

March 11, 2008

To whom it may concern:

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Representative: Shinichi Horii
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Notice of Offering of Common and Preferred Stocks through Third-Party Allotment

Today Promontoria Investments I B. V. (“Promontoria”), a consortium formed by US investment fund Cerberus Group (“Cerberus”) and an affiliate of Morgan Stanley (“Morgan Stanley”) to make investments, has acquired loan receivables against the Company from Mizuho Bank, Ltd., the major creditor of The Goodwill Group, Inc. (“the Company”). Given the transaction, the Company approved an execution of repayment agreement with Promontoria (“Repayment Agreement”), which defines new terms of repayment of the relevant loan receivables, at the meeting of Board of Directors held today.

Based on the Repayment Agreement, the Company announces that the Board of Directors approved a resolution at its meeting held today to offer new shares (Common Stock and Class A Preferred Stock, each called the “Common Stock Offering” and “Preferred Stock Offering”) through a third-party allotment (the “Transaction”) and that a stock underwriting agreement (the “Agreement”) was concluded with Promontoria.

The Common Stock Offering is subject to the effectiveness of security registration statement under the Financial Instrument and Exchange Law and Preferred Stock Offering is subject to the approval on both amendment of the articles of incorporation and all measures in issuance of Class A Preferred Stock at the extraordinary meeting of shareholders scheduled to be held in late May 2008 (the “Extraordinary Meeting of Shareholders”) respectively.

Additionally, some portion of the acquired loan receivables is expected to be used for the payment of Class A Preferred Stock.

Details

1. Purpose of Offering of Stock by Third-Party Allotment

As announced in the “Notice of Suspension of Operations and Improvement Order Regarding Subsidiary,” a press release dated January 11, 2008, the Company recognizes that implementation of measures to prevent such incidents from occurring in the future and a capital increase to strengthen its balance sheet and to enhance the enterprise value are the urgent management issues.

The Transaction is intended for the Company including all subsidiaries (“the Group”) to accomplish these management issues. The proceeds from the Common Stock Offering is intended to be used for the Group to accomplish early stabilization of the financial base and enhancement of forming group compliance management system.

On the other hand, for the Preferred Stock Offering, some portion of the loan receivables acquired from Mizuho Bank, Ltd. is expected to be used for the payment of Class A Preferred Stock (the debt for equity swap). As a result of the debt for equity swap, the amount of total interest-bearing debt will be reduced by 15,500,000,000 yen the same amount with the Preferred Stock Offering, which will lead to early stabilization of the financial base.

2. Amount and Use of Proceeds

(1) Amount of Proceeds (Estimated net proceeds) (Note 1)

4,474,250,000 yen

(Note 1) The amount indicated above is an estimate of the proceeds from Common Stock Offering which is scheduled to be paid in cash. There will be no cash proceeds from the Preferred Stock Offering since 15,500,000,000 yen of loan receivables against the Company are expected to be used for the payment of Preferred Stock Offering (the debt for equity swap).

(2) Use of Proceeds

The transaction is intended to strengthen the financial base by increasing equity capital.

The above estimated net proceeds of 4,474,250,000 yen from Common Stock Offering will be used for debt repayment to improve the financial balance and to further strengthen the compliance structure. However, details are subject to discussions with stakeholders including the major creditors and relevant financial institutions. The further details will be noted once defined.

There will be no cash proceeds from the Preferred Share Offering of Class A Preferred Stock, since 15,500,000,000 yen of loan receivables against the Company are expected to be used for the payment of Class A Preferred Stock.

(3) Scheduled Period of Expenditure of Proceeds

From April 2008 to September 2008

(4) Views on Reasonableness of Use of Proceeds

Adding the total offering amount of the Transaction to consolidated shareholders' equity as of December 2007, shareholders' equity and equity ratio on a consolidated basis will be approximately 39.2 billion yen from former 19.2 billion yen and 12.7% from former 6.3% respectively, preparing the financial ground to make a fresh start of the Group and to make a further progress going forward. The Transaction is indispensable for the Company to achieve financial soundness as it moves into the next growth stage. Debt repayment and enhancement of equity capital are also expected to improve the balance sheet.

