

## IMPORTANT DISCLAIMER

30 March 2009

### **THE SCHEME DOCUMENT REGARDING THE RECOMMENDED CASH OFFER (THE "OFFER") FOR EIDOS PLC BY SQEX LTD. TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER THE UK COMPANIES ACT 2006 (THE "SCHEME")**

Please read this notice carefully as it applies to all persons who view this website. Please note that the disclaimer set out below may be altered or updated. You should read this disclaimer in full each time you visit this site.

This announcement is not for release, publication or distribution in whole or part in or into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

UBS Investment Bank is acting exclusively for SQEX LTD. ("**SQEX**") and SQUARE ENIX HOLDINGS ("**Holdings**") and no one else in connection with the Offer and this announcement, and will not be responsible to anyone other than SQEX and Holdings for providing the protections afforded to clients of UBS Investment Bank, or for providing advice in connection with the Offer or any matter referred to herein.

Citi, which is authorised and regulated by Financial Services Authority, is acting exclusively for Eidos plc ("**Eidos**") and no one else in connection with the Offer and will not be responsible to anyone other than Eidos for providing the protections afforded to clients of Citi or for providing advice in connection with the Offer or any matter referred to herein.

This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

This announcement is for information purposes only and does not constitute an offer to sell or invitation to purchase any securities or the solicitation of any vote for approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. Any response in relation to the Offer should be made only on the basis of the information contained in the scheme document or any document by which the Offer is made. This announcement does not constitute a prospectus or prospectus equivalent document.

The Offer relates to the shares of a UK company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. However, if SQEX were to elect to implement the Offer by means of an offer, such offer will be made in compliance with all applicable laws and regulations, including the US tender offer rules, to the extent applicable.

If the Offer is carried out by way of a takeover offer, the Offer will not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer will not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded (including, without limitation, by telex, facsimile transmission, telephone, internet or other forms of electronic communication), distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer. The availability of the Offer to Eidos Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

For the purposes of the above paragraphs “**Restricted Jurisdiction**” means any jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction.

Eidos and SQEX urge the shareholders of Eidos to read the scheme document because it contains important information relating to the Offer.

No listing authority or equivalent has reviewed, approved or disapproved of this announcement or any of the proposals described herein.

### **Forward Looking Statements**

This announcement may contain statements about SQEX, Holdings and Eidos that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans” “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of SQEX’s or Eidos’s operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on SQEX’s, Holdings’s or Eidos’s business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. SQEX, Holdings and Eidos disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000 or from an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

**Part 2 of this document contains an explanatory statement relating to the Scheme in compliance with section 897 of the Companies Act 2006.**

If you have sold or otherwise transferred all of your shares in Eidos, please send this document but not the accompanying personalised Proxy Forms to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred part of your shareholding in Eidos, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

**The distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.**

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## **Recommended Acquisition**

**of**

**Eidos plc**

**by**

**SQEX Ltd.**

**to be effected by means of a**

**Scheme of Arrangement**

**under Part 26 of the Companies Act 2006**

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**The letter from the Chairman of Eidos at Part 1 of this document contains the unanimous recommendation of the Eidos Board that you vote in favour of the resolutions to be proposed at the Court Meeting and at the EGM. Part 2 contains an explanatory statement relating to the Scheme in compliance with section 897 of the Companies Act 2006. Notices of the Court Meeting and the EGM, both of which will be held on 27 March 2009 at the offices of Addleshaw Goddard LLP, 150 Aldersgate Street, London EC1A 4EJ, are set out at the end of this document. The Court Meeting will start at 10.00 a.m. and the EGM will start at 10.10 a.m. (or as soon after the Court Meeting shall be concluded or adjourned). The action to be taken in respect of the Court Meeting and the EGM is set out on the next page.**

Citi, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting for Eidos and for no one else in connection with the Acquisition and will not be responsible to anyone other than Eidos for providing the protections afforded to clients of Citi or for providing advice in relation to the Acquisition or any matter referred to in this document.

UBS is acting exclusively for SQEX and Square Enix and for no one else in connection with the Acquisition and will not be responsible to anyone other than SQEX and Square Enix for providing the protections afforded to clients of UBS or for providing advice in relation to the Acquisition or any matter referred to in this document.

## **ACTION TO BE TAKEN**

You should have received with this document the following:

- a blue Proxy Form for use in respect of the Court Meeting on 27 March 2009; and
- a white Proxy Form for use in respect of the EGM on 27 March 2009.

If you have not received all of these documents, please contact Capita Registrars on the relevant helpline telephone number stated below.

The Scheme requires approval at a meeting of Eidos Shareholders (other than SQEX) convened by order of the Court to be held at the offices of Addleshaw Goddard LLP, 150 Aldersgate Street, London EC1A 4EJ on 27 March 2009. Implementation of the Scheme also requires approval of Eidos Shareholders at the EGM to be held immediately afterwards at the same address.

**It is important that, at the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders.**

**Whether or not you intend to attend the meetings, please complete and sign both the blue and white Proxy Forms and return them to Eidos' registrars, Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant meeting. If the blue Proxy Form for the Court Meeting is not returned by then, it may be handed to Capita Registrars on behalf of the chairman of the Court Meeting at that meeting. However, in the case of the EGM, unless the white Proxy Form is returned by then, it will be invalid. The completion and return of a Proxy Form will not prevent you from attending and voting in person at either the Court Meeting or the EGM, or any adjournment of either of them, if you wish to do so and are so entitled.**

You are entitled to appoint one or more proxies in respect of some or all of your Eidos Shares. Please see the Proxy Forms and the notices of the Court Meeting and the EGM at the end of this document for further information on the appointment of multiple proxies.

You will find instructions on the actions to be taken in respect of the Court Meeting and the EGM set out in paragraph 8 of Part 1 and paragraph 3(b) of Part 2 of this document.

If you have any questions relating to this document or the completion and return of the Proxy Forms, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

## **IMPORTANT NOTICE**

The Acquisition relates to the shares of a UK company and is to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. However, if Square Enix or SQEX were to elect to implement the Acquisition by means of a Takeover Offer, such offer would be made in compliance with all applicable laws and regulations, including the US tender offer rules, to the extent applicable.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a

violation of the securities laws of any such jurisdiction. This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to the document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Eidos except where otherwise stated.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document contains statements about SQEX, Square Enix and Eidos (and their respective groups and/or subsidiary undertakings) that are or may be forward-looking statements. These statements are based on the current expectations of the respective managements of SQEX, Square Enix and Eidos and are naturally subject to uncertainty and changes in circumstance. All statements other than statements of historical facts included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative of such words are forward-looking statements. Forward-looking statements include statements relating to the following (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of SQEX’s, Square Enix’s or Eidos’ operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on SQEX’s, Square Enix’s or Eidos’ business. Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this document. SQEX, Square Enix and Eidos disclaim any obligation to update any forward-looking or other statements contained in this document. All subsequent oral or written forward-looking statements attributable to SQEX, Square Enix, Eidos or any members of their respective groups or any persons acting on their behalf are expressly qualified in their entirety by the cautionary note above. All forward-looking statements included in this document are based on information available to us on the date of it. No SQEX Director, Square Enix Director or Eidos Director and none of SQEX, Square Enix and Eidos, assumes any obligation to update or correct any information contained in this document.

### **DEALING DISCLOSURE REQUIREMENTS**

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the “Takeover Code”), if any person is, or becomes, “interested” (directly or indirectly) in one per cent. or more of any class of “relevant securities” of Eidos, all “dealings” in any such “relevant securities” (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the Effective Date or until the Scheme lapses or is withdrawn. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Eidos, they will be deemed to be a single person for the purpose of Rule 8.3. Under the provisions of Rule 8.1 of the Takeover Code, all “dealings” in “relevant securities” of Eidos by SQEX or by Eidos, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk). “Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by the virtue of any option in respect of, or derivative referenced to, securities. Terms in quotation marks

are defined in the Takeover Code, which can also be found on the Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Takeover Panel.

Where, as is the case here, it has been announced that an offer or possible offer is, or is likely to be, solely in cash, there is no requirement to disclose dealings in relevant securities of SQEX (see note 2 on Rule 8 of the Takeover Code).

#### **INCORPORATION OF RELEVANT INFORMATION BY REFERENCE**

The following information in the following documents, all of which has been announced through a Regulatory Information Service is available free of charge at [http://corporate.eidos.com/Investor\\_Relations/Reports.aspx](http://corporate.eidos.com/Investor_Relations/Reports.aspx), is incorporated into this document by reference:

- (a) pages 33 to 46 of the Eidos Group's 2006 Annual Report and Accounts comprising Eidos Group's audited consolidated financial statements for the year ended 30 June 2006 prepared in accordance with IFRS together with the relevant accounting policies and notes. The independent auditors' report is at page 33, the consolidated income statement is at page 34 and notes 1 to 9 to the consolidated accounts are at pages 38 to 46;
- (b) pages 39 to 55 of the Eidos Group's 2007 Annual Report and Accounts comprising Eidos Group's audited consolidated financial statements for the year ended 30 June 2007 prepared in accordance with IFRS together with the relevant accounting policies and notes. The independent auditors' report is at page 39, the consolidated income statement is at page 40 and notes 1 to 9 to the consolidated accounts are at pages 44 to 55; and
- (c) pages 35 to 66 of the Eidos Group's 2008 Annual Report and Accounts comprising Eidos Group's audited consolidated financial statements for the year ended 30 June 2008 prepared in accordance with IFRS together with the relevant accounting policies and notes. The independent auditors' report is at page 35, the consolidated income statement is at page 36, the consolidated statement of changes in equity is at page 37, the consolidated balance sheet is at page 38, the consolidated cash flow statement is at page 39 and the notes to the consolidated accounts are at pages 40 to 66.

Eidos will provide, without charge, to each person to whom a copy of this document has been delivered, on request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone to Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2009

Latest time for lodging blue Proxy Forms for the Court Meeting <sup>(1)</sup>	10.00 a.m. on Wednesday 25 March
Latest time for lodging white Proxy Forms for the EGM <sup>(1)</sup>	10.10 a.m. on Wednesday 25 March
Voting Record Time <sup>(2)</sup>	6.00 p.m. on Wednesday 25 March
Court Meeting	10.00 a.m. on Friday 27 March
EGM <sup>(3)</sup>	10.10 a.m. on Friday 27 March
Reduction Record Time <sup>(4)</sup>	6.00 p.m. on Monday 20 April
Court Hearing (to sanction the Scheme and to confirm the Capital Reduction) <sup>(4)</sup>	Tuesday 21 April
Suspension of listing and dealings in, and the last day for registration of transfers of, Eidos Shares <sup>(4)</sup>	Tuesday 21 April
Scheme Record Time <sup>(4)</sup>	6.00 p.m. on Tuesday 21 April
<b>Effective Date of the Scheme<sup>(4)</sup></b>	Wednesday 22 April
Cancellation of listing of Eidos Shares <sup>(4)</sup>	8.00 a.m. on Wednesday 22 April
Latest date for despatch of cheques and settlement through CREST <sup>(4)</sup>	by Wednesday 6 May

Unless otherwise stated, all references in this document to times are to London times.

**The Court Meeting and the EGM will both be held at the offices of Addleshaw Goddard LLP, 150 Aldersgate Street, London EC1A 4EJ.**

### Notes:

1. A blue Proxy Form for the Court Meeting not so lodged may be handed to Capita Registrars on behalf of the chairman of the Court Meeting at that meeting. However, to be valid, the white Proxy Forms for the EGM must be lodged by 10.10 a.m. on 25 March 2009, or if the EGM is adjourned, at least 48 hours prior to the adjourned meeting.
2. If either the Court Meeting or the EGM is adjourned, the Voting Record Time will be 6.00 p.m. on the date two days before the adjourned meeting.
3. The EGM will commence at 10.10 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.
4. These times and dates are indicative only and will depend, among other things, on the dates on which the Conditions are satisfied or waived, the date on which the Court sanctions the Scheme and confirms the associated reduction of capital of Eidos and the date on which the Court Order sanctioning the Scheme and confirming the reduction of capital is delivered to the Registrar of Companies and such Court Order is registered by the Registrar of Companies.

## PART 1

### Letter from the Chairman of Eidos

# Eidos plc

(registered in England and Wales with registered number 3121578)

#### *Directors*

Tim Ryan (*Non-executive Chairman*)  
Phil Rogers (*Chief Executive Officer*)  
Rob Brent (*Chief Financial Officer*)  
Roger Ames (*Non-executive*)  
Nigel Wayne (*Non-executive*)  
Don Johnston (*Non-executive*)

#### *Registered Office*

Wimbledon Bridge House  
1 Hartfield Road  
London SW19 3RU

4 March 2009

*To Eidos Shareholders and, for information only, to participants in the Eidos Share Plans*

Dear Shareholder

### **Recommended acquisition of Eidos by SQEX Ltd.**

#### **1. Introduction**

On 12 February 2009, the boards of directors of Eidos and SQEX announced that they had reached agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of Eidos by SQEX, a company wholly owned by Square Enix, to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006.

I am writing to you on behalf of the Eidos Board to set out the terms of the Acquisition, to explain the background to and reasons for our recommendation of the Acquisition and to seek your support and approval for the resolutions required to implement it.

In order to approve the terms of the Acquisition, you will need to vote in favour of the resolutions to be proposed at the Court Meeting and the EGM both to be held on 27 March 2009. The actions you should take and the recommendation of the Eidos Board are set out in paragraphs 8 and 11 respectively of this letter.

Further details of the Acquisition are set out in the Explanatory Statement from Citi at Part 2 of this document.

#### **2. Summary of the terms of the Acquisition**

It is intended that the Acquisition will be implemented by way of the Scheme, details of which are set out in Part 2 and Part 8 of this document.

If the Scheme becomes effective, all the Scheme Shares will be cancelled and, in exchange, Scheme Shareholders on Eidos' register of members at the Scheme Record Time will receive:

**for each Scheme Share**

**32 pence in cash**

The Acquisition at 32 pence per Scheme Share represents:

- a premium of approximately 258 per cent. to the closing mid-market price per Eidos Share on the London Stock Exchange of 9 pence per Eidos Share on 14 January 2009 (being the last Business Day prior to the commencement of the Offer Period);
- a premium of approximately 129 per cent. to the closing mid-market price per Eidos Share on the London Stock Exchange of 14 pence per Eidos Share on 11 February 2009 (being the last practicable day prior to the date of announcement of the Acquisition);

- a premium of approximately 150 per cent. to 13 pence, being the average closing mid-market price per Eidos Share over the one month to 11 February 2009; and
- a premium of approximately 91 per cent. to 17 pence, being the average closing mid-market price per Eidos Share over the three months to 11 February 2009.

The Acquisition values the entire existing issued share capital of Eidos at approximately £84.3 million.

It is expected that, subject to satisfaction or waiver of the Conditions, the Effective Date will be 22 April 2009. If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM. Further details of the Scheme are set out in the Explanatory Statement at Part 2 of this document.

Prior to the Scheme becoming effective, Eidos will apply to the London Stock Exchange for the cancellation of the admission to trading of Eidos Shares to its main market for listed securities and to the Financial Services Authority for the cancellation of the admission of the Eidos Shares to the Official List, in each case with effect from the Effective Date.

On the Effective Date, share certificates in respect of Eidos Shares will cease to be valid and entitlements to Eidos Shares held within the CREST system will be cancelled. It is SQEX's intention that following the Effective Date, Eidos will be re-registered as a private limited company.

If the Scheme becomes effective, cheques in respect of the consideration payable under the Scheme will be despatched by post to Scheme Shareholders at their own risk (or such consideration will be settled through CREST, as the case may be) as soon as practicable and in any event within 14 days after the Effective Date.

### **3. Background to and reasons for recommendation of the Acquisition**

On 7 January 2009, the Eidos Board received an indicative proposal from Square Enix to acquire the entire issued and to be issued share capital of Eidos.

In deciding to recommend the Acquisition, the Eidos Directors have taken into account a number of factors, including the following:

- the offer price of 32 pence per Eidos Share will allow Eidos Shareholders to realise their investment at a 258 per cent. premium to the average closing price per Eidos Share of 9 pence on 14 January 2009 (being the last Business Day prior to the commencement of the Offer Period);
- the offer price of 32 pence per Eidos Share will allow Eidos Shareholders to realise their investment at a 150 per cent. premium to the average closing price per Eidos Share of 13 pence for the one month ending 11 February 2009 (being the last practicable day prior to the date of announcement of the Acquisition);
- the offer price of 32 pence per Eidos Share will allow Eidos Shareholders to realise their investment at a 91 per cent. premium to the average closing price per Eidos Share over the three months ending 11 February 2009; and
- Eidos' excellent strategic fit with the Square Enix Group.

In light of the above mentioned premia and such other factors as the Eidos Directors considered relevant, they believe that the terms of the Acquisition are fair and reasonable, take proper account of Eidos' position within the industry and its future prospects and represent an excellent opportunity for Eidos Shareholders to realise an attractive valuation in cash for their Eidos Shares.

### **4. Information on Eidos and its current trading and prospects**

Eidos is the creator of some of the world's leading videogame properties with a significant portfolio of intellectual property including: *Tomb Raider*, *Hitman*, *Deus Ex*, *Thief*, *Kane & Lynch*, *Just Cause* and *Championship Manager*.

Eidos operates a studio-led business with a clear focus on cornerstone franchises. It is a global business with a head office in Wimbledon, London and several wholly-owned development studios including Crystal Dynamics, IO Interactive, Beautiful Game Studios, Eidos Hungary, Eidos Game Studios and Eidos Montreal as well as sales and distribution offices in Europe and the US.

For the year ended 30 June 2008, Eidos reported total revenue of £118.9 million, loss before tax of £136 million and loss per share of 136.3 pence per Eidos Share. Net assets as at 30 June 2008 were £120.3 million.

On 9 January 2009, Eidos provided an update on its trading performance over the Christmas period. *Tomb Raider: Underworld*, which was released globally in November 2008, performed well in Eidos' key European territories against both competitive products and recent iterations of the franchise. However, in a challenging North American market, sales were below internal expectations resulting in downward revision of the Eidos Group's full year sales assumptions to a range of £160m to £180m. Eidos also informed the market that it retained sufficient headroom within its committed banking facility and given revised revenue and profit expectations Eidos might need to enter into discussions with its lending bank regarding its June 2009 covenants.

On 27 February 2009, Eidos announced its unaudited interim results for the six months to 31 December 2008 which are set out in Section B of Part 4 of this document. For the six months ended 31 December 2008, Eidos reported total revenue of £80.3 million, loss before tax of £9.8 million and loss per share of 3.0 pence per Eidos Share. Eidos also provided an update that it anticipates operating within its existing covenants, albeit with limited headroom, and that its lending bank has given written assurances that it would approach potential discussions with Eidos positively.

