

[Translation]  
August 22, 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)  
Contact: Yosuke Matsuda  
Director and Chief Financial Officer  
Tel: 03-5333-1555

### **NOTICE REGARDING COMMENCEMENT OF TENDER OFFER**

The Company hereby notifies you that we have resolved at the Board of Directors' Meeting held on August 22, 2005, to acquire the stock of TAITO CORPORATION (Code Number: 9646, First Section of the Tokyo Stock Exchange; "TAITO") by a tender offer (the "Tender Offer").

#### 1. Purpose of the Tender Offer

The current environment in the computer game and entertainment industry, which the Company and TAITO operate in, is gradually entering a phase of major transformation of the industry's structure in connection with advances in information and communication technology. In order to respond to this transformation in a timely and appropriate manner, it is essential to take a comprehensive approach to expand the selection of goods and services.

The Company and TAITO have reached the decision that, having a mutually complementary relationship in the business field, the development of businesses of the Company and TAITO in close coordination is the best way to lead such a transformation and increase their corporate values. To that end the Company, with the consent of TAITO's board of directors, has decided to undertake this Tender Offer with the aim of acquiring all of TAITO's issued shares. If the Tender Offer goes ahead, the plan is for TAITO to become a consolidated subsidiary of the Company.

The offer price presented by the Company of 181,100 yen per share has been determined based on the market price of TAITO's common shares, the state of TAITO's finances and assets, and the quantity of purchase, and shall be the average of the closing prices through regular trading of TAITO's common shares at the Tokyo Stock Exchange, Inc. during past 6-month period ending August 19, 2005, plus a premium of approximately 20%.

The Company has not set a limit on the maximum number of shares to be purchased in the Tender Offer. A condition to the Tender Offer, however, is that if the total number of share certificates tendered in the Tender Offer amounts to less than the intended amount of shares to be purchased (247,900 shares), the Tender Offer will not

be conducted, so if that condition is not satisfied, there will not be a Tender Offer.

The Company intends to create a business restructuring plan under the Law on Special Measures for Industrial Revitalization (the "Revitalization Law") and apply to the relevant minister for approval. If the Company fails to acquire all outstanding shares of TAITO through the Tender Offer, the Company is contemplating performing, after receiving approval, a share exchange through delivery of cash in accordance with Article 12-9 of the Revitalization Law, as part of the business restructuring plan. With respect to that share exchange, after obtaining approval from the relevant minister for the share exchange through delivery of cash in accordance with the business restructuring plan, the Company plans to, after the Tender Offer, carry out a share exchange through which the Company will become the parent and TAITO will become a wholly-owned subsidiary, and deliver cash to the then current shareholders of TAITO, instead of issuing shares of the Company. This plan is contemplated in order to quickly make TAITO the Company's wholly-owned subsidiary, as well as to implement the share exchange by a cash delivery based on the Tender Offer purchase price, since the Tender Offer will be implemented by cash delivery. The amount of cash delivered at the time of the share exchange is expected to be calculated by reference to the purchase price upon the Tender Offer, however the amount of cash may differ from the purchase price upon the Tender Offer. Upon the share exchange, shareholders of TAITO, which will be a wholly-owned subsidiary, may request TAITO to purchase their shares in accordance with legal procedures. The purchase price per share in that case may differ from the amount paid per share as consideration in the share exchange. (With regard to how to handle tax issues arising out of the share exchange through delivery of cash and requests for the Company to buy back its shares, please consult with your tax advisor.) If this share exchange cannot be implemented for any reason, the Company will consider making TAITO its wholly-owned subsidiary by another method. In addition, after termination of the Tender Offer, directors of TAITO who also serve as director of Kyocera Corporation and auditors of TAITO who also serve as auditor of Kyocera Corporation are expected to resign from their offices.

TAITO's shares are listed on the First Section of Tokyo Stock Exchange, but, as is noted above, the Company has not set a limit on the maximum number of shares to be purchased in the Tender Offer, and it intends to eventually make TAITO its wholly-owned subsidiary. Therefore, if TAITO becomes the Company's wholly-owned subsidiary as a result of the Tender Offer and the intended subsequent share exchange, or if any other conditions for listing cease to be satisfied, TAITO's shares will be delisted through the prescribed procedures in accordance with Tokyo Stock Exchange, Inc.'s Criteria for Delisting of Stock. Once they are delisted, it will no longer be possible to trade the shares of TAITO on the Tokyo Stock Exchange.

