaking your past hit titles? Furthermore, what methods are you planning to reduce game development time?

A5. Currently, games can be enjoyed not only on game consoles, but also on PCs, smartphones and other devices. Given this change of environment, we think it as an important theme to revitalize our catalogue and have begun various activities in this regard. Furthermore, to reduce the relative time of game development, we are using game engines to streamline development process, in addition to working on innovation regarding business models.

Since the questions have not been directly related items for resolution, I would like to have any remaining such questions deferred to the "IR Conference" that follows this shareholder's meeting, and focus on questions related to the items for resolution for the remainder of the time.

Q6. When I read the Board of Auditors' audit report, it mentions that the "reports and explanations as necessary were received from the Accounting Auditors" but could you please explain what kind of report and explanation you received?

A6. (Response from Ryoichi Kobayashi, Full-time Corporate Auditor)

The Board of Corporate Auditors receives detailed reports, and holds discussions with Ernst & Young ShinNihon LLC, our Accounting Auditors, four times a year concerning annual audit planning, results of quarterly earnings audits, internal check procedures of the Accounting Auditor, etc.

Q7. Why was the shareholders' meeting switched to the Hotel Okura this time? Shouldn't you have done it near your headquarters in Shinjuku? Furthermore, to hold the meeting in the Hotel Okura must be quite costly. And employees of the Hotel Okura are inside the meeting room, but only shareholders should be allowed inside. Why are they here?

A7. While we had originally reserved a location near our headquarters, due to the earthquake on March 11th, we were unsure about the situation regarding blackouts in June and thus, selected a new location in Minato-ku where blackouts were not scheduled at that time. As for the Hotel Okura costs, they are the same as our costs from last year's space. And please understand that the hotel employees are here to help meeting operations, by permission of the chairman.

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## Voting Items:

Based on thorough reports and discussion, I would like to propose moving on to the Items for Resolution, do you agree?

*[Applause from shareholders in audience]*

Thank you for your agreement. Then, I would like to start with the first item, the Election of Five Directors.

Are you in favor of this item as proposed?

*[Applause from shareholders in audience]*

Thank you. Including the already submitted Voting Forms, there is a majority in favor and the item is approved.

Then, I would like to move on to the second item, the Election of Three Corporate Auditors. Are you in favor of this item as proposed?

*[Applause from shareholders in audience]*

Thank you. Including the already submitted Voting Forms, there is a majority in favor and the item is approved.

All the items on the agenda have been covered and this concludes today's Shareholders' Meeting, thank you again for your participation.

-ENDS-

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