Eidos believes its strategy of focusing on cornerstone franchises is further validated by the current challenging and competitive environment. It is concentrating its efforts and resources on those high quality titles that will deliver long-term franchise value while pro-actively managing its cost base and exploring ways to improve the mechanics of the business.

## **5. Management and employees**

Square Enix values highly the skills, knowledge and expertise of Eidos' existing management and employees and has given assurances to the Eidos Directors that the existing employment rights of the management and employees of Eidos, including pension rights, will be fully safeguarded upon the Scheme becoming effective.

Following the completion of the Acquisition, Square Enix intends to identify synergies and other future benefits for the enlarged Square Enix Group. This process may result in some headcount reduction in limited areas of the business where there are overlapping functions between Eidos and Square Enix's foreign subsidiaries (subject to consultation and other obligations required by applicable law).

Square Enix is committed to embracing the creative culture in each development studio. Square Enix believes that Eidos will continue to represent an exciting and rewarding place to work for employees and management.

## **6. Eidos Share Plans**

Information relating to the effect of the Scheme on participants in the Eidos Share Plans is set out in paragraph 9 of Part 2 of this document.

## **7. UK taxation**

Your attention is drawn to the summary of certain tax consequences of the implementation of the Scheme for Eidos Shareholders resident in the United Kingdom set out in Part 5 of this document. If you are in any doubt about your tax position, or you are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriate professional independent financial adviser immediately.

## **8. Meetings and action to be taken**

The Scheme and the Acquisition are subject to the satisfaction or waiver of the Conditions set out in Part 3 of this document. In order to become effective, the Scheme must be approved by a majority in number of those Eidos Shareholders who are present and vote either in person or by proxy at the

Court Meeting and who represent 75 per cent. or more in value of all Eidos Shares held by such shareholders. SQEX will not be entitled to attend or vote at the Court Meeting although it will undertake to the Court to be bound by the Scheme. In addition, a special resolution approving the Scheme must be passed at the EGM. Under the Companies Act 2006, the Scheme is also subject to the approval of the Court. If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including those who did not vote to approve the Scheme.

You will find enclosed with this document:

- a blue Proxy Form for use at the Court Meeting; and
- a white Proxy Form for use at the EGM.

Whether or not you intend to attend the Court Meeting and/or the EGM, you are requested to complete and sign the enclosed Proxy Forms and return them in accordance with the instructions printed on them. Completed Proxy Forms should be returned to Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, so as to be received no later than 10.00 a.m. on 25 March 2009 in relation to the Court Meeting, and no later than 10.10 a.m. on the same date in relation to the EGM.

If the blue Proxy Form for use at the Court Meeting is not returned by such time, it may be handed to Capita Registrars on behalf of the chairman of the Court Meeting at that meeting and will still be valid. However, the white Proxy Form for use at the EGM will be invalid unless it is received by 10.10 a.m. on 25 March 2009. The completion and return of the Proxy Forms will not prevent you from attending and voting in person at either the Court Meeting or the EGM, or at any adjournment of either of them, if you so wish and are so entitled.

You are entitled to appoint one or more proxies in respect of some or all of your Eidos Shares. A space has been included in the Proxy Forms to allow you to specify the number of Eidos Shares in respect of which that proxy is appointed. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in “the CREST voting service” section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please see the Proxy Forms and the notices of the Court Meeting and the EGM at the end of this document for further information on the appointment of multiple proxies.

**It is important that, at the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders. You are therefore strongly urged to sign and return your Proxy Forms for both the Court Meeting and the EGM as soon as possible.**

**If you have any questions relating to this document or the completion and return of the Proxy Forms, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider’s network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.**

Overseas Persons should refer to paragraph 13 of Part 2 of this document. Details relating to settlement are included in paragraph 14 of Part 2.

Notices convening the Court Meeting and the EGM are set out in Parts 9 and 10 respectively of this document.

## **9. Irrevocable undertakings and letter of intent**

SQEX and Square Enix have received irrevocable undertakings from those Eidos Directors who are Eidos Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the EGM, in respect of a total of 204,153 Eidos Shares in aggregate, representing approximately 0.1 per cent. of the existing issued share capital of Eidos.

Square Enix has received irrevocable undertakings from Insight Investment Management, Cazenove Capital Management Ltd. and Time Warner Entertainment Limited to vote, or procure the voting, in favour of the Scheme and the resolutions to be passed at the Court Meeting and the EGM in respect of their aggregate holdings of 84,743,336 Eidos Shares representing approximately 32.2 per cent. of the existing issued share capital of Eidos.

SQEX has also obtained a letter of intent from Legal & General Investment Manager to vote in favour of the Scheme and the special resolution to be passed at the Court Meeting and the EGM in respect of its holding of 8,919,628 Eidos Shares representing approximately 3.4 per cent. of the existing issued share capital of Eidos.

Further details of the terms of these undertakings and letter of intent are set out in paragraph 5 of Part 6 of this document.

As at 2 March 2009, the latest practicable date prior to the posting of this document, SQEX also had an interest in 29,349,341 Eidos Shares, representing approximately 11.1 per cent. of the existing issued share capital of Eidos.

## **10. Further information**

Your attention is drawn to the letter from Citi at Part 2 of this document which constitutes the Explanatory Statement relating to the Scheme pursuant to section 897 of the Companies Act 2006.

## **11. Recommendation**

**The Eidos Board, which has been so advised by its financial adviser Citi, considers the terms of the Acquisition to be fair and reasonable. In giving advice to the Eidos Board, Citi has taken into account the commercial assessments of the Eidos Board.**

**The Eidos Board believes that the terms of the Acquisition are in the best interests of Eidos Shareholders as a whole and unanimously recommends that Eidos Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the EGM, as they have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 204,153 Eidos Shares, representing approximately 0.1 per cent. of the existing issued Eidos Shares.**

Yours sincerely

Tim Ryan  
Chairman

## PART 2

### Explanatory Statement

(in compliance with section 897 of the Companies Act 2006)



4 March 2009

To Eidos Shareholders and, for information only, to participants in the Eidos Share Plans

Dear Shareholder

#### Recommended acquisition of Eidos by SQEX Ltd.

##### 1. Introduction

On 12 February 2009, the boards of Eidos and SQEX announced that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Eidos by SQEX. The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006, which involves a reduction of capital and requires the approval of Eidos Shareholders and the sanction of the Scheme and confirmation of the Capital Reduction by the Court.

**Your attention is drawn to the letter from the Chairman of Eidos on behalf of the Eidos Board, at Part 1 of this document, which forms part of this Explanatory Statement. That letter contains, amongst other things, the background to and reasons for the recommendation and states that the Eidos Board, which has been so advised by Citi, considers the terms of the Acquisition to be fair and reasonable. In giving advice to the Eidos Board, Citi has taken into account the commercial assessments of the Eidos Board. The Eidos Board believes that the terms of the Acquisition are in the best interests of Eidos Shareholders as a whole and is unanimously recommending that all Eidos Shareholders vote in favour of the resolutions to approve and implement the Scheme to be proposed at the Court Meeting and the EGM.**

The Eidos Board has been advised by Citi in connection with the Acquisition. Citi has been authorised by the Eidos Board to write to you to set out the terms of the Acquisition and the Scheme and to provide you with other relevant information.

The Scheme itself is set out in Part 8 of this document and will be subject to the Conditions and further terms set out in Part 3. Your attention is also drawn to the additional information set out in Part 6.

##### 2. Summary of the terms of the Acquisition

If the Scheme becomes effective, all the Scheme Shares will be cancelled and, in exchange, Scheme Shareholders on Eidos' register of members at the Scheme Record Time will receive:

**for each Scheme Share**

**32 pence in cash**

The Acquisition at 32 pence per Scheme Share represents:

- a premium of approximately 258 per cent. to the closing mid-market price per Eidos Share on the London Stock Exchange of 9 pence per Eidos Share on 14 January 2009 (being the last Business Day prior to the commencement of the Offer Period);
- a premium of approximately 129 per cent. to the closing mid-market price per Eidos Share on the London Stock Exchange of 14 pence per Eidos Share on 11 February 2009 (being the last practicable day prior to the date of announcement of the Acquisition);
- a premium of approximately 150 per cent. to 13 pence, being the average closing mid-market price per Eidos Share over the one month to 11 February 2009; and
- a premium of approximately 91 per cent. to 17 pence, being the average closing mid-market price per Eidos Share over the three months to 11 February 2009.

The Acquisition values the entire existing issued share capital of Eidos at approximately £84.3 million.

### **3. Structure of the Acquisition**

#### ***(a) Introduction***

It is intended that the Acquisition will be effected by means of a scheme of arrangement between Eidos and its shareholders under Part 26 of the Companies Act 2006. The provisions of the Scheme are set out in full in Part 8 of this document. The purpose of the Scheme is to provide for SQEX to become the owner of the whole of the issued share capital of Eidos, to be achieved by the cancellation of the Scheme Shares and the application of the reserve arising from such cancellation in paying up in full new Eidos Shares, equal in number to the number of Scheme Shares cancelled, that will be allotted and issued credited as fully paid to SQEX and/or its nominee(s) pursuant to the Scheme. SQEX may elect to implement the Acquisition by way of a Takeover Offer where permitted to do so by the Takeover Panel.

If the Scheme becomes effective holders of Scheme Shares will receive cash on the basis set out in paragraph 2 above.

To become effective, the Scheme requires the approval of a majority in number of those Eidos Shareholders who are present and vote either in person or by proxy at the Court Meeting and who represent 75 per cent. or more in value of all Scheme Shares held by such shareholders.

The Scheme also requires the sanction of the Court and the passing of a special resolution to implement the Scheme at the EGM, as well as satisfaction or waiver of the other Conditions set out in Part 3 of this document. The Scheme, when it becomes effective, will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

The last day of dealings in, and for registration of transfers of, Eidos Shares is expected to be on 21 April 2009. Prior to the Scheme becoming effective, Eidos will apply to the London Stock Exchange for the cancellation of the admission to trading of Eidos Shares to its main market for listed securities and to the Financial Services Authority for the cancellation of the admission of the Eidos Shares to the Official List, in each case with effect from the Effective Date.

On the Effective Date, share certificates in respect of Scheme Shares will cease to be valid and entitlements to Scheme Shares held within the CREST system will be cancelled. Following the Effective Date, it is SQEX's intention that Eidos will be re-registered as a private limited company.

#### ***(b) The Shareholder meetings***

Before the Court's sanction can be sought for the Scheme, the Scheme will require approval by holders of Eidos Shares (other than SQEX) at the Court Meeting and the passing of a special resolution by Eidos Shareholders at the EGM.

Notices of the Court Meeting and the EGM are set out in Parts 9 and 10 of this document.

At the Court Meeting all holders of Eidos Shares (other than SQEX) whose names appear on the register of members of Eidos at 6.00 p.m. on 25 March 2009 or, if such meeting is adjourned, on the register of members at 6.00 p.m. on the date which is two days before the date set for the adjourned meeting, will be entitled to attend and vote at the Court Meeting in respect of the number of Scheme Shares registered in their name at the relevant time.

At the EGM all holders of Eidos Shares whose names appear on the register of members of Eidos at 6.00 p.m. on 25 March 2009 or, if such meeting is adjourned, on the register of members at 6.00 p.m. on the date which is two days before the date set for the adjourned meeting, will be entitled to attend and vote at the EGM in respect of the number of Eidos Shares registered in their name at the relevant time.

#### *The Court Meeting*

The Court Meeting, which has been convened for 10.00 a.m. on 27 March 2009, is being held at the direction of the Court to seek the approval of Eidos Shareholders (other than SQEX) for the Scheme. Voting at the Court Meeting will be by way of poll and each Eidos Shareholder present in person or by

proxy will be entitled to one vote for each Scheme Share held. SQEX will not be entitled to attend or vote at the Court Meeting. The approval required at the Court Meeting is a majority in number of those Eidos Shareholders who are present and vote, either in person or by proxy and who represent 75 per cent. or more in value of all Eidos Shares held by such shareholders. **It is important that, at the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders.**

#### *The EGM*

The EGM has been convened for 10.10 a.m. on 27 March 2009, or as soon after as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass a special resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:

- (i) a reduction of Eidos' share capital equal to the aggregate nominal value of the Scheme Shares which are to be cancelled pursuant to the Scheme and the subsequent issue of new Eidos Shares credited fully paid to SQEX in accordance with the Scheme;
- (ii) the giving of authority to the Eidos Directors pursuant to section 80 of the Companies Act 1985 to allot new Eidos Shares; and
- (iii) certain amendments to Eidos' Articles as described below.

Any Eidos Shares issued on or after the Reduction Record Time under the Eidos Share Plans will not be subject to the Scheme. Accordingly, it is proposed that Eidos' Articles be amended so that any Eidos Shares issued to any person other than SQEX (or its nominee(s)) on or after the Reduction Record Time will automatically be acquired by SQEX in consideration for the payment by SQEX to such person of such consideration as would have been payable under the Scheme had such Eidos Shares been Scheme Shares. In addition, it is proposed that Eidos' Articles be amended to ensure that any Eidos Shares which are issued after the EGM but before the Reduction Record Time will be subject to and bound by the Scheme. The proposed amendments are set out in the notice of EGM set out in Part 10 of this document.

#### **(c) General**

**Whether or not you intend to attend the Court Meeting or the EGM, you are requested to complete and sign the enclosed Proxy Forms and return them in accordance with the instructions printed on them. Completed Proxy Forms should be returned to Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, so as to be received on 25 March 2009, at no later than 10.00 a.m. in relation to the Court Meeting, and 10.10 a.m. in relation to the EGM.**

**If the blue Proxy Form for use at the Court Meeting is not returned by then, it may be handed to Capita Registrars on behalf of the chairman of the Court Meeting at that meeting and will still be valid. However, the white Proxy Form for use at the EGM will be invalid unless it is received by 10.10 a.m. on 25 March 2009. The completion and return of a Proxy Form will not prevent you from attending and voting in person at either the Court Meeting or the EGM, or at any adjournment of either of them, if you so wish and are so entitled.**

You are entitled to appoint one or more proxies in respect of some or all of your Eidos Shares. A space has been included in the Proxy Forms to allow you to specify the number of Eidos Shares in respect of which that proxy is appointed. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please see the Proxy Forms and the notices of the Court Meeting and the EGM at the end of this document for further information on the appointment of multiple proxies.

**(d) Conditions to the Acquisition**

The Conditions to the Acquisition and to the Scheme are set out in full in Part 3 of this document. In summary, the implementation of the Scheme is conditional upon:

- (i) approval of the Scheme by a majority in number of the Eidos Shareholders present and voting, whether in person or by proxy, at the Court Meeting or any adjournment of it, and who represent 75 per cent. or more in value of all Eidos Shares held by such shareholders;
- (ii) the special resolution set out in the notice of EGM being duly passed by the requisite majority at the EGM, or any adjournment of it;
- (iii) the sanction of the Scheme and confirmation of the Capital Reduction by the Court and the delivery of an office copy of the Court Order by Eidos for registration to the Registrar of Companies and registration of such Court Order by him; and
- (iv) the other Conditions which are not referred to above being satisfied or waived.

**(e) Sanction of the Scheme by the Court**

Under the Companies Act 2006, the Scheme also requires the sanction of the Court. The hearing by the Court to sanction the Scheme and to confirm the Capital Reduction comprised in the Scheme is expected to be held on 21 April 2009, subject to prior satisfaction or waiver of the other Conditions. SQEX has confirmed that it will be represented by Counsel at such hearing so as to consent to the Scheme and to undertake to the Court to be bound by it.

The Scheme will become effective in accordance with its terms on delivery of an office copy of the Court Order to the Registrar of Companies and the registration of such Court Order by him.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the special resolution at the EGM. If the Scheme does not become effective by 30 June 2009, or by such later date (if any) as SQEX and Eidos may agree and (if required) the Court and the Takeover Panel may allow, the Scheme will not become effective and the Acquisition will not proceed.

**(f) Modifications to the Scheme**

The Scheme contains a provision for Eidos and SQEX jointly to consent (on behalf of all persons affected) to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which would be material to the interests of Scheme Shareholders unless the Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which, in the opinion of Eidos Directors, is of such a nature or importance that it requires the consent of Scheme Shareholders, the Eidos Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

**4. Information on SQEX and Square Enix**

SQEX is a limited liability company incorporated in England and Wales and is a wholly-owned subsidiary of Square Enix, the holding company of an international video games and publishing business headquartered in Tokyo, Japan.

For the year ended 31 March 2007, Square Enix recorded total revenue of £1,197 million (JPY 163,472 million), profit before tax of £135 million (JPY 18,374 million) and earnings per share of 77 pence (JPY 105.1). For the year ended 31 March 2008, Square Enix recorded total revenue of £1,081 million (JPY 147,516 million), profit before tax of £122 million (JPY 16,681 million) and earnings per share of 60 pence (JPY 81.9).

Square Enix's shares are listed on the first section of the Tokyo Stock Exchange.

## **5. Information on Eidos**

Eidos is the creator of some of the world's leading videogame properties with a significant portfolio of intellectual property including: *Tomb Raider*, *Hitman*, *Deus Ex*, *Thief*, *Kane & Lynch*, *Just Cause* and *Championship Manager*.

Eidos operates a studio-led business with a clear focus on cornerstone franchises. It is a global business with a head office in Wimbledon, London and several wholly-owned development studios including Crystal Dynamics, IO Interactive, Beautiful Game Studios, Eidos Hungary, Eidos Game Studios and Eidos Montreal as well as sales and distribution offices in Europe and the US.

For the year ended 30 June 2008, Eidos reported total revenue of £118.9 million, loss before tax of £136 million and loss per share of 136.3 pence per Eidos Share. Net assets as at 30 June 2008 were £120.3 million.

## **6. Future plans for Eidos**

The combination of Eidos franchises with the Square Enix Group's product and service offerings will reinforce the Square Enix Group's position as one of the world's leaders in interactive entertainment with a broad portfolio of market leading franchises. In addition, the Square Enix Group's management believes that the combination of the companies' respective development expertise will result in extraordinary product and service innovations delivering unique entertainment experiences to its customers around the world. It is Square Enix's intention to grow the business.

Square Enix currently intends to continue the strategic plans announced by Eidos but otherwise Square Enix does not have any current intentions regarding the redeployment of Eidos' fixed assets or the locations of Eidos' places of business.

## **7. The Eidos Directors and the effect of the Scheme on their interests**

Details of the interests of the Eidos Directors in the share capital of Eidos are set out in paragraph 4 of Part 6 of this document. Eidos Shares held by the Eidos Directors will be subject to the Scheme.

Each Eidos Director who is an Eidos Shareholder has undertaken to vote his Eidos Shares in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the EGM.