Kyocera Corporation (who owns 133,260 shares, 36.02%, of total issued stock) has agreed to tender its shares in TAITO in the Tender Offer. TAITO's board of directors has passed a resolution on August 22, 2005, in which they approve of the Tender Offer. TAITO also resolved at the same meeting to the effect that it will not pay interim dividends for the business year ending in March 2006.

## 2. Outline of the Tender Offer

### (1) Outline of the Target Company

- (i) Trade Name: TAITO CORPORATION
- (ii) Principal Business: Game arcade operation business, commercial game machines business, commercial karaoke machines business, home game software business, contents service business
- (iii) Incorporation Date: August 24, 1953
- (iv) Head Office: 5-3, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo
- (v) Representative: Yasuo Nishigaki, President & Representative Director
- (vi) Amount of Capital: 6,820,000,000 yen (as of March 31, 2005)
- (vii) Total Number of Issued Shares: 370,000 shares (as of March 31, 2005)
- (viii) Major Shareholders and Shareholding Ratio:

Kyocera Corporation	36.02%
Rita Kogan (Standing Proxy: Daiwa Securities SMBC Co. Ltd.)	8.50%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.80%
MLPFS Custody (Standing Proxy: Merrill Lynch Japan Securities Co., Ltd.)	3.37%
Japan Trustee Services Bank, Ltd. (Trust Account)	2.84%
UFJ Trust Bank, Ltd.	2.39%
Asya Kogan (Standing Proxy: Mikio Minagawa)	2.13%
UFJ Bank Ltd.	1.87%
Taito Employees Shareholding Association	1.71%
Daiwa Securities Group Inc.	1.41%

Note: The shareholding ratio is calculated based on the total number of TAITO's issued and outstanding shares (370,000 shares as of March 31, 2005).

- (ix) Relationship with the Company: There is no capital, personnel or business relationship between TAITO and the Company.

### (2) Class of Shares or Other Securities to be Purchased Common shares

- (3) Duration of Tender Offer  
From August 23, 2005 (Tuesday) through September 21, 2005 (Wednesday) (30 days)
- (4) Purchase Price  
Yen 181,100 per share
- (5) Basis of Calculating the Purchase Price  
The offer price presented by the Company of 181,100 yen per share has been determined upon the overall consideration of the market price of TAITO's common shares, the state of TAITO's finances and assets, and the quantity of purchase, and shall be the average of the closing prices through regular trading of TAITO's common shares at the Tokyo Stock Exchange, Inc. during the 6-month period ending August 19, 2005, plus a premium of approximately 20%.
- (6) Number of Shares to be Purchased  
247,900 shares  
(Note) If the total number of tendered shares is less than the minimum number of shares to be purchased (247,900 shares), the entire tendered shares will not be purchased by the Company. If the total number of tendered shares is equal to or more than the minimum number of shares to be purchased (247,900 shares), all such tendered shares will be purchased.
- (7) Change in the Number of Shares Owned due to Tender Offer
- |   |                |                           |
|---|----------------|---------------------------|
| Number of Shares Owned before Tender Offer: | 0 shares       | (Ownership ratio: 0.00%)  |
| Number of Shares Owned after Tender Offer:  | 247,900 shares | (Ownership ratio: 67.00%) |
- (Note 1) The number of shares owned after the Tender Offer represents the resulting number of shares assuming that the number of shares intended to be purchased (247,900 shares) is purchased.
- (Note 2) The ownership ratio is calculated based on the total number of TAITO's issued and outstanding shares (370,000 shares as of March 31, 2005).
- (8) Date of Public Notice for Commencement of Tender Offer  
August 23, 2005 (Tuesday)  
(Note) Notice will be placed in the Nihon Keizai Shimbun on this date that an electronic public notice will be published.  
Electronic Public Notice Address:  
<http://info.edinet.go.jp/EdiHtml/main.htm>
- (9) Tender Offer Agent  
Nomura Securities Co., Ltd.
- (10) Funds Required for Tender Offer, etc.  
Yen 45,160,000,000 (scheduled)

- (11) Commencement Date of Settlement  
September 28, 2005 (Wednesday)

3. Agreement with the Target Company or its Officers regarding the Tender Offer

- (1) TAITO's board of directors has passed a resolution on August 22, 2005, in which they approve of the Tender Offer. Kyocera Corporation (who owns 133,260 shares, 36.02%, of total issued stock) has agreed to tender its shares in TAITO in the Tender Offer.
- (2) The Company, TAITO and Kyocera Corporation have executed an agreement dated August 22, 2005, whereby the parties agreed on matters such as to mutually cooperate toward the success of the Tender Offer.