3. Business Performance and Equity Finance in Last Three Years

(1) Last Three Year Performance (Consolidated) (in millions of yen)

Accounting Period	June 2005	June 2006	June 2008
Sales	142,157	185,948	509,001
Operating Income	5,621	7,895	9,945
Recurring Profit	4,320	6,704	6,794
Net Income	1,463	3,429	-40,708
EPS per Share (Yen)	2,233.72	1,743.22	-19,510.20
Dividends per Share (Yen)	1,500	1,625	0
Net Assets Per Share (Yen)	58,235.69	23,783.09	4,569.51

(2) Current Number of Outstanding Shares and Potential Shares (as of December 31, 2007)

Type of Share	Number of Shares	As % of Outstanding Shares
Number of outstanding shares	2,522,118.27 shares	100%
Number of potential shares at current conversion price (strike price)	0 shares	0%
Number of potential shares at floor conversion price (strike price)	0 shares	0%
Number of potential shares at cap conversion price (strike price)	0 shares	0%

(3) Recent Stock Performance

Last Three Years

	June 2005	June 2006	June 2007
Open	93,333 yen	67,333 yen	84,600 yen

High	94,333 yen	115,000 yen	128,000 yen
Low	58,667 yen	55,667 yen	42,000 yen
Close	67,667 yen	84,500 yen	42,400 yen

Last Six Months

	September	October	November	December	January	February
Open	23,510 yen	24,540 yen	27,800 yen	28,050 yen	12,640 yen	5,140 yen
High	23,900 yen	26,470 yen	29,400 yen	29,350 yen	13,040 yen	18,750 yen
Low	11,360 yen	17,520 yen	21,720 yen	14,440 yen	5,240 yen	4,740 yen
Close	21,540 yen	26,300 yen	27,750 yen	14,440 yen	5,240 yen	18,750 yen

Share Price prior to Launch Date

	As of March 10, 2008
Open	23,400 yen
High	23,400 yen
Low	22,520 yen
Close	23,400 yen

(4) Current Equity Finance

• Third Party Allotment of New Shares (Common Stock)

Issue Date	April 25, 2008
Amount of Proceeds	4,474,250,000 yen (Issue Price: 9,000 yen) (Estimated net proceeds)
Number of Outstanding Shares at Offering	2,522,118.27 shares
Number of Shares to be Offered	500,000 shares
Total Number of Outstanding Shares after Offering	3,022,118.27 shares
Allotted to	Promontoria Investments I B. V.

• Third Party Allotment of Preferred Stock (Class A Preferred Stock)

Issue Date	Late December , 2008 (Planned)
Amount of Payment	15,500,000,000 yen (Issue Price: 10,000,000 yen) (Note2)
Number of Outstanding Shares at Offering	-
Number of Shares to be Offered	Class A Preferred Stock : 1,550 shares
Total Number of Outstanding Shares after Offering	Class A Preferred Stock : 1,550 shares
Allotted to	Promontoria Investments I B. V.

(Note 2) There will be no cash proceeds from the offering of Class A Preferred Stock as loan receivables against the Company are expected to be used for the payment of Preferred Stock

Offering (the debt for equity swap), and the Class A Preferred Stock payment amount of 15,500,000,000 yen of the Company's interest-bearing debt would be reduced

(5) Equity Finance in Last Three Years

Issuance of Yen-dominated Convertible Bond-Type Bond with New Share Acquisition Rights Maturing in 2009