Particulars of the service contracts and letters of appointment of the Eidos Directors are set out in paragraph 6 of Part 6 of this document. No amendments to such service contracts or letters of appointment have been agreed in connection with the Acquisition.

No agreement or understanding has been reached on the position of the Eidos Directors once the Scheme becomes effective.

Save as set out above, the effect of the Scheme on the interests of the Eidos Directors does not differ from its effect on the like interests of any other person.

## **8. Financing and cash confirmation**

Square Enix will be using existing internal cash resources which are sufficient to satisfy in full the cash consideration payable to Eidos Shareholders under the terms of the Acquisition. UBS, as financial adviser to SQEX and Square Enix, is satisfied that sufficient resources are available to satisfy the cash consideration payable to Eidos Shareholders under the terms of the Acquisition.

## **9. Eidos Share Plans**

All outstanding options granted under the Eidos Share Plans are only exercisable at a price above the offer price of 32 pence per Eidos Share and as such are "underwater". Eidos will be writing separately to optionholders to explain how the Scheme will affect their underwater options.

## **10. Implementation Agreement and inducement fee**

Eidos and Square Enix have entered into the Implementation Agreement which governs their relationship during the period until the Scheme (or Takeover Offer as applicable) becomes effective or lapses or is withdrawn. The Implementation Agreement also contains certain assurances and confirmations between the parties, including provisions in relation to the implementation of the Scheme on a timely basis and governing the conduct of the business of the Eidos Group prior to the Effective Date or the termination of such agreement.

Under the Implementation Agreement Eidos has agreed to pay to Square Enix an inducement fee of £843,478 (inclusive of VAT) if, in summary, a Third Party Transaction is announced and such Third Party Transaction is declared unconditional in all respects and is completed or otherwise becomes effective.

Eidos has undertaken it shall not offer or agree to any work fee, inducement fee or break fee or other similar arrangement with any other party, prior to the termination of the Implementation Agreement in accordance with its terms.

Further information concerning this Implementation Agreement, including the inducement fee, is set out in paragraph 7 of Part 6 of this document.

## **11. Cancellation of listing of Eidos Shares**

The last day of dealings in, and for registration of transfers of, Eidos Shares will be the day of the Court Hearing which is expected to be 21 April 2009, following which the Eidos Shares will be suspended from the Official List, and from the London Stock Exchange's main market for listed securities.

Prior to the Scheme becoming effective, Eidos will apply to the London Stock Exchange for the cancellation of the admission to trading of Eidos Shares to its main market for listed securities and to the Financial Services Authority for the cancellation of the admission of the Eidos Shares to the Official List, in each case with effect from the Effective Date.

On the Effective Date, share certificates in respect of Eidos Shares will cease to be valid and entitlements to Eidos Shares held within the CREST system will be cancelled. It is SQEX's intention that following the Effective Date, Eidos will be re-registered as a private limited company.

## **12. United Kingdom taxation**

Your attention is drawn to the summary of certain tax consequences of the implementation of the Scheme for Eidos Shareholders resident in the United Kingdom set out in Part 5 of this document.

**Eidos Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside the United Kingdom, are strongly advised to contact an appropriate independent financial adviser immediately.**

## **13. Overseas Persons**

The implications of the Scheme and the Acquisition for Overseas Persons may be affected by the laws of the relevant jurisdictions. Overseas Persons should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Person to satisfy himself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with English law, the Takeover Code and the Listing Rules and the information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

#### **14. Settlement**

Subject to the Scheme becoming effective, settlement of the cash consideration to which any holder of Scheme Shares is entitled under it will be effected by the despatch of cheques or crediting of CREST accounts (as applicable) within 14 days of the Effective Date in the manner set out below.

Except with the consent of the Takeover Panel, settlement of consideration to which any Eidos Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which SQEX may otherwise be, or claim to be, entitled against such Eidos Shareholder.

All payments of the consideration due to Scheme Shareholders under the Scheme will be made in pounds sterling. All documents and remittances sent through the post will be sent at the risk of the person(s) entitled to them.

##### ***(a) Scheme Shares in uncertificated form***

Eidos Shareholders who hold Scheme Shares in uncertificated form will receive any cash consideration to which they are entitled under the Scheme through CREST by the Receiving Agent on behalf of SQEX procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds such uncertificated shares in respect of the cash consideration due to him not later than 14 days after the Effective Date.

As from the Effective Date, each holding of Eidos Shares credited to any stock account in CREST will be disabled and all Eidos Shares will be removed from CREST in due course afterwards.

SQEX reserves the right to pay all or any part of the cash consideration referred to above to all or any Eidos Shareholder(s) who hold(s) Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph (b) below if, for any reason, it wishes to do so.

##### ***(b) Scheme Shares in certificated form***

On the Effective Date, Scheme Shares held in certificated form will be cancelled and share certificates for such Scheme Shares will cease to be valid and should be destroyed.

Settlement of consideration due under the Scheme in respect of Scheme Shares held in certificated form will be despatched by first class post, by cheque drawn on a branch of a UK clearing bank or by such other method as may be approved by the Takeover Panel.

Payments made by cheque will be payable to the Scheme Shareholder concerned or, in the case of joint holders, to all named holders in the register of members of Eidos in respect of the joint holding concerned. Cheques will be despatched as soon as practicable after the Effective Date and in any event within 14 days after the Effective Date. Payments will not be sent via CHAPS or BACS.

#### **15. Action to be taken**

Your attention is drawn to paragraph 8 of the letter from the Chairman of Eidos at Part 1 of this document which explains the actions you should take in relation to the Scheme.

#### **16. Further information**

The terms of the Scheme are set out in full in Part 8 of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions to the implementation of the Scheme and Acquisition in Part 3, the information in Parts 4 and 5 and the additional information set out in Part 6.

Yours sincerely  
for and on behalf of  
Citigroup Global Markets Limited

Matthew Smith  
Managing Director

## PART 3

### Conditions and further terms to the implementation of the Scheme and the Acquisition

The Acquisition is conditional on the Scheme becoming effective by 30 June 2009 or such later date as Eidos and SQEX may agree and (if required) the Court and the Takeover Panel may allow.

1. The Scheme is conditional on:
  - (a) the approval of the Scheme by a majority in number representing 75 per cent or more in value of the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting, or at any adjournment of it;
  - (b) the special resolution set out in the notice of the EGM being duly passed by the requisite majority at the EGM, or at any adjournment of it; and
  - (c) the sanction (with or without modification, on terms agreed by Eidos and SQEX) of the Scheme and confirmation of the Capital Reduction by the Court and an office copy of the Court Order and the minute of such Capital Reduction that is to be attached to it being delivered for registration to the Registrar of Companies and such Court Order being registered by that Registrar.
2. In addition, Eidos and SQEX have agreed that, subject to paragraphs 3 to 7 below, application to the Court to sanction the Scheme and to confirm the Capital Reduction will not be made unless Conditions 1(a) and 1(b) above have been fulfilled and unless immediately prior to the hearing to sanction the Scheme the following Conditions (amended as appropriate) are satisfied or waived as referred to below:
  - (a) all required filings having been made under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the rules and regulations thereunder and all applicable waiting periods with respect to it having expired or been terminated;
  - (b) no central bank, government or governmental, quasi-governmental, state or local government, competition authority, supranational, statutory, environmental, administrative, investigative or regulatory body, agency, court, association or any other person or body in any jurisdiction (each a "Relevant Authority") having taken, instituted, implemented or threatened any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed any statute, regulation or order, or taken any other step that would, or could reasonably be expected to:
    - (i) require the divestiture by any member of the Wider Square Enix Group or any member of the Wider Eidos Group of all or any portion of their respective businesses, assets or properties or impose any limitation on the ability of any member of the Wider Square Enix Group or the Wider Eidos Group to conduct its business (or any part of it) or to own any of its assets or property or any part of them which, in any such case, is material in the context of the Eidos Group taken as a whole;
    - (ii) require any member of either the Wider Square Enix Group or Wider Eidos Group to make an offer to acquire any shares or other securities in any member of the Wider Eidos Group owned by any third party; or
    - (iii) impose any limitation on, or result in a material delay in, the ability of SQEX directly or indirectly to acquire or to hold or to exercise effectively directly or indirectly all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in Eidos or the ability of SQEX to hold or exercise effectively any rights of ownership of shares, loans or other securities in, or to exercise management control over any member of the Wider Eidos Group, which, in any such case, is material in the context of the Eidos Group taken as a whole;
    - (iv) otherwise adversely affect the business, assets, liabilities, financial or trading position, profits or prospects of any member of the Wider Eidos Group in each case to an extent which is material in the context of the Eidos Group taken as a whole;
    - (v) result in any member of the Wider Eidos Group ceasing to be able to carry on business under any name under which it presently does so which is material in the context of the Eidos Group taken as a whole; or
    - (vi) make the Scheme or its implementation void, unenforceable, illegal and/or prohibited in or under the laws of any jurisdiction or otherwise (in all cases to a material extent) directly

or indirectly restrict, restrain, delay or interfere with the implementation of, or impose additional conditions or obligations with respect to, or require amendment of, or challenge or interfere with, the Acquisition,

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceedings, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction having expired, lapsed or been terminated;

- (c) all necessary filings, applications and/or notifications having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated in each case in respect of the Acquisition and the acquisition of any shares or other securities in, or control of, Eidos by SQEX or any member of the Wider Square Enix Group and all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals (“**authorisations**”) necessary in any jurisdiction for or in respect of the Acquisition and the proposed acquisition of any shares or other securities in, or control or management of, Eidos by SQEX or any member of the Wider Square Enix Group being obtained in terms and in a form satisfactory to SQEX, acting reasonably, from appropriate Relevant Authorities or from any persons or bodies with whom any member of the Wider Eidos Group has entered into contractual arrangements and such authorisations together with all authorisations necessary or appropriate for any member of the Wider Eidos Group to carry on its business remaining in full force and effect in each case where the absence of such authorisation would have a material adverse effect on the Eidos Group and there being no notice or other intimation of any intention to revoke, suspend, restrict or modify or not to renew any of the same having been made and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (d) save as fairly disclosed in the Eidos Annual Report or as Publicly Announced or fairly disclosed in writing to SQEX or its advisers by or on behalf of Eidos in the cause of the negotiations relating to the Acquisition, in each case prior to the date of this announcement, there being no provision of any arrangement, agreement, lease, licence, permit or other instrument to which any member of the Eidos Group is a party or by or to which any such member or any of its assets is or may be bound or be subject to which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by SQEX or any member of the Square Enix Group of any shares or other securities (or the equivalent) in Eidos or because of a change in the control or management of any member of the Wider Eidos Group or otherwise, would result, in any case to an extent which is material in the context of the Eidos Group taken as a whole in:
- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, any member of the Wider Eidos Group being or becoming repayable, or being capable of being declared repayable immediately or prior to their or its stated maturity, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest, over the whole or any part of the business, property or assets of any member of the Wider Eidos Group or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, lease, licence, permit or other instrument being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
  - (iv) any assets or interests of any member of the Wider Eidos Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
  - (v) the rights, liabilities, obligations or interests of any member of the Wider Eidos Group in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
  - (vi) the value or financial or trading position or profits of Eidos or any member of the Wider Eidos Group being prejudiced or adversely affected; or

- (vii) the creation of any liability (actual or contingent) by any member of the Eidos Group;
- (e) save as fairly disclosed in the Eidos Annual Report or as Publicly Announced or fairly disclosed in writing to SQEX or its advisers by or on behalf of Eidos in the course of the negotiations relating to the Acquisition, in each case prior to the date of this announcement, no member of the Wider Eidos Group having since 30 June 2008:
- (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between Eidos and wholly-owned subsidiaries of Eidos, or between any of them, and save for the issue of the Eidos Shares pursuant to or in connection with rights granted before the date of this announcement under, or the grant of rights before such date under, Eidos Share Plans);
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Eidos to Eidos or any of its wholly-owned subsidiaries;
  - (iii) other than pursuant to the implementation of the Acquisition (and save for transactions between Eidos and its wholly-owned subsidiaries, or between any of them, and transactions in the ordinary course of business) implemented, effected, authorised, proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings, that is material in the context of the Eidos Group taken as a whole;
  - (iv) (save for transactions between Eidos and its wholly-owned subsidiaries, or between any of them, and save for transactions in the ordinary course of business) disposed of, or transferred, mortgaged or created any security interest over any asset or any right, title or interest in any asset that is material in the context of the Eidos Group taken as a whole or authorised, proposed or announced any intention to do so;
  - (v) (save for transactions between Eidos and its wholly-owned subsidiaries, or between any of them) issued, authorised or proposed or announced an intention to authorise or propose, the issue of any debentures or (save for transactions between Eidos and its wholly-owned subsidiaries or transactions under existing credit arrangements or in the ordinary course of business) incurred any indebtedness or contingent liability which is material in the context of the Eidos Group as a whole;
  - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which involves or is reasonably likely to involve an obligation of such a nature or magnitude which is, in any such case, or which is or is likely to be restrictive on the business of any member of the Wider Eidos Group, which is, in any such case, material in the context of the Eidos Group;
  - (vii) entered into or varied to a material extent or authorised, proposed or announced its intention to enter into or vary to a material extent the terms of, or make any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of, any service agreement with any director or, save for salary increases, bonuses or variations of terms in the ordinary course, senior executive of Eidos;
  - (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Eidos Group that is material in the context of the Eidos Group taken as a whole;
  - (ix) purchased, redeemed or repaid or announced a proposal to purchase, redeem or repay any of its own shares or other securities (or the equivalent) or reduced or made any other change to or proposed the reduction or other change to any part of its paid-up share capital, save as between Eidos and wholly-owned subsidiaries of Eidos or between any of them;

- (x) waived, compromised or settled any claim which is material in the context of the Eidos Group as a whole otherwise than in the ordinary course of business;
  - (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Eidos Group and any other person in a manner which would or could reasonably be expected to have a material adverse effect on the financial position of the Eidos Group taken as a whole;
  - (xii) (save as disclosed on publicly available registers) made any alteration to its memorandum or articles of association (subject to such amendment, in the case of any undertaking which is not a member of the Eidos Group, being material in the context of the Eidos Group as a whole);
  - (xiii) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for the directors and/or employees of any member of the Eidos Group and/or their dependants or to the benefits which accrue, or to the pensions which are payable (including contributions payable to any such Schemes), thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation;
  - (xiv) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of any business compromised or settled any claim which is material in the context of the Eidos Group as a whole;
  - (xv) (other than in respect of a company which is dormant and was solvent at the relevant time) taken or proposed any corporate action or had any action or proceedings or other steps instituted against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction; or
  - (xvi) entered into any agreement, arrangement or commitment or passed any resolution or made any proposal or announcement with respect to, or to effect, any of the transactions, matters or events referred to in this Condition 2(e);
- (f) save as fairly disclosed in the Eidos Annual Report or as Publicly Announced or fairly disclosed in writing to SQEX or its advisers by or on behalf of Eidos in the course of negotiations relating to the Acquisition, in each case prior to the date of this announcement, since 30 June 2008 there having been:
- (i) no adverse change or deterioration in the business, assets, financial or trading position or profits or prospects of any member of the Wider Eidos Group which is material in the context of the Eidos Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider Eidos Group and which could reasonably be expected to have a material adverse effect on the Eidos Group taken as a whole;
  - (iii) no contingent or other liability having arisen or become apparent to any member of the Square Enix Group which might reasonably be expected to adversely affect any member of the Wider Eidos Group and which in any such case is material in the context of the Eidos Group taken as a whole; and
  - (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Eidos Group which is necessary for the carrying on of its business and material in the context of the Eidos Group taken as a whole;

- (g) save as fairly disclosed in the Eidos Annual Report or as Publicly Announced or fairly disclosed in writing to SQEX or its advisers by or on behalf of Eidos in the course of negotiations relating to the Acquisition, in each case prior to the date of this announcement, SQEX not having discovered:
- (i) that the financial, business or other information concerning the Wider Eidos Group publicly announced or disclosed at any time by or on behalf of any member of the Wider Eidos Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading and which is, in any case, material in the context of the Eidos Group;
  - (ii) that any member of the Wider Eidos Group, partnership, company or other entity in which any member of the Wider Eidos Group has a significant economic interest and which is not a subsidiary undertaking of the Wider Eidos Group is, otherwise than in the ordinary course of business, subject to any liability, contingent or otherwise, which is material in the context of the Eidos Group taken as a whole;
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Eidos Group which is material in the context of the Eidos Group taken as a whole;
  - (iv) that any past or present member of the Wider Eidos Group has failed to comply in any material respect with any and/or all applicable legislation or regulations of any jurisdiction with regard to the storage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment or harm human or animal health or otherwise relating to environmental matters or that there has been any such storage, presence, disposal, discharge, spillage, release, leak or emission (whether or not the same constituted non-compliance by any person with any such legislation or regulation, and whenever the same may have taken place), any of which non-compliance would be likely to give rise to any material liability (whether actual or contingent) or cost on the part of any member of the Wider Eidos Group and which is material, in any such case, in the context of the Wider Eidos Group taken as a whole; or
  - (v) there is, or is reasonably likely to be, any material obligation or liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Eidos Group under any environmental legislation, regulation, notice, circular or order of any governmental or regulatory authority in any jurisdiction, in each case to an extent which is material in the context of the Eidos Group taken as a whole.
3. Subject to the requirements of the Panel, SQEX reserves the right to waive, in whole or in part, all or any of the Conditions in paragraph 2 above.
  4. If SQEX is required by the Takeover Panel to make an offer for Eidos Shares under the provisions of Rule 9 of the Takeover Code, SQEX may make such alteration to any of the above Conditions including the Condition in paragraph 1 above, as are necessary to comply with the provisions of that Rule.
  5. SQEX shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions in paragraph 2 above by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
  6. SQEX reserves its absolute right to elect to implement the Acquisition by way of a Takeover Offer as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms (subject to appropriate amendments, including (without limitation) an acceptance condition set at ninety per cent. (or such less percentage, being more than fifty per cent., as SQEX may decide) of the shares to which such offer relates), so far as applicable, as those which would apply to the Scheme.
  7. Eidos Shares will be acquired under the Acquisition fully paid and free from all liens, equitable interests, charges, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching to them. Any new Eidos Shares issued to SQEX or its nominee(s) pursuant to the Scheme will be issued on the same basis.

**PART 4**  
**Financial information on the Eidos Group**

**Section A—Historical financial information relating to the Eidos Group**

**1. Basis of financial information**

The financial statements of the Eidos Group included in its Annual Report and Accounts for the financial years ended 30 June 2006, 2007 and 2008, together with the audit reports on them, and the unaudited interim results for the six months ended 31 December 2008, are incorporated by reference into this document and are available free of charge at [http://corporate.eidos.com/Investor\\_Relations/Reports.aspx](http://corporate.eidos.com/Investor_Relations/Reports.aspx). The audit reports for each of the financial years ended 30 June 2006, 2007 and 2008 were unqualified.

