



January 11, 2008

To whom it may concern,

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**(Additional) Notice of Suspension of Operations and Improvement Order Regarding Subsidiary
“Goodwill, Inc.”**

On January 11, 2008, in accordance with Articles 14:2 and 49:1 of the Law to Ensure Appropriate Administration of Worker Referral Services and Enhance etc. the Terms of Labor for Referred Workers (Hereafter referred to as “Worker Referral Law”), the Tokyo Labour Bureau issued an order for subsidiary “Goodwill, Inc.” (Hereafter referred to as “Goodwill”) to suspend worker referral operations and improve business operations due to the company violating the Worker Referral Law.

We wish to sincerely apologize for the inconvenience and concern this incident has caused customers, registered staff, all other related parties, and our shareholders.

Details

Details of administrative measures

In accordance with Articles 14:2 and 49:1 of the Worker Referral Law, the suspension of worker referral operations

- The suspension of worker referral operations for two months at all Goodwill branches
- The suspension of worker referral operations for four months at 67 Goodwill branches (Of a total of 708 branches)

Order to improve worker referral operations

- Worker referral operations between December 1, 2007 and January 10, 2008 are to be examined and any violations rectified
- Preventative measures should be implemented after researching and identifying why the current violations occurred
- The establishment of a policy and system to clearly identify the labor status of workers
- The establishment of compliance procedures

Date of suspension of operations

- From January 18 (Friday), 2008

The suspension order will require the suspension of all operational activities related to worker referral services (including worker referrals themselves, worker referral agreements and all other related operational activities).

Notwithstanding, worker referral agreements (limited to those that clearly and specifically stipulate required matters and staffing numbers for each combination found in the subparagraphs to Article 26:1 of the Worker Referral Law) entered into prior to the commencement date of the suspension order (January 18, 2008) for which worker referrals have already commenced will not be subject to suspension.

The suspension order covers the general worker referral services of Goodwill. The adverse administrative action does not extend to the other companies in the group engaged in human resources business.

1. Facts resulting in administrative action

1) Between October 1, 2004 and June 28, 2007, Goodwill:

- (1) In violation of Article 26:1 of the Worker Referral Law, failed to specify and document the number of referred workers for the matters and combinations of matters listed in the subparagraphs to that paragraph when entering into worker referral agreements;
- (2) In violation of Paragraph 6 of said article, entered into worker referral agreements without receiving notice of the contravention date of the assignable period;
- (3) In violation of Article 34:1 of said law, failed to appropriately explain to referred workers about the provisions of the subparagraphs to said article;
- (4) In violation of Article 35 of said law, failed to appropriately notify the assignee location(s) of the provisions of said article;
- (5) In violation of Article 35-2:1 of said law, continued for a period of 1 year and 9 months after the contravention date of the assignable period to engage in worker referral services, making a total of 18,824 worker referrals (2,015 individual workers). In particular, of this number, with respect to a total of 1,240 worker referrals made by the EV Shinjuku Office and 4 other locations (52 individual workers), between October 1, 2004 and June 28, 2007 Goodwill:
- (6) In violation of Article 4:1 of the Worker Referral Law, with respect to the port transportation services listed in Subparagraph 1 of said paragraph for which worker referral services are prohibited:

Was informed by referred workers and had knowledge that the assignee location had engaged them in port transportation services in contravention of Article 4:3 of said law, but continued to refer workers; and in addition, failed to ascertain the status of worker referrals and continued to refer workers though the assignee location, in violation of Article 44 of the Employment Security Law, supplied referred workers to its customer(s) and under the instructions and orders of the customer(s) referred workers were caused to engage in port warehouse delivery and acceptance work at workplaces located at Aomi Pier in Koto-ku and at Oi Pier in Ota-ku, Tokyo and caused to engage in loading and unloading within ships and cleaning of holds at workplaces consisting of ships moored at Ariake 10 Gochi Pier in Koto-ku, Tokyo, and therefore abetted worker supply operations in violation of Article 44 of the Employment Security Law on the part of the assignee location.