4. Future Prospects

TAITO is planned to become a consolidated subsidiary of the Company as a result of the Tender Offer. The effect of the Tender Offer on the Company's consolidated business results for the fiscal year ending in March 2006 will be disclosed as soon as such results are fixed.

End

For Reference

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August 22, 2005

To whom it may concern:

Company name: Taito Corporation  
Representative: Yasuo Nishigaki, President  
(Code Number: 9646, First Section of the  
Tokyo Stock Exchange)  
Contact: Hiroshi Ando, Manager,  
General Affairs Department  
Tel: 03-3222-4816

### **Announcement of Support for Tender Offer**

The Company hereby notifies you that we have resolved at the Board of Directors' Meeting held on August 22, 2005, to support the tender offer for the outstanding shares of the Company (the "Tender Offer") by SQUARE ENIX CO., LTD. (Code Number: 9684, First Section of the Tokyo Stock Exchange; "SQUARE ENIX").

If SQUARE ENIX fails to acquire all outstanding shares of the Company through the Tender Offer, SQUARE ENIX is contemplating performing a share exchange through delivery of cash in accordance with the Law on Special Measures for Industrial Revitalization (the "Revitalization Law") which the Company will become a wholly-owned subsidiary. If this share exchange cannot be implemented for any reason, the Company and SQUARE ENIX will consider making the Company a wholly-owned subsidiary by another method.

#### 1. Outline of the company undertaking the Tender Offer

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|--|--|
| (1) Trade Name:                                | SQUARE ENIX CO., LTD.  |
| (2) Principal Business:                        | Development, publishing and distribution of entertainment content, including interactive entertainment software and publications |
| (3) Incorporation Date:                        | February, 1980   |
| (4) Head Office:                               | 22-7, Yoyogi 3-chome, Shibuya-ku, Tokyo  |
| (5) Representative:                            | Yoichi Wada, President and Representative Director   |
| (6) Amount of capital:                         | Yen 7,433,000,000 (as of March 31, 2005)   |
| (7) Major shareholders and Shareholding Ratio: |  |
| Yasuhiro Fukushima                             | 21.40 %  |
| Masashi Miyamoto                               | 12.16  |
| Fukushima Planning                             | 8.84   |
| Sony Computer Entertainment                    | 8.62   |
| Japan Trustee Services Bank (Trust Account)    | 5.78   |

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Japan Master Trust Bank (Trust Account)	4.75
SNFE MAC Japan Active Shareholder Fund L.P. (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	3.78
S System	2.30
Trust & Custody Services Bank (Trust Account B)	1.65
Mellon Bank Treaty Clients Omnibus (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited)	1.36

Note: The percentages of shareholdings set out in the chart above are calculated based on the number of the SQUARE ENIX's outstanding shares as of March 31, 2005, which are 110,385,543 shares.

- (8) Relationship with the Company: There is no capital, personnel or business relationship between SQUARE ENIX and the Company

## 2. Details and Reasons Underlying the Company's Support for the Tender Offer

The Company has been focusing on implementation of the growth strategies of the business of operating game facilities, which is the Company's core business, and has been proactively expanding the business regarding game machines for commercial use and the domestic and foreign contents-distributing business that has been drastically expanded over the years. Further, the Company has been operating businesses with an intention to enter into a new growth stage.

SQUARE ENIX, on the other hand, has the world's strongest game software properties, including the "Final Fantasy" series and "Dragon Quest" series, and has been proactively expanding the online game business both domestically and abroad.

The current environment in the computer game and entertainment industry, which SQUARE ENIX and the Company operate in, is gradually entering a phase of major transformation of the industry's structure in connection with advances in information and communication technology. In order to respond to this transformation in a timely and appropriate manner, it is essential to take a comprehensive approach to expand the selection of goods and services.

The Company and SQUARE ENIX, given such business environment, have reached the decision that, the both company expand their businesses as a consolidated group in an integrated manner and create new values by aggregating the strength of both companies is the best way to lead such transformation and increase their corporate values.

Although the Company and SQUARE ENIX both belong to the same industry (i.e. the game amusement industry), there are only a few overlaps in their core businesses and their game categories. Hence the Company and SQUARE ENIX are in a mutually complementary relationship and can establish the best partnership that can exhibit synergy to the utmost. Furthermore, both companies have the same corporate culture to earnestly and wholeheartedly tackle their task. The Company and SQUARE ENIX draw a clear demarcation line from other integrations that aim solely at the expansion of each company's size, and they, under a strong cooperative and mutually trusting relationship, are convinced of further great success as a new corporate group.