The financial statements for the years ended 30 June 2006, 2007 and 2008 and the unaudited interim results for the six months ended 31 December 2008, were prepared in accordance with IFRS.

**2. Cross reference list**

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this document.

**2.1 Financial statements for the year ended 30 June 2006 and audit report on them**

The page numbers below refer to the relevant pages of the Eidos Group's Annual Report and Accounts for the year ended 30 June 2006:

- Report of the independent auditors – page 33
- Consolidated income statement – page 34
- Notes 1 to 9 to the consolidated accounts – pages 38 to 46

**2.2 Financial statements for the year ended 30 June 2007 and audit report on them**

The page numbers below refer to the relevant pages of the Eidos Group's Annual Report and Accounts for the year ended 30 June 2007:

- Report of the independent auditors – page 39
- Consolidated income statement – page 40
- Notes 1 to 9 to the consolidated accounts – pages 44 to 55

**2.3 Financial statements for the year ended 30 June 2008 and audit report on them**

The page numbers below refer to the relevant pages of the Eidos Group's Annual Report and Accounts for the year ended 30 June 2008:

- Report of the independent auditors – page 35
- Consolidated income statement – page 36
- Consolidated statement of changes in equity – page 37
- Consolidated balance sheet – page 38
- Consolidated cash flow statement – page 39
- Notes to the consolidated accounts – pages 40 to 66

Eidos will provide, without charge, to each person to whom a copy of this document has been delivered, on their request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone to Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls

to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

## **Section B—Unaudited interim results of the Eidos Group for the six months ended 31 December 2008**

The information in this Section B of Part 4 has been extracted from Eidos' interim results announcement made on 27 February 2009.

Defined terms used in this Section B of Part 4 will have such meanings as given to them in this Section.

### **“Eidos plc half-yearly financial report for the six months ended 31 December 2008**

Eidos plc (“Eidos” or the “Company”), creator of some of the world’s leading videogame properties including *Tomb Raider*, *Hitman*, *Deus Ex* and *Championship Manager*, is today announcing its Interim Results for the six months to 31 December 2008.

#### Financial Highlights

- Revenue of £80.3m (2007: £63.4m) increased 26.7% primarily following the launch of *Tomb Raider: Underworld*.
- Adjusted EBITDA<sup>1</sup> of £1.5m (2007: Adjusted EBITDA Loss £73.0m) reflects the completion of the first year of the Group’s three-year strategic plan.
- Loss before tax of £9.8m (2007: £81.4m). Adjusted<sup>2</sup> loss before tax of £1.0m (2007: £75.1m loss).
- Basic loss per share of 3.0p (2007: 96.2p). Adjusted<sup>3</sup> loss per share of 0.7p (2007: 88.2p).
- Net debt of £3.2m (2007: £5.7m).
- *Tomb Raider: Underworld* sold in 2.6m units and at approximately 1.5m units sell through is outselling the two most recent iterations of the game over the same period, but lower than the initial plan set.
- Estimated full year revenue will be in the range of £160—£180m.

#### Operational Highlights

- First year of the Group’s three-year strategic plan complete.
- Studio-led model implemented with the Group now focused on key franchises.
- Enhanced product assessment Green Light process implemented across the Group for all future projects.

#### Post period Highlights

- On 12<sup>th</sup> February 2009 the Board recommended an offer from Square Enix to acquire the entire issued and to be issued ordinary share capital of Eidos at 32p per ordinary share.
- *Tomb Raider: Underworld* now released on all planned formats worldwide, including PlayStation 2. *Tomb Raider: Underworld* Premium Downloadable Content released on 24<sup>th</sup> February 2009 with additional content due for release in March.
- Reduced headcount at Crystal Dynamics and closure of Rockpool Games and Morpheme Game Studios as part of reducing costs and improving operating mechanics.
- Further titles to be released in second half include the much anticipated *Batman: Arkham Asylum*, *Battlestations: Pacific* and *Championship Manager 2009*.

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1 See note 7

2 See note 7

3 See note 5

Phil Rogers, Chief Executive of Eidos said,

“The first six months of trading this year were characterised by an incredibly competitive and increasingly challenging retail environment. The changes made at Eidos over the past year, coupled with the continued hard work and determination of our employees and external partners, means we are well placed one year into our three-year strategic plan to produce higher-quality, must-have games to entertain our consumer.”

#### **For further information:**

##### **Eidos plc**

Phil Rogers—Chief Executive Officer

Robert Brent—Chief Financial Officer

+44 20 8636 3000

##### **Madano Partnership**

Matthew Moth / Mark Way

+44 20 7593 4000

#### **About Eidos**

Eidos plc is the creator of some of the world’s leading videogame properties. The Group consists of several development studios including Crystal Dynamics, Io Interactive, Beautiful Game Studios, Eidos Game Studios and Eidos Montreal as well as sales and distribution offices in Europe and the US. The Group owns a valuable portfolio of intellectual property including: *Tomb Raider*, *Hitman*, *Deus Ex*, *Championship Manager* and *Just Cause*.

[www.eidos.co.uk](http://www.eidos.co.uk)

#### **Forward-looking statements**

Certain statements made in this announcement are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward looking statements. Eidos does not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

#### **CHIEF EXECUTIVE’S STATEMENT**

##### **Results overview**

	<u>6 months to 31 December 2008</u>	<u>6 months to 31 December 2007</u>	<u>12 months to 30 June 2008</u>
	£m	£m	£m
<b>Revenue</b> .....	<b>80.3</b>	<b>63.4</b>	<b>118.9</b>
<b>Gross Profit</b> .....	<b>47.6</b>	<b>30.9</b>	<b>56.1</b>
<b>Gross Margin</b> .....	<b>59.3%</b>	<b>48.7%</b>	<b>47.2%</b>
<b>Adjusted EBITDA<sup>4</sup></b> .....	<b>1.5</b>	<b>(73.0)</b>	<b>(99.4)</b>
<b>Adjusted loss before tax<sup>5</sup></b> .....	<b>(1.0)</b>	<b>(75.1)</b>	<b>(104.0)</b>
<b>Loss before tax</b> .....	<b>(9.8)</b>	<b>(81.4)</b>	<b>(136.0)</b>
<b>EPS (pence)</b> .....	<b>(3.0)p</b>	<b>(96.2)p</b>	<b>(136.3)p</b>
<b>Adjusted EPS<sup>6</sup></b> .....	<b>(0.7)p</b>	<b>(88.2)p</b>	<b>(100.6)p</b>

4 See note 7

5 See note 7

6 See note 5

Revenue for the six months to 31 December 2008 increased 26.7% to £80.3m (2007:£63.4m), driven primarily by the release of *Tomb Raider: Underworld*. *Monster Lab* was the only other title released in the period (2007: 3 title releases). We also derived revenue from the continued sell through of catalogue product, license income and distribution of third party titles. Our gross profit margin improved 10.6 percentage points from 48.7% to 59.3% reflecting our focus on core franchises.

Adjusted EBITDA<sup>7</sup> was £1.5m (2007: loss of £73.0m). This excludes non-cash items such as share based compensation and changes in the fair value of derivative contracts: the latter is now unwound and will not impact the full year. The demise of Entertainment UK Ltd, a subsidiary of the Woolworths Group negatively impacted EBITDA by £0.9m.

Adjusted loss before tax<sup>8</sup> was £1.0m (2007: loss of £75.1m). The loss before tax was £9.8m (2007: 81.4m). Adjusted loss per share<sup>9</sup> was 0.7p (2007: 88.2p) while basic loss per share was 3.0p (2007: 96.2p).

In our trading update in January we informed the market that we had adjusted our projections for the second half of the financial year, with our full year revenue now expected to be in the range of £160 – £180m compared to our previous guidance of £180 – £200m.

### **Debt position**

We also informed the market in January that we retained sufficient headroom within our committed banking facility and given revised revenue and profit expectations we might need to enter into discussions with our lending bank regarding our June 2009 covenants.

We currently anticipate operating within our existing covenants, albeit with limited headroom, and our lending bank has given written assurances that it would approach potential discussions with the Company positively.

### **Dividend**

There are no current plans to pay a dividend.

### **Tomb Raider overview**

*Tomb Raider: Underworld* was released on the major gaming platforms on 18 November 2008 in North America and 21 November 2008 in the rest of the world. We were pleased that in our key European territories the game charted in the Top 10 for the 6 weeks from launch to Christmas<sup>10</sup> and performed well against both competitive products and recent iterations of the franchise.

However, on a global basis our sell through to 31 December 2008, at approximately 1.5 million units, was below our internal forecasts, primarily due to a lower start in North America. In a difficult North American economy we have seen retailers restricting inventory levels and price discounting AAA products above our expectations. Consumer demand was focused on fewer titles (of high quality) and competition was intense, which resulted in reduced consumer interest in our game during the holiday period.

Despite challenges in the US market and a wider global recession, *Tomb Raider: Underworld* is currently outselling the last two iterations of the game over the same period and is expected to follow similar sales trends to *Tomb Raider: Legend*, which has sold through over 4.5m copies to date. *Tomb Raider: Underworld's* sustained sales lifespan will also be supported by two additional downloadable content releases. This is a new initiative for the Group, looking to extend the sales cycle and engage both the consumer and our retail partners in new game levels after the main release.

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7 See note 7

8 See note 7

9 See note 5

10 UK chart data is provided by Chart track, France is provided by internal analysis. In Germany *Tomb Raider: Underworld* was Top 10 in the PLAYSTATION 3 charts for 6 weeks, in the All Formats charts for the first three weeks.

## **Operations overview**

We have completed the first year of our three-year strategic plan. Our studio-led model is fully functional within our wholly-owned studios, each benefitting from an infrastructure built around our cornerstone franchises, with responsibility for brand and product marketing. Our studios are constantly improving the way they work with our territory distribution offices and partners to drive product campaigns.

We have revised our Green Light process, which monitors and assesses the progress of videogame development within the Group. Our enhanced process is now fully operational and is designed to materially improve the quality, cost and timelines of our videogame development.

As part of our ongoing efforts to improve the mechanics of our business and actively manage our cost base we have reduced headcount at Crystal Dynamics and focused the studio solely on the *Tomb Raider* franchise. We have also closed Rockpool Games and Morpheme Game Studios.

## **Recommended cash offer**

Subsequent to the year end, the Eidos Board reached agreement with Square Enix Holdings Co. Ltd (“Square Enix”), a Japanese company listed on the Tokyo Stock Exchange, on the terms of a recommended takeover offer (the “Offer”) under which SQEX Ltd, a wholly-owned subsidiary of Square Enix, will acquire the entire issued and to be issued ordinary share capital of Eidos. The Offer is to be effected by means of a scheme of arrangement under the Companies Act 2006.

Under the terms of the Offer, Eidos shareholders will be entitled to receive 32 pence in cash for each Eidos share. The Offer values the entire existing issued share capital of Eidos at approximately £84.3 million.

Eidos has a strong portfolio of established franchises, with highly talented employees. Square Enix recognizes this and sees Eidos as both complementary to their business as well as a valuable brand within videogames.

It is expected that the scheme document containing further details of the Offer will be posted in early March, that the Offer will be put to Eidos shareholders for their approval at a Court Meeting and at an Extraordinary General Meeting in March 2009 and that, subject to the Offer becoming unconditional, the scheme will become effective before the end of April 2009.

## **Board changes and name change**

During this reporting period Robert Brent joined the Company as Chief Financial Officer and two Non-executive Directors, Aaron Brown and Kevin Tsujihara, stood down from the Board.

On 3 December 2008, the company changed its name to Eidos plc and the trading (ticker) symbol changed to EID.

## **Outlook and risks**

The Company is cautious about the near-term impact of the difficult global economic environment on sales volumes and price discounting. The cost of games development is also increasing and with it risk, particularly in respect of the success and timing of product releases and the achievability of forecast sales and margins. Therefore we believe that scale is required to develop, market and sell AAA games and operationally we need stability to provide the appropriate platform for our studios.

Strategically we shall continue to focus on our cornerstone franchises, concentrating effort and resource on those high quality titles that will deliver long-term value, whilst tactically exploring and investing in new franchise opportunities that we believe hold the best chance of becoming our cornerstone franchises of tomorrow.

In January we revised our sales assumptions for *Tomb Raider: Underworld* and other products to be released and we continue to estimate that our full year revenue will be in the range of £160 – £180m. Looking to the second half of this financial year, we are encouraged by the positive reaction to

the forthcoming *Batman: Arkham Asylum* videogame. We continue to work closely with DC Comics and Warner Bros. and benefit from cross-promotional opportunities such as the inclusion of the first video trailer for *Batman: Arkham Asylum* on all DVDs (excluding Blu-ray) of the movie *The Dark Knight*.

In addition, we will be releasing *Battlestations: Pacific*, the follow-up to the highly acclaimed *Battlestations: Midway* and a brand new iteration of *Championship Manager* in *Championship Manager 2009*.

### **Statement of Directors' responsibilities**

The Directors' confirm to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- The half-yearly management report includes a fair review of the information required by DTR 4.2.7R being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements and a description of the principle risks and uncertainties for the remaining 26 weeks of the year; and
- The half-yearly management report includes a fair review of the information required by DTR 4.2.8R being disclosure of related party transactions and changes therein since the last annual report.

On behalf of the Board

Phil Rogers (Chief Executive)

Robert Brent (Chief Financial Officer)

Tim Ryan (Chairman)

### **Independent Review Report to Eidos plc**

#### **Introduction**

We have been engaged by Eidos to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cashflow Statement, the Consolidated Statement of Changes in Equity and related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

#### **Directors' responsibilities**

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

#### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist Eidos in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the

Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

### **Emphasis of matter—going concern**

Without qualifying our conclusion, we draw attention to the disclosures in note 2 of the condensed set of financial statements concerning the group's ability to continue as a going concern. These include the following material uncertainties:

- the ongoing availability of the credit facility given the potential covenant breaches; and
- the ability to obtain additional funding from alternative sources should it be required; and
- the achievability of forecasts and key assumptions within the forecasts.

These events and conditions, along with other matters as disclosed in note 2, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. The condensed set of financial statements does not include the adjustments that would result if the Group were unable to continue as a going concern.

*BDO Stoy Hayward LLP*  
*Chartered Accountants and Registered Auditors*  
*London*  
*27<sup>th</sup> February 2009*

## Consolidated Income Statement for the six months ended 31 December 2008

	Notes	6 months to 31 December 2008	6 months to 31 December 2007	12 months to 30 June 2008
		Unaudited £m	(Restated – see note 1) Unaudited £m	(Restated – see note 1) Audited £m
Revenue .....	3	80.3	63.4	118.9
Cost of sales .....		(32.7)	(32.5)	(62.8)
Gross Profit .....		47.6	30.9	56.1
Development costs .....		(21.7)	(79.6)	(104.3)
Advertising .....		(9.4)	(10.1)	(17.6)
Administrative costs				
—exceptional .....		—	—	(6.2)
—other .....		(25.6)	(22.6)	(63.2)
Administrative expenses .....		(56.7)	(112.3)	(191.3)
Loss from operations .....		(9.1)	(81.4)	(135.2)
Finance income .....		0.2	0.3	0.5
Finance costs .....		(0.9)	(0.3)	(1.3)
Loss before taxation .....	3	(9.8)	(81.4)	(136.0)
Tax credit / (charge) .....	4	2.0	(2.0)	(2.0)
Loss from continuing operations .....		(7.8)	(83.4)	(138.0)
Post tax loss on discontinued operations .....		—	—	(5.0)
Loss for the period .....		(7.8)	(83.4)	(143.0)
Loss per share		Pence	Pence	Pence
Basic .....	5	(3.0)	(96.2)	(136.3)
Diluted .....	5	(3.0)	(96.2)	(136.3)
Continuing operations				
Basic .....	5	(3.0)	(96.2)	(131.6)
Diluted .....	5	(3.0)	(96.2)	(131.6)

## Consolidated Balance Sheet at 31 December 2008

	Notes	31 December 2008	31 December 2007	30 June 2008
		Unaudited £m	Unaudited (Restated – see note 1) £m	Audited (Restated – see note 1) £m
<b>Non current assets</b>				
Property plant and equipment .....		7.8	7.9	7.4
Goodwill .....		2.0	2.7	2.0
Other intangible assets .....	8	69.3	97.3	75.4
Capitalised development costs .....	9	58.7	37.9	49.7
Investment in associates .....		0.2	0.2	0.2
Deferred tax assets .....		—	0.3	—
		<u>138.0</u>	<u>146.3</u>	<u>134.7</u>
<b>Current assets</b>				
Inventory .....		7.6	6.6	3.5
Trade and other receivables .....	10	73.6	55.6	30.9
Cash and cash equivalents .....		19.8	12.0	25.9
Assets classified as held for sale .....		—	—	5.5
		<u>101.0</u>	<u>74.2</u>	<u>65.8</u>
<b>Total assets</b> .....		<u>239.0</u>	<u>220.5</u>	<u>200.5</u>
<b>Non-current liabilities</b>				
Deferred consideration .....		—	1.4	1.4
Deferred tax liabilities .....		9.9	14.1	12.2
		<u>9.9</u>	<u>15.5</u>	<u>13.6</u>
<b>Current liabilities</b>				
Bank overdraft .....		23.0	17.7	—
Trade and other payables .....	10	38.7	32.9	29.8
Tax liabilities .....		6.1	2.7	5.5
Accruals and deferred income .....		21.7	11.8	10.9
Provisions .....	11	21.0	17.1	17.8
Liabilities held for sale .....		—	—	2.6
		<u>110.5</u>	<u>82.2</u>	<u>66.6</u>
<b>Total liabilities</b> .....		<u>120.4</u>	<u>97.7</u>	<u>80.2</u>
<b>Equity</b>				
Share capital .....	12	13.2	4.3	12.9
Share premium .....	12	170.7	121.5	169.2
Merger reserve .....	12	81.3	81.3	81.3
Capital reserve .....	12	6.3	6.3	6.3
Foreign currency translation reserve .....	12	5.0	0.8	1.2
Share based compensation .....	12	0.5	6.1	6.5
Employee benefit trust share reserve .....	12	(0.9)	(0.9)	(0.9)
Retained loss .....	12	(157.5)	(96.6)	(156.2)
<b>Equity attributable to equity holders of the parent</b>				
<b>Company</b> .....	12	<u>118.6</u>	<u>122.8</u>	<u>120.3</u>
<b>Total liabilities and equity</b> .....		<u>239.0</u>	<u>220.5</u>	<u>200.5</u>