2) Between November 1, 2004 and August 28, 2007, Goodwill:

- (1) In violation of Article 26:1 of the Worker Referral Law, failed to appropriately specify and document the number of referred workers for the matters and combinations of matters listed in the subparagraphs to that paragraph when entering into worker referral agreements;
- (2) In violation of Paragraph 6 of said article, entered into worker referral agreements without receiving notice of the contravention date of the assignable period;
- (3) In violation of Article 34:1 of said law, failed to appropriately and clearly explain about the provisions of subparagraph to Article 34:1;
- (4) In violation of Article 35-2:1 of said law, for a continual period of 1 year and 10 months after the contravention date of the assignable period:

Knowing that the assignee location engaged in worker supply operations in which referred workers, under the instructions and orders of the assignee location's customer(s), engaged in sorting and other activities in violation of Article 44 of the Employment Security Law at a workplace consisting of a warehouse located in Hamamatsu, Shizuoka, the Hamamatsu North Branch Office and 23 other locations provided a total of 11,404 worker referrals (1,994 individual workers) to said assignee location, thereby abetting worker supply operations in violation of Article 44 of the Employment Security Law on the part of the assignee location.

3) Between December 3 and 10, 2005 and between May 2, 2006 and June 26, 2007, Goodwill:

- (1) In violation of Article 26:1 of the Worker Referral Law, failed to appropriately specify and document the number of referred workers for the matters and combinations of matters listed in the subparagraphs to that paragraph when entering into worker referral agreements;
- (2) In violation of Paragraph 6 of said article, entered into worker referral agreements without receiving notice of the contravention date of the assignable period;
- (3) In violation of Article 34:1 of said law, failed to appropriately and clearly explain about the provisions of subparagraph to Article 34:1;
- (4) In violation of Article 35 of said law, failed to appropriately notify the assignee location(s) of the provisions of said article;
- (5) In violation of Article 35-2:1 of said law, continued for a period of 2 months after the contravention date of the assignable period:

Aware of the possibility that the assignee location engaged in worker supply operations in which referred workers, under the instructions and orders of the assignee location's customer(s), engaged in inspection and other activities in violation of Article 44 of the Employment Security Law at a workplace consisting of a warehouse located in Ichikawa, Chiba, the Kashiwa Office and 57 other locations provided a total of 708 worker referrals (452 individual workers) to said assignee location while failing to ascertain the status of assignments, thereby abetting worker supply operations in violation of Article 44 of the Employment Security Law on the part of the assignee location.

4) Between August 12 and 16, 2007, Goodwill:

- (1) In violation of Article 4:1 of the Worker Referral Law, with respect to the construction services listed in Subparagraph 2 of said paragraph for which worker referral services are prohibited;
- (2) In violation of Article 26:1 of said law, failed to appropriately specify and document the number of referred workers for the matters and combinations of matters listed in the subparagraphs to that paragraph when entering into worker referral agreements;

The Fukuoka Nishijin Branch Office and 1 other location engaged in worker referral services by providing a total of 10 worker referrals (3 individual workers) for the installation of an automated rack-type warehousing system in conjunction with a factory expansion at a workplace located in Nagasu, Tamana-Gun, Kumamoto.

5) In violation of Article 36 of the Worker Referral Law, Goodwill:

- (1) At the Katsutadai Branch Office failed to nominate a referral manager until June 24, 2007 after the resignation of the referral manager on March 27, 2007;
- (2) At the Ogaki Branch Office and 10 other locations failed to nominate a worker in the location's employment as referral manager as at June 28, 2007;
- (3) At the Yamato Branch Office and 105 other locations failed to nominate as referral manager persons sufficiently capable of acting as full-time referral manager in the workplaces of the assigning company during the period June 1-25, 2007 (of this number, the Yao Branch Office and 17 other locations nominated as referral managers people working as referred staff; the Tenroku Branch Office and 33 other locations nominated as referral managers people working at other locations of the company);

These locations engaged in worker referral services without appropriately nominating referral managers.

- 6) On June 30, 2005, Goodwill receives a worker referral service improvement order from the Tokyo Labour Bureau instructing it to:
 - (1) Immediately suspend worker referral services to construction services prohibited under the Worker Referral Law;
 - (2) Clarify the course of events and investigate the causes by which, in spite of instructions to take remedial measures, illegal referrals were made and enact measures to prevent recurrence;
 - (3) Enhance compliance systems

Although the company improved its internal checking systems and furnished by August 25, 2005 a report on improvements to ensure appropriate administration of worker referral services, it engaged in worker referral services in violation of the Worker Referral Law as listed in 1) through 5) above, and in particular, it failed to rectify the violations described in 1) and 2) above, which preexisted the improvement order, and continued to engage in these practices after submitting the improvement report.

