

December 27, 2004

Company name:	Fullcast Co., Ltd.
President and CEO:	Takehito Hirano
(Stock code: 4848; Stock Exchange listing:	First Section of the Tokyo Stock Exchange)
Contact:	Yutaka Kubo, Corporate Executive Officer, General Manager of Group Strategy Headquarters
Telephone:	+81-3-3780-9507

Dear Client:

#### Notification of the acquisition of stocks in Human Resources Research Institute, Inc.

Fullcast Co., Ltd. resolved on acquiring stock in Human Resources Research Institute, Inc. (HRI), thereby turning it into a subsidiary at the board of directors' meeting held on December 27, 2004. HRI also approved the sale of stock at the board of directors' meeting held the same day. By mutual consent, the Company hereby informs you of the following regarding this matter:

##### 1. The reason for acquiring stock in HRI

The Fullcast Group is a provider of total human resources outsourcing solutions, with a business network of 309 business outlets across the nation, about one million registered staff members, as well as powerful sales force. Under the motto "One-stop Total Solution" designed to meet every single request for human resources, the Group aims at expanding the scope of business activities in order to step up its human resources services and bolster the fiscal structure even further.

Meanwhile, HRI offers multiple human resources services ranging from dispatching temporary staff to outplacement and placement services, centered on transactions with excellent clients in the financial and securities segment or government or other public offices.

The main reason the Group has decided to acquire stock in HRI, thereby turning it into a subsidiary is threefold:

- (1) The Group will add HRI's expertise in temporary help services, outplacement services and placement business to the scope of its business activities with the aim at strengthening its operations and expanding its service menu in order to offer "One-stop Total Solution" to its clients.

- (2) The Group will offer its human resources services to HRI's excellent clientele in the financial and securities sectors or government and other public offices, which differs from the Group's client base.
- (3) The Group will further expand the Japanese version of the PEO\* (Professional Employer Organization) business that it has moved forward through making use of HRI's expertise in outplacement service and human resources, such as consultants.

With synergies resulting from these as a starter, the two companies will bolster the fiscal constitution, expand the business and improve the value as the Group even further.

- \* The Japanese version of professional employer organization (PEO) is a new business model, which is based on expertise on dispatching manpower, outplacement or providing outsourcing services the Company has. In the United States, PEO has spread rapidly and been established as an employment system. The Company adapted it to the Japanese actual business climate in compliance with the relevant laws and regulations.

## 2. Outline of the company

(1) Corporate name	Fullcast Co., Ltd. (Parent company)	Human Resources Research Institute, Inc. (Subsidiary)																
(2) Details of business	Total human resources outsourcing	Temporary help services, outplacement services, placement business																
(3) Foundation	September 1990	July 1998																
(4) Headquarters	Fullcast Building, 2-6, Sakuragaoka, Shibuya Ward, Tokyo	9 <sup>th</sup> Floor, Kyoritsu Building, 2-4-5, Iidabashi, Chiyoda Ward, Tokyo																
(5) Representative	Takehito Hirano, President and CEO	Chairman Masao Takeuchi President Fumio Kato																
(6) Capital	3,464 million yen (as of the end of September 2004)	480 million yen (As of March 31, 2004)																
(7) Number of outstanding shares	275,964 (As of September 30, 2004)	460,000 (As of March 31, 2004)																
(8) Shareholders' equity	10,067 million yen	617 million yen																
(9) Total assets	15,024 million yen	966 million yen																
(10) Fiscal term	September 30	March 31																
(11) The number of the Group's employees	416	115																
(12) Major customers	Nippon Express Co., Ltd., Yamato Transport Co., Ltd., and others	Nomura Securities Co., Ltd., Prefecture of Fukuoka, The Fuji fire and Marine Insurance Co., Ltd.																
(13) Major shareholders and shareholding ratio	<table border="0"> <tr> <td>Takehito Hirano</td> <td>35.17%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (account in trust)</td> <td>4.11%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (account in trust)</td> <td>2.91%</td> </tr> </table> <p>(As of September 30, 2004)</p>	Takehito Hirano	35.17%	The Master Trust Bank of Japan, Ltd. (account in trust)	4.11%	Japan Trustee Services Bank, Ltd. (account in trust)	2.91%	<table border="0"> <tr> <td>JAFCO Co., Ltd.</td> <td>21.73%</td> </tr> <tr> <td>Masao Takeuchi</td> <td>6.52%</td> </tr> <tr> <td>Fumio Kato</td> <td>6.52%</td> </tr> <tr> <td>Naomichi Shimao</td> <td>6.52%</td> </tr> <tr> <td>Treasury stock</td> <td>1.52%</td> </tr> </table> <p>(As of March 31, 2004)</p>	JAFCO Co., Ltd.	21.73%	Masao Takeuchi	6.52%	Fumio Kato	6.52%	Naomichi Shimao	6.52%	Treasury stock	1.52%
Takehito Hirano	35.17%																	
The Master Trust Bank of Japan, Ltd. (account in trust)	4.11%																	
Japan Trustee Services Bank, Ltd. (account in trust)	2.91%																	
JAFCO Co., Ltd.	21.73%																	
Masao Takeuchi	6.52%																	
Fumio Kato	6.52%																	
Naomichi Shimao	6.52%																	
Treasury stock	1.52%																	
(14) Main financing bank	UFJ Bank Ltd., The Bank of Yokohama, Ltd, Mizuho Bank, Ltd.	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi, Ltd.																
(15) Number of shareholders	5,872	94																
(16) Relationship of the companies	Capital relationship	None																
	Human relationship	None																
	Business relationship	None																