## Consolidated Cash Flow Statement for the six months ended 31 December 2008

	6 months to 31 December 2008	6 months to 31 December 2007	12 months to 30 June 2008
	Unaudited £m	(Restated – see note 1) Unaudited £m	(Restated – see note 1) Audited £m
<b>Operating activities</b>			
Loss from continuing operations .....	(9.8)	(81.4)	(136.0)
Loss from discontinued operations .....	—	—	(5.6)
Share based compensation .....	0.5	(0.5)	0.1
Depreciation on property, plant and equipment and software amortisation charged to the income statement .....	1.8	2.1	3.6
Amortisation of brands and technology .....	4.5	5.8	11.6
Impairment of brands and technology .....	1.6	—	16.3
Impairment of goodwill .....	—	—	0.2
Financing income .....	(0.2)	(0.3)	(0.5)
Foreign exchange .....	(0.5)	—	0.3
Finance costs .....	0.9	0.3	1.3
Loss on measurement of discontinued operations to fair value less costs to sell .....	—	—	3.5
	<u>(1.2)</u>	<u>(74.0)</u>	<u>(105.2)</u>
(Increase) / decrease in trade and other receivables .....	(34.8)	(14.3)	7.9
(Increase) / decrease in inventories .....	(4.1)	0.6	2.2
Release of capitalised development costs .....	25.7	79.6	101.9
(Decrease) / increase in trade and other payables, accruals, deferred income and provisions .....	21.3	10.8	10.4
<b>Cash generated from operations</b> .....	<b>6.9</b>	<b>2.7</b>	<b>17.2</b>
Income taxes repaid .....	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Cash flows from operating activities</b> .....	<b>7.1</b>	<b>2.9</b>	<b>17.4</b>
<b>Investing activities</b>			
Payment for subsidiary undertaking .....	(1.7)	(2.2)	(1.0)
Sale of subsidiaries .....	2.9	—	—
Purchase of property, plant and equipment and intangible software .....	(2.0)	(3.7)	(5.4)
Sale of fixed assets .....	—	—	0.2
Interest received .....	0.2	0.3	0.5
Expenditure on capitalised development costs .....	(34.7)	(35.7)	(69.8)
Sale of associated undertakings .....	—	0.4	0.4
<b>Net cash used in investing activities</b> .....	<b>(35.3)</b>	<b>(40.9)</b>	<b>(75.1)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital .....	—	1.2	60.2
Share issue expenses .....	—	—	(3.8)
Interest paid .....	(0.9)	(0.3)	(1.6)
<b>Net cash generated by financing activities</b> .....	<b>(0.9)</b>	<b>0.9</b>	<b>54.8</b>
Net decrease in net cash and cash equivalents .....	(29.1)	(37.1)	(2.9)
Cash and cash equivalents at beginning of period .....	25.9	31.4	31.4
Cash and cash equivalents at end of period .....	(3.2)	(5.7)	28.5
Less cash classified as held for sale .....	—	—	(2.6)
<b>Reported cash and cash equivalents at end of period</b> .....	<b>(3.2)</b>	<b>(5.7)</b>	<b>25.9</b>

## **Notes:**

### **1. Basis of preparation**

This Interim Report has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The accounting policies applied are consistent with those described in the Annual Report and Financial Statements 2008. The Interim Report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Annual Report and Financial Statements 2008.

The results for the half-year are unaudited. The financial information in this interim announcement does not constitute statutory accounts within the meaning of Section s434 of the Companies Act 2006.

The comparative financial information for the year ended 30 June 2008 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts of Eidos plc for the year ended 30th June 2008 have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 237(2) or 272(3) of the Companies Act 1985.

The income statement comparatives for the 6 months to 31 December 2007 have been restated to disclose separately the results of discontinued operations as required by IFRS5. The income statement and cashflow comparatives for the 12 months to 30 June 2008 have been restated to reclass foreign exchange expense of £0.3 million from within finance costs to administrative costs. The balance sheets as at 30 June 2008 and 31 December 2007 have been restated to reclass taxation and social security liabilities of £1.4 million and £2.9 million respectively from Tax Liabilities to Trade and Other Payables.

Copies of this Interim Report are available from the Company's registered office at Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, SW19 3RU.

### **2. Going concern**

In determining the appropriate basis of preparation of the interim financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group has funded its working capital using a bank credit facility of £25 million which expires in April 2010. At 31 December 2008, the Group was in full compliance with the financial covenants contained in the facility agreement. In January 2009, it was announced in the trading update that the Group had passed its peak net debt position and that there was sufficient headroom within the committed banking facility but that given revised profit expectations, the Company might need to enter into discussions with its lending bank regarding the June 2009 covenants.

Management currently anticipates being able to operate within existing covenants, albeit with limited headroom. The lending bank has given written assurances that it would approach potential discussions with the Company positively. Based on the discussions, and the written expressed intentions of the bank, the Directors have concluded that it is reasonable to assume their continued support however, without a formal commitment, this cannot be guaranteed.

Management has prepared detailed cash flow projections for the remainder of this financial year and for the following two financial years. These projections indicate that the Group should be able to remain within its agreed facility for the foreseeable future following the issuance of these interim financial statements. However, the Directors consider that risks exist particularly in respect of the success and timing of product releases and the achievability of forecast sales and margins, and acknowledge that this could result in the need for additional short term funding. The Directors believe there are a number of options available to them to meet any additional funding requirement, including strategic partnerships and the possible sale of assets.

Subsequent to the year end, the Eidos Directors reached agreement with the Directors of Square Enix Holdings Co. Ltd ('Square Enix') on the terms of a recommended offer under which SQEX Ltd, a wholly-owned subsidiary of Square Enix, will acquire the entire issued and to be issued ordinary share capital of Eidos. The offer is to be effected by means of a scheme of arrangement under the Companies Act 2006.

Under the terms of the offer, Eidos Shareholders will be entitled to receive 32 pence in cash for each Eidos Share. The Offer values the entire existing issued share capital of Eidos at approximately £84.3 million.

Having reviewed the cash flow projections and key assumptions, together with assessing the position of the bank, the possible options for additional funding and the recommended offer from Square Enix, the Directors have a reasonable expectation that the Group will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the Directors consider it appropriate to prepare the Group's interim financial statements on a going concern basis.

However for the reasons described above, the Directors recognise that there are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These material uncertainties comprise:

- the ongoing availability of the credit facility given the potential covenant breaches; and
- the ability to obtain additional funding from alternative sources should it be required; and
- the achievability of forecasts and key assumptions within the forecasts.

### 3. Segmental Analysis

	6 months to 31 December 2008	6 months to 31 December 2007	12 months to 30 June 2008
	Unaudited £m	(Restated) Unaudited £m	(Restated) Audited £m
<b>Revenue by destination</b>			
United Kingdom .....	17.4	13.9	21.8
Europe .....	40.1	23.6	48.2
United States of America .....	18.2	21.7	40.2
Rest of World .....	4.6	4.2	8.7
<b>Total Revenue</b> .....	<u>80.3</u>	<u>63.4</u>	<u>118.9</u>
<b>Loss before tax by destination</b>			
United Kingdom * .....	(7.6)	(77.0)	(129.4)
Europe .....	(0.9)	(2.5)	(3.8)
United States of America .....	(1.2)	(1.8)	(2.6)
Rest of World .....	(0.1)	(0.1)	(0.2)
<b>Loss before tax</b> .....	<u>(9.8)</u>	<u>(81.4)</u>	<u>(136.0)</u>

\* Central costs have been included within the United Kingdom results.

#### 4. Taxation

	6 months to 31 December 2008	6 months to 31 December 2007	12 months to 30 June 2008
	Unaudited £m	Unaudited £m	Audited £m
<b>Current tax</b>			
UK corporation tax .....	—	(1.0)	(0.3)
Overseas taxation .....	<u>(0.6)</u>	<u>(0.2)</u>	<u>(2.6)</u>
	<b>(0.6)</b>	(1.2)	(2.9)
<b>Deferred Tax</b>			
Origination and reversal of temporary differences .....	<u>2.6</u>	<u>(0.8)</u>	<u>0.9</u>
<b>Taxation credit / (charge)</b> .....	<u><b>2.0</b></u>	<u><b>(2.0)</b></u>	<u><b>(2.0)</b></u>

At 31 December 2008 the Group had substantial tax losses carried forward subject to the agreement of the tax authorities in various jurisdictions.

#### 5. Loss per share

	6 months to 31 December 2008			6 months to 31 December 2007			12 months to 30 June 2008		
	Continuing	Discon- tinued	Total	Continuing	Discon- tinued	Total	Continuing	Discon- tinued	Total
<b>Loss for the period</b> .....	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Basic</b>									
Basic and diluted .....	(7.8)	—	(7.8)	(83.4)	—	(83.4)	(138.0)	(5.0)	(143.0)
<b>Adjusted loss for the period</b> .....	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Basic</b>									
Basic and diluted .....	(1.8)	—	(1.8)	(76.5)	—	(76.5)	(103.3)	(2.2)	(105.5)
<b>Weighted average number of shares</b> .....	m	m	m	m	m	m	m	m	m
Basic and diluted .....	261.9	261.9	261.9	86.7	86.7	86.7	104.9	104.9	104.9
<b>Loss for the period per share</b> .....	p	p	p	p	p	p	p	p	p
Basic and diluted .....	(3.0)	—	(3.0)	(96.2)	—	(96.2)	(131.6)	(4.7)	(136.3)
<b>Adjusted loss for the period per share</b> .....	p	p	p	p	p	p	p	p	p
Basic and diluted .....	(0.7)	—	(0.7)	(88.2)	—	(88.2)	(98.5)	(2.1)	(100.6)

The number of potentially issuable shares that has not been included in the diluted EPS calculation because they are anti dilutive is 12,696,960 (2007: 5,139,974) The weighted average number of shares has not been diluted for loss making periods.

#### 6. Dividends

No dividend has been declared for the six months ended 31 December 2008 (2007: £Nil).

## 7. Non-GAAP measures of performance

	6 months to 31 December 2008	6 months to 31 December 2007 (restated)	12 months to 30 June 2008 (restated)
	£m	£m	£m
<b>Loss from operations</b> .....	<b>(9.1)</b>	(81.4)	(135.2)
Depreciation, amortisation and impairment charged to income statement .....	7.9	7.9	31.7
Operating loss on discontinued operations .....	—	—	(2.2)
Changes in fair value of derivative contracts .....	2.2	—	—
Exceptional charges .....	—	—	6.2
Share based compensation .....	0.5	0.5	0.1
<b>Adjusted EBITDA Profit/(Loss)</b> .....	<b>1.5</b>	(73.0)	(99.4)
Depreciation charged to the income statement .....	(1.8)	(2.1)	(3.8)
Net financing cost .....	(0.7)	—	(0.8)
<b>Adjusted Loss before tax</b> .....	<b>(1.0)</b>	(75.1)	(104.0)
Tax charge .....	(0.8)	(1.4)	(1.5)
<b>Adjusted loss for the period</b> .....	<b>(1.8)</b>	(76.5)	(105.5)

## 8. Other Intangible Assets

	6 months to 31 December 2008	6 months to 31 December 2007	12 months to 30 June 2008
	Unaudited £m	Unaudited £m	Audited £m
At start of period .....	75.4	102.7	102.7
Additions .....	0.5	0.4	0.7
Amortisation .....	(5.0)	(5.8)	(11.7)
Impairment .....	(1.6)	—	(16.3)
<b>At end of period</b> .....	<b>69.3</b>	97.3	75.4

Included in the impairment charge is an amount of £1.6 million relating to the brand of an under performing title. The recoverability of Other Intangible Assets was measured by reference to value in use, using cash flow projections based on contribution forecasts. Growth rate assumptions were set at 3% and a discount factor of 17% applied, being management's best estimate of the risks attached to the underlying cash flows. The discount factor would need to increase to 22% to result in an additional impairment greater than £1 million.

## 9. Capitalised Development Costs

	6 months to 31 December 2008	6 months to 31 December 2007	12 months to 30 June 2008
	Unaudited £m	Unaudited £m	Audited £m
At start of period .....	49.7	81.8	81.8
Capitalised in the period .....	34.7	35.7	69.8
Charged in the period to the income statement .....	(25.7)	(79.6)	(101.9)
<b>At end of period</b> .....	<b>58.7</b>	37.9	49.7

## 10. Working Capital

	<u>31 December 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>
	Unaudited £m	Unaudited £m	Audited £m
Trade debtors .....	66.9	47.4	25.4
Prepayments and other income .....	4.3	3.1	3.4
Other debtors .....	2.4	5.1	2.1
<b>Total trade and other receivables .....</b>	<u><u>73.6</u></u>	<u><u>55.6</u></u>	<u><u>30.9</u></u>

  

	<u>31 December 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>
	Unaudited £m	(Restated) Unaudited £m	(Restated) Audited £m
Trade creditors .....	22.1	17.3	12.1
Royalty creditors .....	5.2	10.0	12.9
Other creditors .....	5.8	2.7	3.4
Sales and payroll taxes .....	5.6	2.9	1.4
<b>Total trade and other payables .....</b>	<u><u>38.7</u></u>	<u><u>32.9</u></u>	<u><u>29.8</u></u>

## 11. Current provisions

	<u>Returns Provision</u>	<u>Restructuring provision</u>	<u>Deferred consideration</u>	<u>Total</u>
	£m	£m	£m	£m
31 December 2007 .....	14.4	—	2.7	17.1
Charged to the income statement in the period .....	12.9	1.8	—	14.7
Utilised in the period .....	(12.5)	—	—	(12.5)
Transferred to liabilities classified as held for sale .....	(1.5)	—	—	(1.5)
30 June 2008 .....	13.3	1.8	2.7	17.8
Charged to the income statement in the period .....	14.6	—	—	14.6
Utilised in the period .....	(7.9)	(1.8)	—	(9.7)
Settled by cash and shares .....	—	—	(3.1)	(3.1)
Transfer from non-current provisions .....	—	—	1.4	1.4
<b>31 December 2008</b>	<u><u>20.0</u></u>	<u><u>—</u></u>	<u><u>1.0</u></u>	<u><u>21.0</u></u>

12. Consolidated statement of changes in equity for the six months ended 31 December 2008

	Share capital	Share premium	Merger reserve	Capital reserve	Foreign Currency translation reserve	Share based compensation	Employee benefit trust share reserve	Retained Profit	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>30 June 2007—Audited</b> ...	<b>4.3</b>	<b>120.3</b>	<b>81.3</b>	<b>6.3</b>	<b>(0.6)</b>	<b>5.1</b>	<b>(0.9)</b>	<b>(13.2)</b>	<b>202.6</b>
Loss for the period .....	—	—	—	—	—	—	—	(83.4)	(83.4)
Foreign exchange .....	—	—	—	—	1.4	—	—	—	1.4
<b>Total recognised income and expense for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.4</b>	<b>—</b>	<b>—</b>	<b>(83.4)</b>	<b>(82.0)</b>
New shares issued .....	—	1.2	—	—	—	—	—	—	1.2
Share based compensation .....	—	—	—	—	—	1.0	—	—	1.0
<b>31 December 2007—Unaudited</b>	<b>4.3</b>	<b>121.5</b>	<b>81.3</b>	<b>6.3</b>	<b>0.8</b>	<b>6.1</b>	<b>(0.9)</b>	<b>(96.6)</b>	<b>122.8</b>
Loss for the period .....	—	—	—	—	—	—	—	(59.6)	(59.6)
Foreign exchange .....	—	—	—	—	0.4	—	—	—	0.4
<b>Total recognised income and expense for the period</b> .....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.4</b>	<b>—</b>	<b>—</b>	<b>(59.6)</b>	<b>(59.2)</b>
New shares issued .....	8.6	51.5	—	—	—	—	—	—	60.1
Share issue costs .....	—	(3.8)	—	—	—	—	—	—	(3.8)
Share based compensation .....	—	—	—	—	—	0.4	—	—	0.4
<b>30 June 2008—Audited</b>	<b>12.9</b>	<b>169.2</b>	<b>81.3</b>	<b>6.3</b>	<b>1.2</b>	<b>6.5</b>	<b>(0.9)</b>	<b>(156.2)</b>	<b>120.3</b>
Loss for the period .....	—	—	—	—	—	—	—	(7.8)	(7.8)
Foreign exchange .....	—	—	—	—	3.8	—	—	—	3.8
<b>Total recognised income and expense for the period</b> .....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3.8</b>	<b>—</b>	<b>—</b>	<b>(7.8)</b>	<b>(4.0)</b>
New shares issued .....	0.3	1.5	—	—	—	—	—	—	1.8
Share based compensation .....	—	—	—	—	—	0.5	—	—	0.5
Transfer for expired options .....	—	—	—	—	—	(6.5)	—	6.5	—
<b>31 December 2008—Unaudited</b>	<b>13.2</b>	<b>170.7</b>	<b>81.3</b>	<b>6.3</b>	<b>5.0</b>	<b>0.5</b>	<b>(0.9)</b>	<b>(157.5)</b>	<b>118.6</b> ”

## PART 5

### United Kingdom taxation

#### 1. General

The following paragraphs, which are intended as a general guide only, are based on current legislation and HM Revenue & Customs practice. They summarise certain limited aspects of the UK taxation treatment of the Acquisition and do not constitute tax advice and they relate only to the position of Scheme Shareholders who are resident or, in the case of individuals, ordinarily resident and domiciled in the UK for taxation purposes, who hold their Scheme Shares beneficially as an investment (other than under a personal equity plan (if relevant) or an individual savings account) and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. If you are in any doubt as to your taxation position, or you are subject to taxation in a jurisdiction other than the UK, you should consult an appropriate independent professional financial adviser immediately.

#### 2. UK taxation of chargeable gains

The receipt by Scheme Shareholders of cash under the Scheme should, generally, be treated as a disposal of their Scheme Shares which may, depending on the Scheme Shareholders' particular circumstances (including the availability to them of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on chargeable gains.

##### *(a) Individual Scheme Shareholders*

The receipt of cash under the Scheme by an individual Scheme Shareholder may, depending on their individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains. A Scheme Shareholder who is an individual and who is temporarily non-resident in the UK for taxation purposes may, under anti-avoidance legislation, still be liable to UK taxation on a chargeable gain realised upon the receipt of cash under the Scheme during the period when he is non-resident.

For the tax year 2008 – 09, a single rate of capital gains tax of 18 per cent. applies. The capital gains tax annual exemption (which is £9,600 for the tax year 2008 – 09) will be available to offset any chargeable gain (to the extent it has not already been utilised). No indexation allowance or taper relief will be available to individual Scheme Shareholders.

##### *(b) Corporate Scheme Shareholders*

For Scheme Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholdings exemption in respect of their Scheme Shares), indexation allowance will be available in respect of the full period of ownership of the Scheme Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares.

#### 3. Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT will be payable by holders of Scheme Shares as a result of the Scheme.