2. Content of worker referral service improvement order

- 1) Performing a full check of all worker referrals made at all locations between December 1, 2007 and January 10, 2008, and in the event that violations of the Worker Referral Law or Employment Security Law are identified, enact timely remedial measures that will contribute to the stabilization of worker employment. In particular, the company is required to place priority on inspections of the following matters:
 - (1) Worker referrals to worker supply operations in violation of Article 44 of the Employment Security Law (double referral)
 - (2) Article 4:1 of the Worker Referral Law
 - (3) Article 26:1 and 6 of the Worker Referral Law
 - (4) Article 34 of the Worker Referral Law
 - (5) Article 35 of the Worker Referral Law
 - (6) Article 35-2 of the Worker Referral Law
 - (7) Article 36 of the Worker Referral Law
- 2) For each individual violation of the Worker Referral Law resulting in the administrative action described in 2) above, investigate the course of events and identify the causes resulting in the facts of violation and take measures to prevent recurrence.
- 3) Formulate specific policies and programs to accurately ascertain the nature of operations engaged in by referred workers, the place of work, working hours and other matters with respect to the working status of referred workers, and establish systems to ensure their effectiveness.
- 4) Ensure a thorough organization-wide understanding of applicable laws, ordinances and other aspects of worker referral services at the responsibility of the assigning company employer and take other measures to improve and enhance compliance systems so as to prevent further violations of the Worker Referral Law, Employment Security Law and other labor-related laws and ordinances.
- 5) Report in writing to the Bureau by March 11, 2008 regarding the inspection findings, status of remedial measures, course of events, causes, measures to prevent recurrence, programs to ascertain the status of referred workers and status of enhancement to compliance systems with respect to 1) through 4) above. (Report in writing between February 12 and 15 regarding steps taken through February 8, 2008.)

3. Measures to prevent recurrence

- (1) Establishment of Booking Confirmation Center
 - (i) Establishment of 40-member team under the direct control of the head office Compliance Promotion Office
 - (ii) In addition to the self-directed checking performed by individual locations, doublechecking of the terms and provisions of individual worker referral agreements by the Booking Confirmation Center
- (2) Regular interviews with referred staff
 - (i) On-site inspections by all locations at a minimum frequency of once a month of all long-term assignee locations and interviews with referred staff to better ascertain the status of assignee location workplaces
 - (ii) Telephone interviews by the head office Booking Confirmation Center with staff referred to long-term assignments to better ascertain the status of assignee location workplaces
- (3) Clarification and restriction of the duties of referral managers
 - (i) Restrict the duties of referral managers at individual locations to appropriate referral operation administration (contracting, on-site inspections etc.) and bar them from engaging in new customer development or other sales activities
 - (ii) Assignment of a person responsible for location profit/loss separate from the referral manager at each location so as to clearly segregate sales activities from referral operation administration
- (4) Enhancement of location senior management organizations
 - (i) In accordance with the staff allocations of individual locations, assign 2 compliance officers and profit/loss officers to senior management organizations (management department, operations department)
 - (ii) In all cases, assign personnel at the general manager level and give responsibility for strengthening the location's education and management
- (5) Programs to inform assignee locations of the provisions of the Worker Referral Law
 - (i) Enhance activities to promote better understanding of the Worker Referral Law at assignee locations, including the intent of the law, the measures to be taken by assignee locations, and the provisions regarding double referral and excluded services
 - (ii) Use pamphlets and other means to educate new customers and also existing assignee locations
- (6) Programs to inform referred staff of the provisions of the Worker Referral Law
 - (i) Develop and implement activities to promote better understanding of the Worker Referral Law on the part of referred staff, including the intent of the law and the provisions regarding double referral and excluded services
 - (ii) Use pamphlets and e-mail etc. in educational activities
- (7) Employee education and training

- (i) Check and fully revise existing internal operational manuals
- (ii) Provide education for all employees based on the revised manuals

4. Forecast

The impact of this incident on the company’s results was disclosed in “Notice of Revisions to Consolidated Results Forecast and Dividend Forecast for FYE June 2008 (14th term)” published on December 25, 2007.