Issue Date	September 16, 2005
Amount of Newly Raised Capital	24,900,000,000 yen (Estimated net proceeds)
Total Number of Outstanding Shares at Issuance	636,043
Number of Latent shares At Issuance	Number of latent shares based on the initial conversion price (202,742.0 yen): 123,309 From October 2005 to August 2007 Number of latent shares based on the upper limit of the conversion price (202,742.0 yen): 123,309 Number of latent shares based on the lower limit of the conversion price (183,432.6 yen): 136,290 From September 2007 to August 2009 Number of latent shares based on the upper limit of the conversion price (289,630.5 yen): 86,317 Number of latent shares based on the lower limit of the conversion price (96,543.5 yen): 258,951
Status of Conversion (Status of Exercise) as of the Date hereof	Number of Converted shares: 126,268 (Balance: 0) Conversion Price (Exercise Price): 202,742.2 yen (February 16, 2006) Conversion Price (Exercise Price): 67,580.6 yen(March 2, 2006) *Due to three-to-one stock split executed on March 1, 2006
Initial Use of Capital	Construction, business expansion, capital expenditure for nursing care business and supplement to working capital
Party to Subscribe	Daiwa Securities SMBC Europe Limited
Scheduled Period of Use	Starting from September 2005
Status of Use as of the Date hereof	Applied as below. Construction of nursing care asset: 15.4 billion yen Business expansion and capital expenditure: 7.0 billion yen Supplement to working capital: 2.6 billion yen

Third Party Issuance of No.1 Warrant FBF

Issue Date	July 10, 2007
Amount of Newly Raised Capital	11,297,435,500 yen
Total Number of Outstanding Shares at Issuance	2,122,118.27
Number of Latent shares At Issuance	Number of latent shares: 400,000 (Number of shares converted to be fixed regardless of share price movement) Capital payment per warrant: 25,500 yen per warrant (25,500 yen per underlying share) guaranteed Potential for increases in the amount paid in for new shares if the share price rises during the exercise period (within 3 months)
Status of Conversion (Status of Exercise) as of the Date hereof	Number of latent shares: 400,000 Number of Converted shares: 400,000 (Balance: 0)
Initial Use of Capital	Supplement to working capital and enhancement of equity capital
Party to Subscribe	Deutsche Bank AG, London Branch
Scheduled Period of Use	Starting from July 2007
Status of Use as of the Date hereof	Applied as below. Capital Stock: 5.6 billion yen Capital Reserve: 5.6 billion yen

4. Major Shareholders and Their Ownership Percentage

Before Offering (as of December 31, 2007)		After Offering (Note3)	
Origuchi Soken Ltd.	22.78%	Origuchi Soken Ltd.	19.01%
Morgan Stanley Japan Securities Co., Ltd.	11.13%	Promontoria Investments I B. V.	16.54%
UBS Investment Bank	6.92%	Morgan Stanley Japan Securities Co., Ltd.	9.29%
Japan Trustee Services Bank, Ltd.	4.48%	UBS Investment Bank	5.78%
Masahiro Origuchi	3.83%	Japan Trustee Services Bank, Ltd.	3.74%
Jupiter Investment Ltd.	3.52%	Masahiro Origuchi	3.19%
Deutsche Securities Inc.	3.06%	Jupiter Investment Ltd.	2.94%
Esfront, Ltd.	2.36%	Deutsche Securities Inc.	2.56%
The Master Trust Bank of Japan, Ltd.	1.63%	Esfront, Ltd.	1.97%

Sajap	1.57%	The Master Trust Bank of Japan, Ltd.	1.36%
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(Note 3) Above figures are calculated by adding the new shares of common shares to be issued in the present allotment of new shares to third parties (500,000 shares) to the number of outstanding shares as of December 31, 2007.

5. Potential Impact on Businesses Performance

The Transaction will have no impact on earnings forecast. For earnings forecast for FYE June 2008. Please refer to “Notice of Revisions to Consolidated Results Forecast and Dividend Forecast for FYE June 2008 (13th term),” a press release dated December 25, 2007.

6. Reasonableness of Offering Terms and Conditions

(1) Basis of Calculation of Issue Price

The issue price of 9,000 yen (8.3% discount) for Common Stock was determined based on the average closing price of the Company’s Common Stock quoted on the Tokyo Stock Exchange during the period of one month immediately preceding the board resolution of such offering (from January 11, 2008 to March 10, 2008). This was determined by negotiations with Promontoria while taking into account the business environment surrounding the Company, including issues such as withdrawal from operation of nursing care and allied business of subsidiary COMSN etc. and suspension of operations and improvement order regarding subsidiary Goodwill, Inc., etc, and the Company’s recent performance impacted by such business environment. The above issue price for Common Stock was determined in conformity with the Japan Securities Dealers Association’s Guideline Regarding Third-Party Allotment of New Shares (March 11, 2003).