## PART 6

### Additional information

#### 1. Responsibility

- (a) The Eidos Directors, whose names are set out in paragraph 2(a) of this Part 6, accept responsibility for all the information contained in this document, other than information for which responsibility is taken pursuant to paragraph 1(b) below. To the best of the knowledge and belief of the Eidos Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The SQEX Directors and the Square Enix Directors, whose names are set out in paragraph 2(b) and paragraph 2(c) of this Part 6 accept responsibility for all the information contained in this document relating to SQEX, Square Enix, the SQEX Directors, the Square Enix Directors and the information in relation to Eidos and its management and employees contained in paragraph 5 of Part 1 entitled "Management and employees" and paragraphs 4, 6 and 8 of Part 2 of this document entitled "Information on SQEX and Square Enix", "Future plans for Eidos" and "Financing and cash confirmation". To the best of the knowledge and belief of the SQEX Directors and the Square Enix Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Eidos Directors, SQEX Directors and Square Enix Directors

- (a) The Eidos Directors and their respective functions are:

Tim Ryan	<i>Non-executive Chairman</i>
Phil Rogers	<i>Chief Executive Officer</i>
Rob Brent	<i>Chief Financial Officer</i>
Roger Ames	<i>Non-executive</i>
Nigel Wayne	<i>Non-executive</i>
Don Johnston	<i>Non-executive</i>

Eidos is incorporated in England and Wales with registered number 3121578. Its registered office is Wimbledon Bridge House, 1 Hartfield Road, London SW19 3RU.

- (b) The SQEX Directors are:

Yoichi Wada	<i>Director</i>
Yosuke Matsuda	<i>Director</i>
Jun John Yamamoto	<i>Director</i>

SQEX is incorporated in England and Wales with registered number 6765697. Its registered office is 35 Vine Street London EC3N 2AA.

- (c) The Square Enix Directors are:

Yoichi Wada	<i>President and Representative Director</i>
Keiji Honda	<i>Executive Vice President and Representative Director</i>
Yukinobu Chida	<i>Director</i>
Yosuke Matsuda	<i>Director</i>
Makoto Naruke	<i>Outside Director</i>

Square Enix is incorporated in Japan and has its registered office at Shinjuku Bunka Quint Bldg. 3-22-7 Yoyogi, Shibuya-ku, Tokyo 151-8544, Japan.

### 3. Market quotations

The following table shows the closing middle market quotation as derived from the London Stock Exchange's Daily Official List for an Eidos Share for the first Business Day of each month from October 2008 to March 2009, for 14 January 2009 (the Business Day prior to the commencement of the Offer Period) and for 2 March 2009 (the last practicable date prior to the posting of this document):

<u>date</u>	<u>Eidos Shares (p)</u>
1 September 2008 .....	34.75
1 October 2008 .....	30.0
3 November 2008 .....	20.5
1 December 2008 .....	19.0
2 January 2009 .....	17.0
14 January 2009 .....	8.95
2 February 2009 .....	13.5
2 March 2009 .....	32.0

### 4. Interests and dealings

#### (a) Definitions

In this paragraph 4:

- (i) "acting in concert" means any such person acting or deemed to be acting in concert with the relevant party for the purposes of the Takeover Code and/or the Scheme in relation to Eidos;
- (ii) an "associate" means:
  - (A) a paragraph "A" associate;
  - (B) SQEX's or Eidos' connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
  - (C) SQEX Directors, Eidos Directors and the directors of any paragraph "A" associate (together in each case with their close relatives and related trusts); and
  - (D) pension funds of SQEX, Eidos or any paragraph "A" associate;
  - (E) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
  - (E) any employee benefit trust of SQEX, Eidos or any paragraph "A" associate; and
  - (F) a company with which there is a material trading relationship with SQEX or Eidos,and "paragraph "A" associate" means SQEX's or Eidos' (as relevant) parent, subsidiaries and fellow subsidiaries and their associated companies, and companies of which such companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);
- (iii) "connected adviser" means:
  - (A) in relation to SQEX or Eidos:
    - (1) an organisation which is advising that party in relation to the Acquisition; and
    - (2) a corporate broker to that party;
  - (B) in relation to a person who is acting in concert with SQEX or Eidos, an organisation which is advising that person either:
    - (1) in relation to the Acquisition; or
    - (2) in relation to the matter which is the reason for that person being a member of the relevant concert party; and
  - (C) in relation to a paragraph "A" associate, an organisation which is advising that person in relation to the Acquisition,except that such references do not normally include a corporate broker which is unable to act in connection with the Acquisition because of a conflict of interest;

- (iv) “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;
- (v) “dealing” or “dealt” includes the following:
  - (A) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - (B) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
  - (C) subscribing or agreeing to subscribe for securities;
  - (D) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
  - (E) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
  - (F) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
  - (G) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (vi) “derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
- (vii) “disclosure date” means the close of business on 2 March 2009, being the latest practicable date prior to the posting of this document;
- (viii) “disclosure period” means the period commencing on 15 January 2008, being the date 12 months prior to the commencement of the Offer Period, and ending on the disclosure date;
- (ix) “exempt fund manager” is a person who manages investment accounts on a discretionary basis and is recognised by the Takeover Panel as an exempt fund manager for the purposes of the Takeover Code;
- (x) “exempt principal trader” is a principal trader who is recognised by the Takeover Panel as an exempt principal trader for the purposes of the Takeover Code;
- (xi) a person is treated as “interested” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities);
- (xii) a person is treated as “interested” in relevant securities if:
  - (1) he owns them;
  - (2) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
  - (3) by virtue of any agreement to purchase, option or derivative, he has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (4) he is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in them;
- (xiii) “relevant securities” means:
  - (A) securities of Eidos which are being offered for or which carry voting rights;
  - (B) equity share capital of Eidos and SQEX and Square Enix;

- (C) securities of Eidos which carry substantially the same rights as any to be issued as consideration of the Acquisition;
- (D) securities of SQEX, Square Enix and Eidos carrying conversation or subscription rights into any other relevant securities referred to above in this paragraph (xiii); and
- (xvi) "short position" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

**(b) Interests in Eidos relevant securities**

- (i) As at the disclosure date SQEX had interests in 29,349,341 Eidos relevant securities.
- (ii) As at the disclosure date Eidos Directors had interests in Eidos relevant securities (other than under the Eidos Share Plans) as follows:

<u>name</u>	<u>Eidos Shares</u>
Tim Ryan .....	81,488
Phil Rogers .....	60,000
Nigel Wayne .....	21,110
Don Johnston .....	41,555

- (iii) As at the disclosure date Eidos Directors had interests in Eidos Shares under the Eidos Share Plans as follows:

<u>name</u>	<u>options over Eidos Shares</u>
Phil Rogers .....	1,200,000
Robert Brent .....	500,000

- (iv) As at the disclosure date Abacus Corporate Trustee Limited, in its capacity as a trustee of the SCi Entertainment Group Plc Employee Share Trust, had interests in 260,923 Eidos Shares.
- (v) As at the disclosure date Eidos' corporate broker, KBC Peel Hunt Ltd, had interests in 5,500,000 Eidos Shares.

**(c) Dealings in Eidos relevant securities**

- (i) As at the disclosure date SQEX had dealt for value in Eidos relevant securities during the disclosure period as follows:

<u>name</u>	<u>nature of transaction</u>	<u>date</u>	<u>Eidos Shares</u>	<u>price (p)</u>
SQEX .....	purchase	23.02.09	29,349,341	32

- (ii) As at the disclosure date persons acting in concert with SQEX (excluding those entities with exempt principle trader and exempt fund manager status) had dealt for value in Eidos relevant securities during the disclosure period as follows:

<u>name</u>	<u>nature of transaction</u>	<u>date</u>	<u>Eidos Shares</u>	<u>price (p)</u>	
				<u>low</u>	<u>high</u>
UBS AG London Branch .....	purchase	period from 15.04.08 – 14.07.08	258,000	33.25	52.50
	sale	period from 15.04.08 – 14.07.08	258,000	31.50	53.00
	purchase	period from 15.01.08 – 14.04.08	282,000	31.70	59.89
	sale	period from 15.01.08 – 14.04.08	282,000	30.50	64.00

As at the disclosure date UBS AG London Branch had no interests in Eidos Shares. Aggregation has been carried out in respect of dealings by UBS AG London Branch in accordance with note 2 of Rule 24.3 of the Takeover Code. All purchases and sales are aggregated separately and have not been netted off. The highest and lowest prices per share have been stated.

- (iii) As at the disclosure date Eidos Directors had dealt for value in Eidos relevant securities during the disclosure period as follows:

<u>name</u>	<u>nature of transaction</u>	<u>date</u>	<u>Eidos Shares</u>	<u>price (p)</u>
Tim Ryan .....	subscription	23.05.08	38,347	35
Nigel Wayne .....	subscription	23.05.08	9,934	35
Don Johnston .....	subscription	23.05.08	19,555	35
Phil Rogers .....	purchase	19.09.08	60,000	31.75

- (iv) As at the disclosure date Eidos' connected advisers had dealt for value in Eidos relevant securities during the disclosure period as follows:

<u>name</u>	<u>nature of transaction</u>	<u>date</u>	<u>Eidos Shares</u>	<u>price (p)</u>
KBC Peel Hunt Ltd .....	purchase	12.02.09	3,000,000	31.5
	purchase	24.02.09	2,500,000	32

**(e) General**

- (i) As at the close of business on the disclosure date, save as disclosed above:

- (A) SQEX had no interest in or right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had it dealt in any Eidos relevant securities during the disclosure period;
- (B) none of the SQEX Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the disclosure period;
- (C) no person acting in concert with SQEX had an interest in or a right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the disclosure period;
- (D) no person with whom SQEX or any person acting in concert with SQEX has any arrangement of the kind referred to in Note 6 to Rule 8 of the Takeover Code had an interest in or a right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the disclosure period;
- (E) none of the Eidos Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the period between the start of the Offer Period and the disclosure date;
- (F) no paragraph "A" associate of Eidos had any interest in, or right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the period between the start of the Offer Period and the disclosure date;
- (G) no pension fund of Eidos or of a paragraph "A" associate of Eidos had any interest in or right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the period between the start of the Offer Period and the disclosure date;
- (H) no employee benefit trust of Eidos or of a paragraph "A" associate of Eidos had any interest in or right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the period between the start of the Offer Period and the disclosure date;

- (I) no connected adviser to Eidos or to a paragraph "A" associate or to a person acting in concert with Eidos, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the period between the start of the Offer Period and the disclosure date;
  - (J) no person who has an arrangement of the kind referred to in Note 6 to Rule 8 of the Takeover Code with Eidos or with a paragraph "A" associate of Eidos had any interest in or right to subscribe for, or had any short position in relation to, any Eidos relevant securities, nor had any such person dealt in any Eidos relevant securities during the period between the start of the Offer Period and the disclosure date;
  - (K) neither Eidos nor any of the Eidos Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any SQEX or Square Enix relevant securities, nor had any such person dealt in any SQEX or Square Enix relevant securities during the period between the start of the Offer Period and the disclosure date;
  - (L) Eidos had not redeemed or purchased any Eidos relevant securities during the disclosure period;
  - (M) neither Eidos nor any person acting in concert with Eidos had borrowed or lent any Eidos relevant securities, save for any borrowed Eidos Shares which have either been on-lent or sold; and
  - (N) neither SQEX nor any person acting in concert with SQEX had borrowed or lent any Eidos relevant securities, save for any borrowed Eidos Shares which have either been on-lent or sold.
- (ii) Save for the irrevocable undertakings referred to at paragraph 5 below, there is no arrangement (including any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature) relating to any Eidos relevant securities or any SQEX or Square Enix relevant securities exists between any person and SQEX or any person acting in concert with SQEX or between any person and Eidos or any associate of Eidos which may be an inducement to deal or refrain from dealing in any such securities.

## **5. Irrevocable undertakings and letter of intent**

SQEX and Square Enix have received irrevocable undertakings from those Eidos Directors who are Eidos Shareholders to vote in favour of the approval of the Scheme at the Court Meeting and the special resolution to be proposed at the EGM in respect of 204,153 Eidos Shares in aggregate, representing approximately 0.1 per cent. of the existing issued share capital of Eidos. These undertakings will cease to have effect if the Scheme (or Takeover Offer as applicable) does not become effective, lapses or is withdrawn. These irrevocable undertakings will continue to be binding on such persons even in the event that a third party makes a higher competing offer.

Insight Investment Management and Cazenove Capital Management Ltd. have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the special resolution to be proposed at the EGM in respect of their aggregate holding of 32,225,256 Eidos Shares representing approximately 12.2 per cent. of the existing issued share capital of Eidos. These undertakings will cease to have effect if the Implementation Agreement is terminated or the Scheme (or Takeover Offer as applicable) does not become effective, lapses or is withdrawn. These undertakings will also cease to have effect in the event of a higher competing offer which exceeds the consideration under the Acquisition by at least 15 per cent.

In addition, SQEX and Square Enix have also obtained an irrevocable undertaking from Time Warner Entertainment Limited to vote in favour of the Scheme and the resolutions to be passed at the Court meeting and the EGM in respect of its aggregate holding of 52,518,080 Eidos Shares representing approximately 19.9 per cent. of the existing issued share capital of Eidos. This undertaking will cease to have effect if the Scheme (or Takeover Offer as applicable) does not become effective, lapses or is withdrawn or Warner Brothers Entertainment Inc. or a member of the Time Warner Inc. group announces a higher offer or a third party announces a recommended higher offer.

Details of these undertakings are:

<u>name</u>	<u>Eidos Shares committed</u>	<u>approximate% of issued share capital</u>
Tim Ryan .....	81,488	0.03
Phil Rogers .....	60,000	0.02
Nigel Wayne .....	21,110	0.01
Donald Johnston .....	41,555	0.02
<b>SUBTOTAL</b> .....	<b>204,153</b>	<b>0.1</b>
Insight Investment Management .....	6,000,000	2.3
Cazenove Capital Management Ltd. ....	26,225,256	9.9
Time Warner Entertainment Limited .....	52,518,080	19.9
<b>SUBTOTAL</b> .....	<b>84,743,336</b>	<b>32.2</b>
<b>TOTAL</b> .....	<b>84,947,489</b>	<b>32.2</b>

SQEX has also obtained a letter of intent from Legal & General Investment Manager to vote in favour of the Scheme and the special resolution to be passed at the Court Meeting and the EGM in respect of its holding of 8,919,628 Eidos Shares, representing approximately 3.4 per cent. of the existing issued share capital of Eidos.

## 6. Eidos Directors' service terms

### (a) *Executive Eidos Directors*

Particulars of the Eidos executive Directors' current service agreements with Eidos are:

<u>name</u>	<u>date</u>	<u>notice period</u>	<u>salary (£)</u>
Phil Rogers .....	1.12.08	12 months	240,000
Rob Brent .....	3.07.08	12 months	200,000

Particulars of Mr Rogers' last service agreement with Eidos were:

<u>date</u>	<u>notice period</u>	<u>salary (£)</u>
7.04.08 .....	6 months	240,000

If an executive Eidos Director's employment is terminated by Eidos, Eidos may make a payment equal to the salary and the value of other contractual benefits due to the executive Eidos Director in lieu of any unexpired notice period. Salaries of the executive Eidos Directors are reviewed annually by the Eidos Board with effect from 1 July each year and may be increased.

Eidos may, at the discretion of the Eidos Board's remuneration committee, pay to the executive Eidos Directors a bonus of such amount as the remuneration committee may from time to time determine up to a maximum amount equal to 100 per cent. of such executive Director's salary.

Eidos contributes to each executive Eidos Director's private medical health insurance and dental insurance, life assurance and permanent health insurance. Eidos also contributes at the rate applicable under its pension policy into each executive Eidos Directors' personal pension schemes based on 15 per cent. of basic salary. The executive Eidos Directors are also entitled to be reimbursed for all reasonable travelling, hotel, entertainment and out-of-pocket expenses reasonably and properly incurred on the performance of their duties. Mr Rogers is entitled to an annual car allowance of £9,000.

### (b) *Non-executive Eidos Directors*

Particulars of the current letters of appointment between the non-executive Eidos Directors and Eidos are:

<u>name</u>	<u>date</u>	<u>notice period</u>	<u>fee (£)</u>
Tim Ryan .....	29.06.06	one month	85,000
Nigel Wayne .....	29.06.06	one month	25,000
Roger Ames .....	21.09.06	one month	25,000
Don Johnston .....	23.03.07	one month	25,000

Each non-executive Eidos Director is entitled to have the costs of independent legal advice required in connection with the performance of their duties met by Eidos. The non-executive Eidos Directors are also entitled to be reimbursed for all reasonable travelling and accommodation expenses for attendance at Eidos Board meetings. On termination of each of the non-executive Eidos Directors' appointments, they will be paid their fees on a pro rata basis, to the extent these remain unpaid, up to the date of termination. There are no other provisions in the non-executive Eidos Directors' letters of appointments for compensation to be payable in the event of early termination of their letters of appointment.

- (c) Save as disclosed in paragraph 6(a) above, none of the service agreements or letters of appointment described above were entered into during the six months preceding the date of this document nor have any amendments been made to any such service agreements or letters of appointment during that period.

## **7. Implementation Agreement and inducement fee**

Eidos and Square Enix entered into the Implementation Agreement on 12 February 2009 which governs their relationship during the period until the Scheme (or Takeover Offer as applicable) becomes effective or lapses or is withdrawn. The Implementation Agreement also contains certain assurances and confirmations between the parties, including provisions in relation to the implementation of the Scheme on a timely basis and governing the conduct of the business of the Eidos Group prior to the Effective Date or the termination of such agreement.

Under the Implementation Agreement Eidos has agreed that it will not solicit, initiate or knowingly take any steps to encourage or seek to procure any approval from any person with a view to a Third Party Transaction taking place and it will notify Square Enix of any approach that is made to it in relation to such a transaction (including notification of the identity of the third party and details of any price per Eidos Share).

In addition, Eidos has agreed that if an announcement is made in respect of a competing offer, it will not withdraw, modify or qualify the recommendation of the Acquisition and will continue to recommend the Acquisition if Square Enix revises the terms of the Acquisition so that its terms (as revised) are no less favourable to Eidos Shareholders than the competing offer.

Eidos has also agreed to pay to Square Enix an inducement fee of £843,478 (inclusive of VAT) if, in summary, a Third Party Transaction is announced and such Third Party Transaction becomes or is declared unconditional in all respects and is completed or becomes effective.

Eidos has undertaken it shall not offer or agree to any work fee, inducement fee or break fee or other similar arrangement with any other party, prior to the termination of the Implementation Agreement in accordance with its terms.