### 3. Time schedule

December 27, 2004

Resolution passed at the board of directors' meeting

January 27, 2005

Stock transfer agreement will be signed between HRI and stock will be transferred

### 4. Business performance for the most recent three fiscal years

Fiscal year	Fullcast (Parent company)			Human Resources Research Institute, Inc. (Subsidiary)		
	FY ended September 2002	FY ended September 2003	FY ended September 2004	FY ended June 2002	FY ended March 2003 (9 months)	FY ended March 2004
Net sales (million yen)	14,814	22,302	28,672	2,311	1,975	2,407
Operating income (million yen)	1,039	1,608	2,195	16	118	-359
Ordinary income (million yen)	1,149	1,783	2,241	18	126	-357
Current net income (million yen)	246	914	1,309	4	-14	-174
Net income per share (yen)	5,605.47	20,928.55	4,854.49	10.11	-31.33	-379.27
Annual dividend per share (yen)	2,500	5,000	2,000	—	—	—
Shareholders' equity per share (yen)	162,602.32	189,510.38	36,835.35	1,752.31	1,720.98	1,341.70

(Note 1) All the above figures are based on non-consolidated account settlement.

(Note 2) Due to a change of HRI's business year, the fiscal year ended September 2003 is nine (9) months (July 1, 2002 – March 31, 2003).

### 5. Estimated number of shares to be acquired, per share acquisition cost and shares owned before and after the acquisition

- (1) Number of shares owned before acquisition      0 share (percentage of ownership 0%)  
(2) Estimated number of shares to be acquired      453,000 shares (acquisition cost per share: 1,600 yen)  
(3) Number of shares after acquisition (Note 3)      453,000 shares (percentage of ownership 100%)<sup>(\*)3</sup>

(Note 1) The basis for calculating the acquisition cost per share

The two companies asked TOKYO M&A Co., Ltd. to calculate an assessed value per share. With the result of such assessment as reference, the two parties discussed the matter. As a result, they agreed on the acquisition cost per share given above.

(Note 2) The result of calculation by a third party, calculation method and basis for calculation

TOKYO M&A Co., Ltd. applied the revised net asset value method and the capitalization method in analyzing HRI's corporate value. In consideration of the result from a comprehensive perspective, it determined an assessed value per share.

(Note 3) The procedures for retiring HRI's 7,000 shares of treasury stock will be followed.

#### 6. Future outlook

As for the future outlook, as HRI will become a consolidated subsidiary effective on April 1, 2005, which is the deemed date of acquisition, the Group expects to report amortization of consolidated account adjustment totaling approximately 5.2 million yen (extraordinary loss).

No changes will be made to the projected consolidated financial results for the first half of the fiscal year ending September 2005.

As for projected consolidated financial results for the full year, as soon as numbers are put together, the Company will disclose them.