The Board of Directors meeting also determined the issue price of Class A Preferred Stock, terms and conditions of which are considered reasonable, taking into account the business environment surrounding the Company, the Company’s recent performance impacted by such business environment and its financial condition taking into consideration the amount of total interest-bearing debt and equity ratio, including issues such as withdrawal from operation of nursing care and allied business of subsidiary COMSN etc. and suspension of operations and improvement order regarding subsidiary Goodwill, Inc., etc . Due to a convertible option into Common Stock of the Company or cash and cumulative dividend clause of Class A Preferred Stock, however, the possibility of the transaction being considered as an offering at especially preferential price cannot be totally denied under the Corporation Code. Accordingly, the issue price was determined subject to special approval at the Extraordinary Meeting of Shareholders. Such Extraordinary Meeting of Shareholders is to be held as soon as possible, since appointment of new directors under the new group management is also planned at this Extraordinary Meeting of Shareholders, and the record date is expected to be set in March 2008. Promontoria., which will pay for the investment in Common Stock on April 25, 2008 accordingly to the Transaction, is not expected to be a shareholder of the Company as of the record date, but will be given the right to vote on all agendas at the Extraordinary Meeting of Shareholders based on the provision of Article 124, Paragraph 4 of the Corporation Code.

(2) Reasons to believe the number of new shares and the size of dilution to be reasonable

The third-party allotment of new shares amount to 19.8% of the Company's total number of shares outstanding as of December 31, 2007, and Promontoria is to hold 16.5% as a result. In addition, the issuance of Class A Preferred Stock to Promontoria will generate latent shares of 68.3% of the Company's total number of outstanding shares. While the Transaction is dilutive, the Company believes that the strengthening of the balance sheet by increasing capital from approximately 19.2 billion yen as of December 2007 to 39.2 billion yen, and reducing interest-bearing debt (consolidated basis) from approximately 165.6 billion yen as of December 2007 to about 150.0 billion yen is the immediate issue in order to maintain growth potential and management stability going forward, and that the third-party allotment of shares is indispensable means for capital enhancement and funding.

7. Reasons for Selecting Investor

(1) Overview of Investor

(1)	Name	Promontoria Investments I B. V.	
(2)	Basis of Foundation	Laws of the Netherlands	
(3)	Location	Oude Utrechtseweg 16, 3743 KN Baarn, The Netherlands	
(4)	Name of Representatives	Managing Director J.C.A. van Beek Managing Director J.J. van Vliet	
(5)	Total Amount of Investment	Euro 18,000	
(6)	Relationship between Goodwill and Investor	Capital relation between Goodwill (inc. its directors, affiliates of directors and major shareholders) and Investor	N/A

(2) Reasons for Selecting the Investor

As discussed above, the Group believes that its most urgent management issue is to strengthen the balance sheet by increasing capital to enhance the enterprise value as well as to put thorough measures in place to prevent a violation of law. After negotiating with a number of domestic and international leading financial investors, the Company decided to accept a total of 20.0 billion yen in a third party allotment from the consortium of Cerberus and Morgan Stanley, which placed the highest valuation on preventive steps to improve compliance system, vigorous efforts, business platform, profitability and growth potential for turnaround including change in management team.

Cerberus and Morgan Stanley are one of the world's largest private investment firms and investment banks with investments in global companies across a range of industries, as well as broad capabilities of managing these portfolio firms. To maximize stakeholders' value, the Company will leverage Cerberus and Morgan Stanley's international network, management know-how and global best practices. In particular, we assume their global network will enhance our core growth strategy on overseas market.

(3) Investment Policy of the Investor

Promontoria will hold shares of the Company for medium- to long-term. The Company plans to accept a few board of directors appointed from Promontoria. The further details will be announced once defined.

The Company will obtain a commitment that Promontoria will inform the Company in case of transferring Common Stock and Class A Preferred Stock within two years from the Issue Date and transferring Common Stock acquired by exercising the convertible option of Class A Preferred Stock.

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