## **8. Material contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Eidos or any of its subsidiaries since 15 January 2007 (being the date two years prior to the commencement of the Offer Period) and are or may be material:

- (a) On 22 July 2008 Centregold Limited, a wholly owned subsidiary of Eidos acting as an investment holding company ("Centregold"), entered into an agreement with Koch Media GmbH ("Koch") in relation to the sale of Proein S.L.U ("Proein") by Centregold. The total consideration paid at completion by Koch was €3.75 million in cash, payable in one tranche. Under the agreement Centregold gave certain warranties and indemnities to Koch. In addition, the agreement contains a non-compete, non-solicitation clause prohibiting Centregold, for a period of two years, from directly or indirectly competing with Proein's business in Spain, conducting business with any of its customers, or soliciting any of its employees. A distribution agreement entered into between Eidos Interactive Limited ("EIL") and Proein on 22 July 2008, under which Proein distributes EIL products in Spain, continues in force following the sale of Proein to Koch.
- (b) Eidos entered into a sponsorship and underwriting agreement on 25 April 2008 with Citi, Citigroup Global Markets U.K. Equity Limited, KBC Peel Hunt Ltd and Lloyds TSB Bank plc (Citigroup

Global Markets U.K. Equity Limited, KBC Peel Hunt Ltd and Lloyds TSB Bank plc being the “Underwriters” and, together with Citi, the “Banks”) (“the Underwriting Agreement”). Under the terms of the agreement the Underwriters agreed to use reasonable endeavours to procure subscribers for, or failing which to subscribe, 94,382,983 new shares by way of a placing (“Placing”) and 77,222,441 new shares by way of an open offer (“Open Offer”) in each case at the issue price of 35 pence per share. Under the Underwriting Agreement Eidos agreed to pay to the Underwriters a commission at the rate of four per cent. of the aggregate gross proceeds of the Placing and Open Offer. Eidos gave certain customary representations, warranties and undertakings to the Banks.

- (c) On 25 April 2008, Eidos and Warner Bros. Entertainment Inc (“WB”) entered into an amendment letter (“the WB Amendment Agreement”) which amended a subscription agreement dated 15 December 2006 between Eidos and WB under which Time Warner Entertainment Limited had subscribed for 8,860,897 Eidos Shares at a price of £5.02 per share (“the WB Subscription Agreement”). Under the WB Amendment Agreement, for so long as WB owns and holds 12.5 per cent. or more of the issued share capital of Eidos, WB is entitled to nominate, remove or replace one non-executive director for appointment to the Eidos Board (a “WB Director”). The right of WB to nominate the appointment, replacement or removal of a WB Director terminates in the event that (i) WB (together with any of its associates and any WB group company) no longer holds 12.5 per cent. or more of the issued share capital of Eidos or (ii) WB is in material unremedied breach of the WB Subscription Agreement (as amended). Under the agreement, if there is an actual or potential conflict of interest between any member of the Eidos Group and WB or any WB Group Company (a “Conflicted Transaction”), any director who has a conflict of interest, direct or indirect, in any such matter by virtue of his position as a director, partner or employee of WB will not be permitted to vote on any resolution of the Eidos Board relating to the relevant Conflicted Transaction, or to receive confidential information concerning such Conflicted Transaction unless a majority of the independent non-executive Eidos Directors deems it appropriate to provide such information to that director.
- (d) On 25 April 2008 Eidos Inc., Eidos’ subsidiary which carries out the Eidos Group’s publishing business in the US and Canada, entered into a distribution agreement with Warner Bros. Home Entertainment Inc (“the WB Distribution Agreement”). Under the WB Distribution Agreement, Eidos Inc. distributes the Eidos Group’s products in the US, Canada and Mexico through WB. Under the agreement for an initial period of three years WB will exclusively provide certain functions relating to the publishing, manufacturing, marketing, sale and distribution of the Eidos Group’s products in the U.S., Canada and Mexico. The WB Distribution Agreement does not grant WB rights to distribute Eidos products other than on physical formats. WB pays Eidos Inc. a fixed advance payment per unit shipped to its customers. Under the WB Distribution Agreement WB can, in the event of a change of control of Eidos, terminate the WB Distribution Agreement on six months’ written notice and the payment to WB of \$2.5 million. Pursuant to the terms of the WB Distribution Agreement, Eidos Inc. was required to enter into a US law security agreement under which Eidos Inc. granted security over the physical inventory, marketing and promotional materials, supplied to it or within its control under the WB Distribution Agreement and the proceeds of, and receivables from, the same in favour of WB as security for amounts that become due and payable to WB under the WB Distribution Agreement.
- (e) On 25 April 2008 Eidos, EIL, Eidos Limited, Centregold, Core Design Limited, SCi Games Limited, Pivotal Games Limited, Eidos Productions Limited, Conflict 4 Limited, FFI Game 1 Limited, Roll Call Games Limited IO Interactive Holdings A/S and IO Interactive A/S entered into a facility agreement with Lloyds TSB Bank plc (“the Lloyds Facility Agreement”) pursuant to which Lloyds TSB agreed to provide a £25 million two year revolving credit facility to Eidos, EIL, Eidos Limited, and Pivotal Games Limited as borrowers for the purpose of funding the working capital needs of the Eidos Group.
- (f) In connection with the Lloyds Facility Agreement, Eidos entered into a fee letter with Lloyds TSB on 25 April 2008 pursuant to which Eidos agreed to pay to Lloyds TSB an arrangement fee of £150,000 and a support fee up to a maximum amount of £3 million.
- (g) On 25 April 2008 IO Interactive Holdings A/S entered into a Danish law share pledge over the shares in IO Interactive A/S in favour of Lloyds TSB as security agent as security for amounts owed to Lloyds TSB (and any other entity which becomes a lender) under the Lloyds Facility Agreement and/or certain documents which had been or were to be entered into in connection with the Lloyds Facility Agreement.

- (h) On 25 April 2008 Centregold entered into a Danish law share pledge over the shares in IO Interactive Holdings A/S in favour of Lloyds TSB as security agent as security for amounts owed to Lloyds TSB (and any other entity which becomes a lender) under the Lloyds Facility Agreement and/or certain documents which had been and were to be entered into in connection with the Lloyds Facility Agreement.
- (i) On 31 January 2008 Eidos Limited, Eidos, Centregold, Core Design Limited, SCi Games Limited, Pivotal Games Limited, Eidos Productions Limited, Conflict 4 Limited, FFI Game 1 Limited and Roll Call Games Limited (together “the Chargors”) entered into a guarantee and debenture (“the Lloyds Debenture”) in favour of Lloyds TSB as security agent. Under the terms of the Lloyds Debenture the Chargors created security over all their assets and undertook as security for amounts owed to Lloyds TSB (and any other entity which becomes a lender) under the Lloyds Facility Agreement and/or certain documents which had been or were to be entered into in connection with the Lloyds Facility Agreement. On 25 April 2008 each of the Chargors entered into a supplemental deed to the Lloyds Debenture to confirm among other things, that the Lloyds Debenture secured amounts under the Lloyds Facility Agreement.
- (j) On 31 January 2008 Eidos entered into a deed of charge of intellectual property in favour of Lloyds TSB as security agent creating security over its intellectual property rights for amounts owed to Lloyds TSB (and any other entity which became a lender) under the Lloyds Facility Agreement and/or certain documents which had been or were to be entered into in connection with the Lloyds Facility Agreement. Pursuant to this deed of charge, on 31 January 2008 Eidos entered into a US law security agreement in order to perfect the security created by the deed of charge over certain US trademarks. On 25 April 2008 Eidos entered into a supplemental deed to the deed of charge to confirm, among other things, that such document secured amounts under the Lloyds Facility Agreement.
- (k) Under the terms of the Facility Letter, Lloyds TSB provided an overdraft facility and certain ancillary facilities to Eidos, EIL, Eidos Limited and Pivotal Games Limited. The overdraft facility is repayable on demand but, unless payment is demanded, the facility will remain available until 27 May 2008. An arrangement fee of one per cent. per annum is payable on £15 million of the overdraft facility until the earlier of such amount being repaid and cancelled or the overdraft facility ceasing to be available.
- (l) On 28 March 2007 Eidos entered into an agreement with, among others, Centregold and certain selling shareholders (“the Bluefish Sellers”) in relation to the acquisition of Bluefish Media GmbH (“Bluefish”). Under the agreement Eidos agreed to guarantee all of the obligations of Centregold. The total consideration consisted of an initial consideration of €1.25 million, payable in cash, and deferred consideration of up to €1.75 million payable in four tranches between 2007 and 2010. Tranches were to be satisfied by 43.4 per cent. in cash and 56.6 per cent. in ordinary shares of Eidos. Under the agreement the Bluefish Sellers gave certain warranties and indemnities to Centregold.
- (m) On 23 February 2007 Eidos entered into an agreement with Centregold, and certain selling shareholders (“the Rockpool Sellers”) in relation to the acquisition of Rockpool Games Limited, Ironstone Partners Limited and SogoPlay Limited (together “the Rockpool Group”) by Centregold. Under the agreement, amended by a deed of variation on 31 January 2008, Eidos agreed to guarantee all of the obligations of Centregold and to provide certain indemnities to the Rockpool Sellers. The initial consideration paid at completion by Centregold consisted of a cash element of £720,503 and a share element worth £512,500 (amounting to 113,762 ordinary shares at the date of issue). Deferred consideration of up to £5.5 million, part of which was conditional on profit performance of the Rockpool Group, was payable in three tranches between 2007 and 2010. Tranches were to be satisfied by 50 per cent. in cash and 50 per cent. in ordinary shares of Eidos. Under the agreement the Rockpool Sellers gave certain warranties and indemnities to Centregold.

## 9. Sources and bases of information

In this document unless otherwise stated:

- (a) financial information relating to Eidos for the years ended 30 June 2006, 30 June 2007 and 30 June 2008 has been incorporated by reference and for the six month period ended 31 December 2008 has been extracted without material adjustment from the published unaudited interim financial statements;

- (b) financial information relating to Square Enix has been provided by the Square Enix Directors and has been extracted from the audited consolidated financial statements of Square Enix for the years ended 31 March 2007 and 31 March 2008, prepared in accordance with Japanese GAAP;
- (c) the value of the fully diluted ordinary issued share capital of Eidos of approximately £84.3 million is based on the fully diluted number of Eidos Shares of 263,586,730 as at 2 March 2009 (being the latest practicable date prior to the posting of this document);
- (d) all prices quoted for shares are closing mid-market prices as derived from the London Stock Exchange's Daily Official List;
- (e) the one month and three month average Eidos Share prices are taken from the average of the closing share prices from Datastream;
- (f) an exchange rate of 136.52 is used to convert JPY to Sterling, sourced from Bloomberg as at 2 March 2009; and
- (g) the financial information relating to the Eidos Group in or incorporated by reference into this document does not comprise statutory accounts as referred to in section 240 of the Companies Act 1985. The Group's statutory accounts for the three years ended 30 June 2008 were audited by BDO Stoy Hayward LLP of 55 Baker Street, London W1U 7EU, a member of the Institute of Chartered Accountants in England and Wales. Each of these statutory accounts, which have been delivered to the Registrar of Companies in England and Wales, contained a report from the auditors under section 235 of the Companies Act 1985 and none of them was qualified or included references to any matter to which the auditors drew attention by way of emphasis or contained a statement under section 237(2) or (3) of the Companies Act 1985.

## **10. General**

- (a) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Eidos Shares to be acquired by SQEX pursuant to the Scheme will be transferred to any other person.
- (b) Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between SQEX or any party acting in concert with SQEX for the purposes of the Acquisition and any of the directors, recent directors, shareholders or recent shareholders of Eidos having any connection with or dependence on, or which is conditional on the outcome of, the Acquisition.
- (c) So far as the Eidos Directors are aware, there has been no material change in the financial or trading position of Eidos since 30 June 2008 (being the date to which the last published audited accounts of the Eidos Group have been prepared), save as disclosed in Section B of Part 4 to this document.
- (d) Citi has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (e) UBS has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

## **11. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Addleshaw Goddard LLP, 150 Aldersgate Street, London EC1A 4EJ during usual business hours on any Business Day prior to the Effective Date:

- (a) the memorandum and articles of association of Eidos;
- (b) the memorandum and articles of association of SQEX;
- (c) the audited consolidated accounts of the Eidos Group for the two financial years ended 30 June 2007 and 30 June 2008;
- (d) a translation of the audited consolidated accounts of the Square Enix Group for the two financial years ended 31 December 2007 and 31 December 2008;

- (e) the service contracts and letters of appointment of the Eidos Directors referred to in paragraph 6 above;
- (f) the irrevocable undertakings referred to in paragraph 5;
- (g) the material contracts referred to in paragraph 8 above;
- (h) the written consents referred to in paragraph 10 above;
- (i) this document and the Proxy Forms; and
- (j) a full list of dealings by UBS AG London Branch, aggregated details of which are set out in paragraph 4 of this Part 6.

4 March 2009

## PART 7

### Definitions

In this document (with the exception of Part 8 and Section B of Part 4), the following words and expressions have the following meanings, unless the context requires otherwise:

<b>Acquisition</b>	the proposed recommended offer of 32 pence in cash per Eidos Share made by SQEX to acquire the entire issued and to be issued ordinary share capital of Eidos by means of the Scheme or, should it so elect, by means of a Takeover Offer
<b>Business Day</b>	a day other than a Saturday, Sunday or public holiday on which banks are generally open for business in the City of London
<b>Capita Registrars</b>	Capita Registrars Limited
<b>Capital Reduction</b>	the proposed reduction of share capital of Eidos provided for by the Scheme
<b>certificated or in certificated form</b>	not in uncertificated form
<b>Citi</b>	Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
<b>Conditions</b>	the conditions to the Scheme and the Acquisition which are set out in Part 3 of this document
<b>Court</b>	the High Court of Justice in England and Wales
<b>Court Hearing</b>	the hearing at which the Court Order will be sought
<b>Court Meeting</b>	the meeting of the holders of Eidos Shares (other than SQEX) convened by order of the Court pursuant to section 896 of the Companies Act 2006 to consider and, if thought fit, approve the Scheme, notice of which is set out in Part 9 of this document, including any adjournment of such meeting
<b>Court Order</b>	the order of the Court (if granted) sanctioning the Scheme under Part 26 of the Companies Act 2006 and confirming the reduction of share capital provided for by the Scheme under section 137 of the Companies Act 1985
<b>CREST</b>	the electronic system for holding and transferring shares and other securities in paperless form operated by Euroclear
<b>CREST Manual</b>	the rules governing the operation of CREST consisting of the "CREST Reference Manual", "CREST Central Counterparty Service Manual", "CREST International Manual", "CREST Rules", "CREST CCSS Operations Manual" and "CREST Glossary of Terms"
<b>EGM</b>	the general meeting of Eidos Shareholders, notice of which is set out in Part 10 of this document, and any adjournment of it
<b>Eidos Annual Report</b>	the annual report and accounts of Eidos for the year ended 30 June 2008
<b>Eidos' Articles</b>	the articles of association of Eidos
<b>Eidos Board</b>	the board of directors of Eidos
<b>Eidos Directors or Directors</b>	the directors of Eidos, whose names are set out in paragraph 2(a) of Part 6 of this document

<b>Eidos Group</b>	Eidos and its subsidiary undertakings and, where the context permits, each of them
<b>Eidos or the Company</b>	Eidos plc, incorporated in England and Wales with registered number 3121578
<b>Eidos Share Plans</b>	the Eidos Approved Share Option Plan 2008, the Eidos Unapproved Share Option Plan 2008, the Eidos 1996 Share Option Plan and the Eidos Share Plan 2008
<b>Eidos Shareholders or Shareholders</b>	holders of Eidos Shares
<b>Eidos Shares or Shares</b>	ordinary shares of 5 pence each in the capital of Eidos
<b>Effective Date</b>	the date on which the Scheme becomes effective in accordance with its terms
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>Explanatory Statement</b>	the explanatory statement set out at Part 2 of this document
<b>Implementation Agreement</b>	the implementation agreement dated 12 February 2009 between SQEX and Eidos, details of which are set out in paragraph 7 of Part 6 of this document
<b>JPY</b>	the lawful currency of Japan
<b>Listing Rules</b>	the listing rules of the Financial Services Authority referred to in section 73A of the Financial Services and Markets Act 2000
<b>London Stock Exchange</b>	London Stock Exchange plc or its successor
<b>Offer Period</b>	the period commencing on 15 January 2009 and ending on the Effective Date, or such other date as the Takeover Panel may decide
<b>Official List</b>	the official list maintained by the UK Listing Authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>Overseas Persons</b>	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the UK
<b>Proxy Form(s)</b>	either or both of the blue form of proxy for use at the Court Meeting and the white form of proxy for use at the EGM which accompany this document, as the context requires
<b>Publicly Announced</b>	fairly disclosed in any public announcement by Eidos to any Regulatory Information Service or in the Eidos Annual Report
<b>Receiving Agent</b>	Capita Registrars Limited
<b>Reduction Record Time</b>	6.00 p.m. on the day immediately before the Court Hearing
<b>Registrar of Companies</b>	the registrar of companies in England and Wales
<b>Regulatory Information Service</b>	any of the services set out at appendix 3 to the Listing Rules
<b>Scheme</b>	the proposed scheme of arrangement of Eidos under Part 26 of the Companies Act 2006 between Eidos and the holders of Scheme Shares as set out in Part 8 of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Eidos and SQEX

<b>Scheme Record Time</b>	6.00 p.m. on the Business Day immediately before the Effective Date
<b>Scheme Shareholders</b>	registered holders of Scheme Shares
<b>Scheme Shares</b>	all Eidos Shares which are: <ul style="list-style-type: none"> <li>(a) in issue at the date of this document; or</li> <li>(b) issued after the date of this document and before the Voting Record Time (if any); or</li> <li>(c) issued at or after the Voting Record Time and before the Reduction Record Time either on terms that the original or any subsequent holders of such shares are to be bound by this Scheme or in respect of which such holders have agreed in writing to be bound by the Scheme,</li> </ul> but excluding in each case any Eidos Shares registered in the name of SQEX
<b>SQEX</b>	SQEX Ltd., a company incorporated in England and Wales with registered number 6765697
<b>SQEX Directors</b>	the directors of SQEX, whose names are set out in paragraph 2(b) of Part 6 of this document
<b>Square Enix</b>	Square Enix Holdings Co. Ltd, a company incorporated in Japan with registered address at Shinjuku Bunka Quint Bldg. 3-22-7 Yoyogi, Shibuya-ku, Tokyo 151-8544, Japan
<b>Square Enix Directors</b>	the directors of Square Enix, whose names are set out in paragraph 2(c) of Part 6 of this document
<b>Square Enix Group</b>	Square Enix and its subsidiaries and subsidiary undertakings and, where the context permits, each of them
<b>sterling, pounds, £, pence and p</b>	the lawful currency of the United Kingdom
<b>subsidiary or subsidiary undertaking</b>	to be construed in accordance with the Companies Act 2006
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Takeover Offer</b>	a takeover offer as such term is defined in section 974 of the Companies Act 2006
<b>Takeover Panel</b>	the Panel on Takeovers and Mergers
<b>Third Party Transaction</b>	either (i) any offer or proposed offer (construed in accordance with the Takeover Code and whether or not subject to pre-conditions) for Eidos by or on behalf of, any person other than SQEX or any person acting in concert with SQEX or (ii) any offer or proposed offer by any such person for a material part (representing at least fifty per cent. of the Eidos Group's gross assets or turnover based on the Eidos Annual Report) of the Eidos Group's business or assets
<b>UBS</b>	UBS Limited, 1 Finsbury Avenue, London EC2M 2PP
<b>UK Listing Authority</b>	the FSA acting as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

