

JASDAQ
July 15, 2002

To All Concerned Parties

Company Name: Fullcast Co., Ltd.
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Notification of merger with a subsidiary

Two of our consolidated subsidiaries, Fullcast With Co., Ltd. and Fullcast System Consulting Co. Ltd., resolved at their respective boards of directors meetings held on July 15, 2002 to merge their companies, and have concluded a Merger Agreement. Details of the agreement are described below.

1. Purpose of the merger

Within the Fullcast Group, whose core business is HR outsourcing, Fullcast With Co., Ltd. has focussed on the business of providing engineering-based contractual services and engineer dispatching services. It is the first specialized outsourcing company in the industry to focus specifically on providing needed technical resources and services in a timely manner. The strengths of the Fullcast System Consulting Co., Ltd. lie in the areas of strengthening and improving business systems, increasing the efficiency of logistics systems, data communication businesses such as information security systems, and system development.

In the present business environment, the semiconductor industry, a field in which Fullcast With Co., Ltd. specializes, is moving from a vertical, unified type business model to a horizontal type model with a greater division of labor, and the trend is for client firms to focus more attention on their own core competencies. Meanwhile Fullcast System Consulting Co., Ltd. is receiving an increasing number of requests from its client companies to help them develop

strategies for maximizing their profits in areas from management consulting through system development. In addition to strategy building, they are also offering their client firms comprehensive support with regard to “process”, namely the establishment of mechanisms by which to effectively implement a strategy, and IT (information technology) which provides the practical means for attaining strategic goals.

Given the situation described above, it has been resolved that by organically fusing the strengths of Fullcast With Co., Ltd. which are its strong technical business and sales operations, with those of Fullcast System Consulting Co., Ltd. which are comprehensive support for strategic and process planning from the IT point of view, we will be able to create a one-stop total solution for companies aiming to maximize profit and corporate value. After the merger, Fullcast With Co., Ltd. will change its name to Fullcast Technology Co., Ltd. and will work to further strengthen its business foundation by developing its comprehensive competitive advantages, and by working to further raise the level of synergy between group firms.

2. Details of the merger

(1) Merger schedule

Boards of Directors meet to approve merger Agreement	July 15, 2002
Signing of merger Agreement	July 15, 2002
Boards of Directors meet to approve merger contract	August 2, 2002
Signing of merger contract	August 2, 2002
Shareholders meet to approve merger	August 19, 2002
Effective date of merger	October 1, 2002
Official registration of merger	October 1, 2002

(2) Method of merger

Fullcast With Co., Ltd. as the remaining company, will absorb Fullcast System Consulting Co., Ltd. which will then be dissolved.

(3) Name of the company after the merger.

The name of the remaining company will be Fullcast Technology Co., Ltd.

(4) Merger ratio

To be decided later by consultation after an appraisal by a third party agency.

3. Profile of the companies to be merged

As of March 31, 2002

Company name	Fullcast With Co., Ltd. (remaining company)	Fullcast System Consulting Co., Ltd. (dissolved company)
Principal Business	Engineering-based contractual service and engineer dispatching service	Computer system development, consulting on system introduction
Date of Incorporation	July 13, 1989	November 15, 1999
Location of Head Office	3-3 Uguisudani-cho, Shibuya-ku, Tokyo, Japan	2-6 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan
Representative	Shiroh Kaizuka	Seiji Tomita
Paid-in capital	239 million yen	100 million yen
Number of shares issued (As of June 28, 2002)	8,060 shares	2,000 shares
Stockholder equity	200 million yen	102 million yen
Total assets	950 million yen	320 million yen
End of settlement term	September 30	September 30
Number of employees	432	51
Major clients	Tokyo Electron AT Co., Ltd.	Fullcast Co., Ltd.
Major shareholders and shareholding ratios	1. Fullcast Co., Ltd. 82.4% 2. Employee shareholding fund 8.3% 3. Trend Micro Co., Ltd. 2.4% 4. Value Creation Co., Ltd. 1.2% 5. Brains Network International Co., Ltd. 0.9%	Fullcast Co., Ltd. 100%
Major banks	Yokohama Bank Mizuho Bank UFJ Bank	UFJ Bank
Number of shareholders	26	1
Relations between the two companies	Capital	No relation
	Personnel	Two individuals serve as directors of both companies
	Business relations	The remaining company has commissioned software production to the dissolved company.

Business results from the three most recent accounting periods

End of settlement term	Fullcast With Co., Ltd. (remaining company)			Fullcast System Consulting Co., Ltd. (dissolved company)		
	June 2000 1	September 2000 1	September 2001	September 1999 2	September 2000 2	September 2001
Sales (million yen)	1,600	624	2,913		360	372
Operating income (million yen)	-94	60	143		1	19
Ordinary profit (million yen)	-83	57	142		0	27
Net profit	-86	57	187		0	16
Net earnings per share (yen)	-81,502	17,541	46,546		1,844	8,820
Dividend per share (yen)						
Shareholder equity per share (yen)	-52,159	9,114	55,661		40,476	58,289

1. With regard to the account settlement figures for June 2000 and September 2000 for Fullcast With Co., Ltd. (the remaining company), in September 2000 the term for settlement of accounts was changed from June to September. Therefore the figures in the table represent the values for the periods July 1, 1999 through June 30, 2000, and July 1, 2000 through September 30, 2000, respectively.

2. Fullcast System Consulting Co., Ltd. (the dissolving company) was established on November 15, 1999, and therefore there are no relevant figures for the period ending September 30, 1999. The figures listed for the September 2000 settlement of accounts represent the period from November 15, 1999 through September 30, 2000.

3. The settlement figures for the three most recent accounting periods for both the remaining and the dissolving company have not been legally audited.

4. Effect of the merger on operating results

There will be no effect on the operating results for the period ending September 2002.

5. Future prospects

Fullcast With Co., Ltd. will change its name to Fullcast Technology Co., Ltd. and will work to strengthen its role within the group as the nucleus of the group's technology business, and will strive to take full advantage of synergies among group companies. Through the present merger it will be possible to expand and reinforce the company's ability to provide client firms with better total support, improved consulting services, and more comprehensive proposals. This will be accomplished by means of IT based strategic planning, software consignment and development, the establishment of practical processes to serve as the mechanisms of strategy implementation, and will extend to contractual services and the dispatch of technical staff to actually carry out the required work.

Fullcast With Co., Ltd. has specialized in the field of semiconductors, and in future it will focus not only on the dispatch of technical staff, but will also strengthen its software development and consulting business. The addition of Fullcast System Consulting Co., Ltd.'s expertise in the field of logistics will enhance its capacities in the areas of system design and consulting, and will also open the way to the dispatch of software engineers.

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