* Reference: FY June 2008 Full-Term Consolidated Results Forecast (July 1, 2007-June 30, 2008)

(Unit: 1 million yen)

Revenues	Operating profits	Recurring profits	Net income
570,000	0	-9,000	0

Once again, we wish to deeply apologize for the inconvenience and concern that this incident has caused for our customers, registered staff, all other related parties, and our shareholders.

End of document

Attachment

Locations subject to administrative action (4-month suspension of operations)

Referral service location		
1	Shimizu	Related to Hamamatsu North Branch Office
2	Shizuoka Office	Related to Hamamatsu North Branch Office
3	Shizuoka No. 2 Office	Related to Hamamatsu North Branch Office
4	Yaizu	Related to Hamamatsu North Branch Office
5	Fujieda	Related to Hamamatsu North Branch Office
6	Shimada	Related to Hamamatsu North Branch Office
7	Kikugawa	Related to Hamamatsu North Branch Office
8	Kakegawa	Related to Hamamatsu North Branch Office
9	Fukuroi	Related to Hamamatsu North Branch Office
10	Iwata	Related to Hamamatsu North Branch Office
11	Hamamatsu Office	Related to Hamamatsu North Branch Office
12	Hamamatsu No. 2 Office	Related to Hamamatsu North Branch Office
13	Hamamatsu No. 3 Office	Related to Hamamatsu North Branch Office
14	Hamamatsu North	Related to Hamamatsu North Branch Office
15	Kosai	Related to Hamamatsu North Branch Office
16	Toyohashi Office	Related to Hamamatsu North Branch Office
17	Toyokawa	Related to Hamamatsu North Branch Office
18	Gamagori	Related to Hamamatsu North Branch Office
19	Toride	Related to Kashiwa Office
20	Abiko	Related to Kashiwa Office
21	Kashiwa Office	Related to Kashiwa Office
22	Kashiwa No. 2 Office	Related to Kashiwa Office
23	EX Kashiwa	Related to Kashiwa Office
24	OS Kashiwa	Related to Kashiwa Office
25	Edogawadai	Related to Kashiwa Office
26	Shin Matsudo	Related to Kashiwa Office
27	Matsudo Office	Related to Kashiwa Office
28	Yahashira	Related to Kashiwa Office
29	Kitasenju Office	Related to Kashiwa Office
30	Kanamachi	Related to Kashiwa Office
31	Sakura	Related to Kashiwa Office
32	Chiba Office	Related to Kashiwa Office
33	Chiba No. 2 Office	Related to Kashiwa Office
34	Chiba No. 4 Office	Related to Kashiwa Office

Referral service location		
35	Togane	Related to Kashiwa Office
36	Mobara	Related to Kashiwa Office
37	Soga	Related to Kashiwa Office
38	Goi	Related to Kashiwa Office
39	Kisarazu	Related to Kashiwa Office
40	Kimitsu	Related to Kashiwa Office
41	Katsutadai	Related to Kashiwa Office
42	Yachiyodai	Related to Kashiwa Office
43	Tsudanuma	Related to Kashiwa Office
44	Kita Narashino	Related to Kashiwa Office
45	Kamagaya	Related to Kashiwa Office
46	Funabashi Office	Related to Kashiwa Office
47	Funabashi No. 2 Office	Related to Kashiwa Office
48	EX Funabashi	Related to Kashiwa Office
49	Nishi Funabashi Office	Related to Kashiwa Office
50	Moto Yawata	Related to Kashiwa Office
51	Ichikawa Office	Related to Kashiwa Office
52	Urayasu Office	Related to Kashiwa Office
53	Monzen-Nakacho	Related to Kashiwa Office
54	Kasai Office	Related to Kashiwa Office
55	Mizue	Related to Kashiwa Office
56	Shin Koiwa	Related to Kashiwa Office
57	Ueno Office	Related to Kashiwa Office
58	Kinshicho	Related to Kashiwa Office
59	Kinshicho Office	Related to Kashiwa Office
60	Shibuya No. 4 Office	Related to Kashiwa Office
61	Ikebukuro No. 2 Office	Related to EV Shinjuku Office
62	Tokorozawa Office	Related to EV Shinjuku Office
63	Shinjuku No. 5 Office	Related to EV Shinjuku Office
64	Machida No. 2 Office	Related to EV Shinjuku Office
65	EV Fujisawa	Related to EV Shinjuku Office
66	Fukuoka Nishijin	Related to Fukuoka Nishijin Branch Office
67	Tamana	Related to Fukuoka Nishijin Branch Office