**uncertificated or in uncertificated form**

recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST

**United Kingdom or UK**

the United Kingdom of Great Britain and Northern Ireland

**Voting Record Time**

the date and time for determining the entitlement to vote at the Court Meeting, as set out in the notice of the Court Meeting, or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days immediately preceding the day fixed for the adjourned Court Meeting

**Wider Eidos Group**

Eidos, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Eidos and such undertakings (aggregating their interests) have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or the equivalent

**Wider Square Enix Group**

Square Enix, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Square Enix and such undertakings (aggregating their interests) have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or equivalent

**PART 8**  
**SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**No. 11388 of 2009**

**IN THE MATTER OF EIDOS PLC**

and

**IN THE MATTER OF THE COMPANIES ACTS 1985 AND 2006**

**SCHEME OF ARRANGEMENT**

**(under Part 26 of the Companies Act 2006)**

between

**EIDOS PLC**

and

**THE HOLDERS OF ITS SCHEME SHARES**

**PRELIMINARY**

(A) In this scheme of arrangement the following expressions have the meanings stated, unless they are inconsistent with the subject or context:

<b>Business Day</b>	any day other than a Saturday, Sunday or public holiday on which banks are generally open for business in the City of London;
<b>certificated</b>	in relation to a Scheme Share, recorded on the Eidos' register of members at the Scheme Record Time as being held in certificated form;
<b>Court</b>	the High Court of Justice in England and Wales;
<b>Court Meeting</b>	the meeting of the holders of Eidos Shares (other than SQEX) convened by order of the Court pursuant to section 896 of the Companies Act 2006 to consider and, if thought fit, approve this Scheme (of which notice is set out in the document containing this Scheme) including any adjournment of such meeting;
<b>Court Order</b>	the order of the Court (if granted) sanctioning the Scheme under Part 26 of the Companies Act 2006 and confirming the reduction of share capital provided for by the Scheme under section 137 of the Companies Act 1985;
<b>CREST</b>	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear;

<b>Eidos</b>	Eidos plc, incorporated in England and Wales with registered number 3121578;
<b>Eidos Shareholders</b>	holders of Eidos Shares;
<b>Eidos Shares</b>	ordinary shares of 5 pence each in the capital of Eidos;
<b>Effective Date</b>	the date on which this Scheme becomes effective in accordance with its terms;
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>holder</b>	a registered holder (and “holder” includes any person entitled by transmission);
<b>Receiving Agent</b>	Capita Registrars Limited;
<b>Reduction Record Time</b>	6.00 p.m. on the day immediately before the Court Hearing;
<b>Scheme</b>	this scheme of arrangement under Part 26 of the Companies Act 2006 between Eidos and the Scheme Shareholders in its present form or in the same form subject to any modification, addition or condition approved or required by the Court and agreed by Eidos and SQEX;
<b>Scheme Record Time</b>	6.00 p.m. on the Business Day immediately before the Effective Date;
<b>Scheme Shareholders</b>	holders of Scheme Shares at the Scheme Record Time;
<b>Scheme Shares</b>	all Eidos Shares which are: <ul style="list-style-type: none"> <li>(a) in issue at the date of this Scheme; or</li> <li>(b) issued after the date of this Scheme and before the Voting Record Time (if any); or</li> <li>(c) issued at or after the Voting Record Time and prior to the Reduction Record Time either on terms that the original or any subsequent holders of such shares are bound by the Scheme or in respect of which such holders have agreed in writing to be bound by this Scheme (if any),</li> </ul> but excluding in each case any Eidos Shares registered in the name of SQEX;
<b>SQEX</b>	SQEX Ltd., a company incorporated in England and Wales with registered number 6765697;
<b>Takeover Panel</b>	the Panel on Takeovers and Mergers;
<b>uncertificated</b>	in relation to a Scheme Share, recorded on Eidos’ register of members at the Scheme Record Time as being held in uncertificated form in CREST and title to which may be transferred by means of CREST; and

## **Voting Record Time**

the date and time for determining the entitlement to vote at the Court Meeting, as set out in the notice of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days immediately preceding the day fixed for the adjourned Court Meeting.

All times referred to in this Scheme are references to London time and references to Clauses are to clauses of this Scheme.

- (B) The authorised share capital of Eidos at the date of this Scheme is £20 million divided into 400,000,000 Eidos Shares, of which, as at the close of business on 2 March 2009, 263,586,730 have been issued and are fully paid up, or credited as fully paid up, and the remainder are unissued.
- (C) As at the date of this Scheme SQEX holds 29,349,341 Eidos Shares.
- (D) SQEX has agreed (i) to appear by Counsel on the hearing to sanction this Scheme, (ii) to consent to this Scheme, (iii) to submit to be bound by this Scheme, and (iv) to undertake to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it, or on its behalf, for the purpose of giving effect to this Scheme.

## **THE SCHEME**

### **1. Cancellation of Scheme Shares and allotment of new Eidos Shares**

- 1.1 The share capital of Eidos shall be reduced by cancelling and extinguishing all the Scheme Shares.
- 1.2 Forthwith and contingently on the reduction of share capital referred to immediately above taking effect:
  - (a) the authorised share capital of Eidos shall be increased to its former amount by the creation of such number of new Eidos Shares as have an aggregate nominal value equal to the aggregate nominal value of the Scheme Shares cancelled pursuant to Clause 1.1; and
  - (b) the reserve arising in Eidos' books of account as a result of such reduction of capital shall be capitalised and applied by Eidos in paying up in full at par all the new Eidos Shares created pursuant to Clause 1.2(a) above, which shall be allotted and issued, credited as fully paid, to SQEX and/or its nominee.

### **2. Consideration for cancellation of Scheme Shares**

In consideration for the cancellation of the Scheme Shares and the allotment and issue to SQEX of the new Eidos Shares in accordance with clause 1 of this Scheme, SQEX shall pay to or for the account of each Scheme Shareholder the sum of 32 pence in cash in respect of each Scheme Share held at the Scheme Record Time.

### **3. Payments**

- 3.1 The consideration due to Scheme Shareholders under the Scheme will be dispatched or otherwise effected by or for SQEX in pounds sterling within 14 days following the Effective Date:
  - (a) in respect of certificated Scheme Shares by the despatch of cheques by first-class post to the Scheme Shareholders concerned at their respective addresses as appearing in Eidos' register of members at the Scheme Record Time or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in such register in respect of such joint holding at the Scheme Record Time; and
  - (b) in respect of uncertificated Scheme Shares through CREST by the Receiving Agent on behalf of SQEX procuring the creation of an assured payment obligation in favour of the payment bank of the Scheme Shareholder concerned in accordance with CREST's assured payment arrangements (except that SQEX may settle all or any part of the consideration due in respect

of any such shares in the form and in the manner that applies to Scheme Shares in certificated form set out in Clause 3.1(a) above if, in SQEX's opinion, doing so would be necessary or appropriate in the circumstances).

- 3.2 All cheques to be delivered under this Scheme shall be made payable to the Scheme Shareholders concerned or, in the case of joint holders of the same shares, to all joint holders whose names stand in Eidos' register of members at the Scheme Record Time. Encashment of any such cheques shall be a complete discharge to SQEX for the money represented by them. The creation of an appropriate assured payment obligation as set out in Clause 3.1 in accordance with CREST's assured payment arrangements in respect of any payment to be made through the CREST system shall be a complete discharge to SQEX's obligations under this Scheme in respect of that payment.
- 3.3 All documents, remittances and cheques sent by or on behalf of SQEX to Scheme Shareholders will be sent at the risk of the Scheme Shareholders concerned. Neither SQEX or Eidos shall be responsible for the loss of any such items after posting or transmission or for any delay between their posting and their receipt by any Scheme Shareholder or any other person.
- 3.4 The provisions of this clause 3 shall take effect subject to any prohibition or condition imposed by law.

#### **4. Certificates and cancellation**

With effect from and including the Effective Date:

- (a) all certificates representing Scheme Shares shall cease to have effect as documents of title and each Scheme Shareholder shall be bound at the request of Eidos to deliver up such certificates for cancellation to Eidos or to any other person as Eidos may direct or to destroy such certificates; and
- (b) Euroclear shall be instructed to cancel the entitlements of Scheme Shareholders to uncertificated Scheme Shares and appropriate entries will be made in the Eidos' register of members with effect from the Effective Date to reflect their cancellation.

#### **5. Operation of this Scheme**

- 5.1 This Scheme shall become effective as soon as an office copy of the Court Order sanctioning this Scheme under section 899 of the Companies Act 2006 and confirming the reduction of Eidos' share capital under section 137 of the Companies Act 1985 provided for by this Scheme has been delivered to the Registrar of Companies in England and Wales for registration and has been registered by him.
- 5.2 Unless this Scheme becomes effective on or before 30 June 2009 or such later date, if any, as SQEX and Eidos may agree and the Court may allow, this Scheme shall never become effective.

#### **6. Modification**

SQEX and Eidos may jointly consent on behalf of all persons affected to any modification of, or addition to, this Scheme or to any condition approved or imposed by the Court.

Dated: 4 March 2009

**PART 9**

**Notice of Court Meeting**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT  
Mr Registrar Simmonds**

**No. 11388 of 2009**

**IN THE MATTER OF EIDOS PLC  
and  
IN THE MATTER OF THE COMPANIES ACTS 1985 AND 2006**

NOTICE IS GIVEN that, by an Order dated 3 March 2009 made in the above matters, the Court has directed a meeting (the "Court Meeting") to be convened of the holders of ordinary shares of 5 pence each ("Ordinary Shares") in the capital of Eidos plc (the "Company") other than SQEX Ltd. for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the "Scheme of Arrangement") under Part 26 of the Companies Act 2006 proposed to be made between the Company and the holders of Scheme Shares (as defined in the Scheme of Arrangement) and that such Court Meeting will be held at the offices of Addleshaw Goddard LLP, 150 Aldersgate Street, London EC1A 4EJ on 27 March 2009 at 10.00 a.m. at which place and time all holders of Scheme Shares are requested to attend.

At the Court Meeting the following resolution will be proposed:

"That the scheme of arrangement dated 4 March 2009 (the "Scheme") between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting in its original form or with or subject to any modification, addition or condition approved or imposed by the Court, be approved."

A copy of the Scheme of Arrangement and a copy of the statement in relation to the Scheme of Arrangement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this Notice forms part.

**Holders of Ordinary Shares entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person as their proxy to vote in their stead. A proxy need not be a member of the Company. A blue Proxy Form for voting at the Court Meeting is enclosed with this Notice. Completion and return of a Proxy Form will not prevent a holder of Ordinary Shares from attending and voting at the Court Meeting, or any adjournment of such meeting, in person if he wishes to do so and is so entitled.**

In the case of joint holders of Ordinary Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s). For this purpose seniority will be determined by the order in which the names stand in Eidos' register of members in respect of the relevant joint holding.

The entitlement of a person to attend and vote at the Court Meeting or any adjournment of it as a holder of Ordinary Shares, and the number of votes which may be cast by such person at such meeting, will be determined by reference to the Company's register of members as at 6.00 p.m. on 25 March 2009 or, in the event that the Court Meeting is adjourned, as at 6.00 p.m. on the day which is two days immediately before the date of any adjourned meeting. In each case changes to the register of members of the Company after such time shall be disregarded.

**To be valid Proxy Forms should be completed and signed in accordance with the instructions printed on them and then (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such power of attorney) be lodged with the Company's registrars, Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.00 a.m. on 25 March 2009 or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting. Any Proxy Forms that are not so lodged may be handed to Capita Registrars on behalf of the chairman of the Court Meeting at that meeting.**

Scheme Shareholders are entitled to appoint one or more proxies in respect of some or all of their Scheme Shares. A space has been included in the blue Proxy Form to allow you to specify the number of Scheme Shares in respect of which that proxy is appointed. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please see the blue Proxy Form for further information on the appointment of multiple proxies.

By the same Order, the Court has appointed Tim Ryan or, failing him, Nigel Wayne or, failing him, Don Johnston to act as chairman of the Court Meeting and has directed the chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated: 4 March 2009

Addleshaw Goddard LLP  
150 Aldersgate Street  
London EC1A 4EJ

Solicitors for the Company

**PART 10**  
**Notice of EGM**

## **Eidos plc**

NOTICE IS GIVEN that an Extraordinary General Meeting of Eidos plc (the "Company") will be held at the offices of Addleshaw Goddard LLP, 150 Aldersgate Street, London EC1A 4EJ on 27 March 2009 at 10.10 a.m. (or as soon after as the meeting of holders of the Company's ordinary shares other than SQEX Ltd convened by the direction of the High Court of Justice in England and Wales (the "Court") for the same date and place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which resolution will be proposed as a special resolution:

### **SPECIAL RESOLUTION**

THAT:

- (A) for the purpose of giving effect to the scheme of arrangement dated 4 March 2009 proposed to be made between the Company and the holders of Scheme Shares (as defined in the document containing the notice of this meeting), in its original form (a print of which has been produced to this meeting and signed for identification purposes by the chairman of the meeting) as set out in the document containing the notice of this meeting or in the same form save for any amendments agreed between the Company and SQEX Ltd. ("SQEX") and approved or required by the Court (the "Scheme"):
- (i) the directors of the Company be authorised to take all such actions as they consider necessary for carrying the Scheme into effect;
  - (ii) the share capital of the Company be reduced by cancelling all the Scheme Shares (as defined in the Scheme); and
  - (iii) forthwith and contingently on such reduction of capital taking effect:
    - (a) the authorised share capital of the Company be increased to its former amount by the creation of such number of new ordinary shares of 5 pence (the "New Shares") each as have an aggregate nominal value equal to the aggregate nominal value of the Scheme Shares cancelled pursuant to paragraph (ii) above; and
    - (b) the reserve arising in the Company's books of account as a result of such reduction of capital be applied in paying up in full at par all the New Shares, which shall be allotted and issued, credited as fully paid up, to SQEX and/or its nominees;
  - (iv) the directors of the Company be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot the New Shares referred to in paragraph (iii)(b) above in accordance with this resolution, provided that:
    - (a) this authority shall expire on the fifth anniversary of the passing of this resolution; and
    - (b) the maximum aggregate nominal amount of relevant securities that may be allotted under this authority shall be the aggregate nominal amount of the New Shares created pursuant to paragraph (iii) above; and
    - (c) this authority shall be in addition and without prejudice to any subsisting authorities vested in the directors to exercise the powers of the Company to allot relevant securities; and
- (B) the articles of association of the Company be amended with immediate effect by the adoption and inclusion of the following new article 160:

#### **"160. Scheme of Arrangement**

- (A) In this Article expressions defined in the scheme of arrangement dated 4 March 2009 under Part 26 of the Companies Act 2006 between the Company and the holders of the Scheme Shares in its original form or as it may be modified or amended in accordance with its terms have the same meanings in this Article. These expressions include "Court Meeting", "SQEX", "Reduction Record Time", "Scheme", "Scheme Shares" and "Voting Record Time".

- (B) Notwithstanding any other provisions of these Articles if the Company issues any Ordinary Shares (other than to SQEX or its nominees) on or after the adoption of this Article and prior to the Reduction Record Time, such shares shall be issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes of the Scheme and this Article. The original or any subsequent holder of such shares shall be bound by the Scheme accordingly.
- (C) Notwithstanding any other provision of these Articles, if after the Reduction Record Time any Ordinary Shares are issued to any person (a "New Member"), other than to SQEX or to any other person identified by written notice from SQEX to the Company as SQEX' nominee(s) and/or designated subsidiary, such New Member (or any subsequent holder) will, provided the Scheme has become effective, immediately transfer all the Ordinary shares held by the New Member (or any subsequent holder) (the "Disposal Shares"), to SQEX or to such other person as SQEX may otherwise direct. The consideration payable by SQEX for each Disposal Share transferred to it shall be 32 pence in cash or, if greater, the amount equal to the sum payable or paid by SQEX under the Scheme for each Scheme Share.
- (D) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the cash payment per share to be paid under paragraph (C) of this Article shall be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to Ordinary Shares shall, following such adjustment, be construed accordingly.
- (E) To give effect to any transfer of Disposal Shares required by this Article, the Company may appoint any person as attorney for the New Member to transfer the Disposal Shares to SQEX and/or its nominees and do all such things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Disposal Shares in SQEX or its nominee(s) and pending such vesting to exercise any rights attaching to the Disposal Shares as SQEX may direct. If an attorney is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directors of SQEX) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by SQEX. The attorney shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member concerned (or any subsequent holder of such shares) in favour of SQEX and the Company may give a good receipt for the purchase price of the Disposal Shares and may register SQEX as their holder and issue to SQEX certificates for them. The Company shall not be obliged to issue a certificate to the New Member for the Disposal Shares. SQEX shall send a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of such Disposal Shares within five Business Days following the date on which the Disposal Shares are issued to the New Member."

**Registered Office**

Wimbledon Bridge Road  
1 Hartfield Road  
London SW19 3RU

**BY ORDER OF THE BOARD**

Anthony Price  
Company Secretary

4 March 2009

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**Notes:**

1. A member of the Company must be registered as the holder of ordinary shares by 6.00 p.m. on 25 March 2009 (or, in the case of an adjournment, by 6.00 p.m. on the day two days immediately preceding the day fixed for the adjourned meeting) in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
2. A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company.
3. To be valid a proxy form must be delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.10 a.m. on

25 March 2009 or, in the case of an adjournment, by no later than 48 hours before the time for the holding of the adjourned meeting.

4. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a "nominated person") may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If he has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 2 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
5. Arrangements will be put in place at the meeting in order to facilitate voting by representatives of members which are corporations on a poll (if required) in accordance with the procedures set out in the Institute of Chartered Secretaries and Administrators' January 2008 guidance note on "Proxies & Corporate Representatives at EGMs".
6. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid the message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by Capita Registrars (ID RA10), as the Company's "issuer's agent", by no later than 48 hours before the time for the holding of the meeting. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
7. As at the date of this document (i) the Company's issued share capital consisted of 263,586,730 ordinary shares, all carrying one vote each, and (ii) the total voting rights in the Company were 263,586,730.