If the Tender Offer goes ahead, the plan is for the Company to become a consolidated subsidiary of SQUARE ENIX.

The Company, from the viewpoint of aiming to form a new corporate group as described above

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through the Tender Offer, concluded that the Tender Offer contributes to the Company's business expansion and improvement of performance hereafter. Hence, we have resolved at the Board of Directors' Meeting held today, to support the Tender Offer.

### 3. Execution of the Agreement and Perspective of the Future

The Company, SQUARE ENIX, and Kyocera Corporation ("Kyocera") signed the agreement, which includes the agreement regarding the Tender Offer, on August 22, 2005. In the agreement, the parties agreed on matters such as to mutually cooperate toward the success of the Tender Offer.

Kyocera who is the Company's major shareholder (who owns 133,260 shares, 36.02%, of total issued stock) has agreed to tender its shares in the Company in the Tender Offer.

Furthermore, SQUARE ENIX intends to create a business restructuring plan under the Law on Special Measures for Industrial Revitalization (the "Revitalization Law") and apply to the competent minister for an approval. If SQUARE ENIX fails to acquire all outstanding shares of the Company through the Tender Offer, SQUARE ENIX is contemplating performing with the Company, after receiving the approval, a share exchange through delivery of cash in accordance with Article 12-9 of the Revitalization Law, as part of the business restructuring plan. With respect to such share exchange, the Company will become a wholly-owned subsidiary, and deliver cash to the then current shareholders of the Company, instead of issuing shares of SQUARE ENIX. This plan is contemplated in order to quickly make the Company SQUARE ENIX's wholly-owned subsidiary, as well as to implement the share exchange by a cash delivery based on the Tender Offer purchase price, since the Tender Offer will be implemented by cash delivery. Such amount of cash is expected to be calculated by reference to the purchase price upon the Tender Offer, however the amount of cash may differ from the purchase price upon the Tender Offer. Upon the share exchange, shareholders of the Company may request the Company to purchase their shares in accordance with legal procedures, the purchase price per share in that case may differ from the amount paid per share as consideration in the share exchange. If this share exchange cannot be implemented for any reason, the Company and SQUARE ENIX will consider making the Company its wholly-owned subsidiary by another method. In addition, after termination of the Tender Offer, directors of the Company who also serve as director of Kyocera Corporation and auditors of the Company who also serve as auditor of Kyocera Corporation are expected to resign from their offices.

SQUARE ENIX has not set a limit on the maximum number of shares to be purchased in the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Company shares will be delisted through the prescribed procedures in accordance with Tokyo Stock Exchange's Criteria for Delisting of Stock. Once they are delisted, it will no longer be possible to trade the shares of TAITO on the Tokyo Stock Exchange.

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(For Reference)

Outline of Tender Offer for the Company's shares by SQAURE ENIX

- (1) Class of Shares or Other Securities to be Purchased  
Common shares
- (2) Duration of Tender Offer  
From August 23, 2005 (Tuesday) through September 21, 2005 (Wednesday) (30 days)
- (3) Purchase Price  
Yen 181,100 per share
- (4) Basis of Calculation of Purchase Price  
The offer price presented by SQUARE ENIX of 181,100 yen per share has been determined upon overall consideration of the market price of the Company's common shares, the state of the Company's finances and assets, and the quantity sought for purchase, and represents the average of the closing prices through regular trading of the Company's common shares on the Tokyo Stock Exchange, Inc. during the 6-month period ended August 19, 2005, plus a premium of approximately 20%.
- (5) Number of Shares sought for Purchase  
247,900 shares
- (6) Change in Number of Shares Owned due to Tender Offer

Number of Shares Owned before Tender Offer:	0 shares	(Ownership ratio: 0.00%)
Number of Shares Owned after Tender Offer:	247,900 shares	(Ownership ratio: 67.00%)
- (Note 1) The number of shares owned after the Tender Offer represents the resulting number of shares assuming that the number of shares sought for purchase (247,900 shares) is purchased. The total number of outstanding shares of the Company is 370,000 shares.
- (Note 2) If the total number of tendered shares is less than the minimum number of shares to be purchased (247,900 shares), the entire tendered shares will not be purchased by SQUARE ENIX. If the total number of tendered shares is equal to or exceeds the number of shares sought for purchase (247,900 shares), all such tendered shares will be purchased.
- (7) Date of Public Notice of Commencement of Tender Offer  
August 23, 2005 (Tuesday)
- (8) Tender Offer Agent  
Nomura Securities Co., Ltd.

For Reference

- (9) Funds Required for Tender Offer, etc.  
Yen 45,160,000,000 (scheduled)