



June 25, 2008

To whom it may concern:

Company: The Goodwill Group, Inc.
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Discontinuation of Operations at Subsidiary Goodwill, Inc.

This is to inform you that the Board of Directors, meeting on June 25, 2008, resolved to discontinue all operations at subsidiary Goodwill, Inc. The target date for discontinuation is July 31, 2008. In conjunction with this, we have received a report from subsidiary Goodwill that it will seek consensual severance from internally-assigned employees.

Details

1. Reasons and events leading up to discontinuation of operations

As announced in "Framework for Management Guidelines under the New Management Organization" (May 9, 2008), we will be seeking to increase the corporate value of the group as a whole by concentrating investment of management resources in our domestic operations on staff referrals in designated technical manufacturing fields and reducing the relative size of our day-worker referral business.

Meanwhile, since having its operations suspended by the Tokyo Labor Bureau, subsidiary Goodwill has been slower than expected to recover its operating revenues and has found itself in a consistently precarious financial position that forced us to study the potential of selling the subsidiary to another operator or substantially reducing the scale of its operations.

We entered into negotiations with several companies seeking to purchase the operations of Goodwill, but were unable to reach agreement due to candidates' desire to carefully study the subsidiary's performance after the lifting of the suspension.

It was within this context that employees of Goodwill were arrested on June 3, causing candidate purchasers to break off negotiations until such time as criminal penalties and administrative action had been finalized in the case. On June 24, a summary order was issued against three employees of Goodwill, and they paid a fine the same day. The actions of the employees were related to "company business," and the principle of punishing both the company and the employees was applied. A summary order was issued against subsidiary Goodwill and it also paid a fine. This, however, increased the likelihood that Goodwill's license to conduct general worker referral services and paid job referral services would be revoked.

The circumstances forced us to conclude that there was in fact no potential for either the continued operation or the sale of Goodwill, and it was therefore resolved to discontinue all operations.

We wish to express our deepest apologies to our shareholders, business partners, staff, internally-assigned employees and all others affiliated with the company for the anxiety and pain this causes.

The company will exert maximum efforts to secure jobs for employees of Goodwill. We view this situation with the utmost gravity, and the new management team will be moving forward on the basis of the previously-announced Revival Plan to make amends for the past and restore faith and confidence in the

company. We are currently working to strengthen and expand engineer referrals, our core business and earnings base, and look forward to rebuilding the group.

These scandals have done considerable damage to the company's credibility and financial basis. We wish to recover from this as quickly as possible, cutting costs throughout our operations, rigorously reviewing head office services and other indirect costs and establishing a solid financial basis from which to seek stable growth based on appropriate, balanced management.

Obviously, rigorous compliance will be a key component in this. We are also studying the relocation of our head office from Roppongi Hills and a change of name in order to give the company a new start.

2. Treatment of internally-assigned employees of Goodwill

In addition to the resolution to discontinue all operations of subsidiary Goodwill with a target date of July 31, 2008, it was also resolved to seek the consensual severance of the company's internally-assigned employees effective the end of July. Subsidiary Goodwill will exert maximum efforts to secure jobs for employees of Goodwill.

- (1) Subsidiary Goodwill will make concerted efforts to secure employment for all workers, approaching assignee locations to seek direct employment for referred workers from Goodwill, assisting internally-assigned employees in finding new jobs, and giving particular care and attention to the individual circumstances of employees with disabilities. We have also sought the cooperation of Japan Staffing Services Association and other organizations in seeking jobs for Goodwill referred workers and internally-assigned employees who wish employment at member companies.
- (2) Subsidiary Goodwill will pay all wages due to all employees.
- (3) In addition, Goodwill will continue to make payments of "data equipment charges," as announced on June 21, 2007, and has established a contact and consultation point for this purpose.
- (4) Goodwill will also comply rigorously with the Labor Standards Law, Employment Security Law, Worker Referrals Law and all other labor-related laws and ordinances.

3. Profile of subsidiary

| | | | |
|----|-------------------------------------|---|------------------|
| 1 | Name | Goodwill, Inc. | |
| 2 | Representative | Representative director | Kazuaki Nakamoto |
| 3 | Address | 6-10-1 Roppongi, Minato-ku, Tokyo | |
| 4 | Established | April 7, 2004 | |
| 5 | Main lines of business | General worker referral services (temporary staffing) | |
| 6 | Settlement | June | |
| 7 | Employees | 4,161 (as at June 1, 2008) | |
| 8 | Capital | 10 billion yen | |
| 9 | Total issued and outstanding shares | 200,000 shares | |
| 10 | Shareholder structure | The Goodwill Group, Inc. | 100% |

11 Results for most recent business years

| | FYE June 2006 | FYE June 2007 | FYE June 2008 (9 months) |
|-------------------|---------------------|---------------------|--------------------------|
| Revenues | 107,539 million yen | 138,487 million yen | 78,499 million yen |
| Operating profits | 8,702 million yen | 8,861 million yen | -1,973 million yen |
| Recurring profits | 8,586 million yen | 8,930 million yen | -1,699 million yen |
| Net income | 5,266 million yen | 3,402 million yen | -4,282 million yen |
| Gross assets | 26,785 million yen | 35,688 million yen | 23,015 million yen |
| Net assets | 17,341 million yen | 19,845 million yen | 14,437 million yen |

* Goodwill's share of consolidated results: 16.9% of revenues (share as at 3rd quarter of FYE June 2008)

4. Schedule

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|---------------|---|
| June 25, 2008 | Board of Directors resolution |
| July 31, 2008 | Projected discontinuation of operations |

5. Forecast

The projected impact on results of discontinuation of this business has not been finalized. We will make an announcement as soon as final figures are available.

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