

For Immediate Release:

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(Stock code: 4848; Stock Exchange listing:
First Section of the Tokyo Stock Exchange)
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Announcement of Administrative Sanctions (Business Suspension Order)

Fullcast Co., Ltd., a subsidiary of Fullcast Holdings Co., Ltd., received orders on October 3, 2008 from the Tokyo Labour Bureau to suspend its worker dispatching business and to improve its worker dispatching operations. The orders are a result of the subsidiary's violation of the worker dispatching business suspension order issued in August 2007 by the Tokyo Labour Bureau pursuant to Section 2 of Article 14 and Section 1 of Article 49 of the Law for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatching Workers (hereinafter referred to as the "Worker Dispatching Law").

We sincerely apologize for the serious inconvenience and concern that we have caused our customers, registered staff members, shareholders, and other stakeholders.

Details of the administrative sanctions and the actions that the Company will take are as described below.

In this connection, the Company (formerly Fullcast Co., Ltd.) transferred all of its business, including the worker dispatching business and employment placement business, to Fullcast Co., Ltd. (formerly Fullcast HR Institute Co., Ltd.) on October 1, 2008 through a corporate split and merger. Since then, the Company has reorganized itself into a pure holding company, renamed Fullcast Holdings, Co., Ltd.

1. Details of Sanctions

- (1) The workers dispatching business suspension order pursuant to Section 2 of Article 14 and Section 1 of Article 49 of the Worker Dispatching Law (hereafter referred to as the "business suspension order")
 - One month suspension (from October 10, 2008 through November 9, 2008) of the entire worker dispatching business conducted by all branch offices of the former Fullcast Co., Ltd.
- (2) The worker dispatching operation improvement order against the present Fullcast Co., Ltd. (hereafter referred to as the "operation improvement order")

Dispatched workers with labor dispatching agreements concluded before the business suspension date pursuant to the Worker Dispatching Law, worker dispatching already underway and worker dispatching conducted by the branch offices of the Office Support Business Department (formerly Fullcast HR Institute Co., Ltd.) in the period prior to the business suspension are not included in the suspension according to the order. This is because the suspension will disadvantage corporate clients to which workers are dispatched and impair the protection of dispatched workers.

In this connection, since the business suspension order concerns only the general worker

dispatching business, Fullcast Co., Ltd. may continue to engage in the employment placement business, contract business and other businesses as previously.

2. Reason for Sanctions

The former Fullcast Co., Ltd. was ordered on August 3, 2007 by the Tokyo Labour Bureau to suspend and improve its business. However, the aforementioned additional sanctions were imposed for the reasons stated below:

(1) Although Fullcast Co., Ltd. received a business suspension order for the period from August 10, 2007 through September 9, 2007 (from August 10, 2007 through October 9, 2007 for Sannomiya Branch Office, Sannomiya Kitaguchi Branch Office, and Motomachi Branch Office), the company performed 961 new worker dispatching cases in total (959 cases in a corrected report) through 121 branch offices; (2) the company failed to make an appropriate report on item (1) above in response to a request by the Tokyo Labour Bureau on July 3, 2008 pursuant to Article 50 of the Worker Dispatching Law; and (3) branch offices of the company in certain operating areas violated Sections 1 and 6 of Article 26, Article 30, Sections 1 and 2 of Article 34, Article 35, Sections 1 and 2 of Article 35-2, Article 36, Section 1 of Article 37, etc. of the Worker Dispatching Law during February through August 2008.

3. Background

(1) Violation of the business suspension order

Fullcast was required to prepare its worker dispatching agreements as identical and continuous worker dispatching agreements that were concluded on August 9, 2007 or earlier, namely before the business suspension starting date. In the procedure for preparing worker dispatching agreements, however, Fullcast prepared them separately as “individual worker dispatching agreements concluded on and before August 9, 2007” and “individual worker dispatching agreements concluded on and after August 10, 2007.” These actions were cited by the Tokyo Labour Bureau as violating the worker dispatching business suspension order.

Setting the formality aside, Fullcast believed that, in reality, the case did not constitute a violation of the worker dispatching business suspension order, and repeatedly explained its assertion to the authorities. In a letter of explanation dated October 1, 2008 which it submitted, Fullcast reiterated its assertion with prima-facie evidence (letters of confirmation from corporate clients to whom workers were dispatched, stating that the worker dispatching agreements had been in place before the start of the business suspension) that endorsed its assertion. However, Fullcast’s assertion was not accepted. The Company greatly regrets this outcome.

(2) Failure to make an appropriate report pursuant to Article 50 of the Worker Dispatching Law

This result is attributed to a report submitted to the Tokyo Labour Bureau based on Fullcast’s recognition of the facts mentioned item (1) above.

(3) Violation of the law for the period from February through August 2008

Following the worker dispatching operation improvement order dated March 27, 2007 that the Tokyo Labour Bureau issued, Fullcast mostly gave precedence to agreements in fields to which the order was not applied and, starting April 2008, mostly gave precedence to measures taken in compliance with the “Guidelines for Measures to be Taken by Temporary Agencies and Agency Clients for Stable Employment of Day Dispatching Workers,” in order to improve its compliance system. However, branch offices in some areas failed to include certain required items in agreements and notices. These failures were cited by the authorities.

4. Improvement of the Compliance System and Preventive Measures

(The following items (1) to (6) had already been implemented by the end of September 2008.)

(1) Strengthening the Compliance Office

To improve its compliance audit system, Fullcast transferred five sales general managers

responsible for sales in five blocks in Japan, to the Compliance Office of the Compliance Promotion Department as of May 21, 2007.

For comprehensive compliance and emphasis on education, the seven staff members of the Compliance Office, including the manager, periodical audits and training were conducted to ensure that branch offices conducted operations appropriately and efficiently from October 1, 2007. Moreover, Fullcast transferred two employees, whose positions were equivalent to branch office manager, to the Compliance Office from February 1, 2008 and expanded the Office to cover the nationwide areas by nine staff members, assigning three of them to cover the Tokyo metropolitan area where many branch offices operate and two to cover the Kansai area.

(2) Visiting corporate clients, etc.

Besides visits to and inspections of the sites of new corporate clients, Fullcast periodically visited and inspected the sites of corporate clients who continued to receive workers.

In addition, Fullcast conducted hearings from and sent questionnaires to dispatching workers, as staff members, to check and confirm their working conditions so that the working conditions defined in the worker dispatching agreements were observed.

(3) Auditing branch offices

Since October 2007, Fullcast, via area staff responsible for compliance, has been vigorous in visiting and auditing branch offices that dispatch workers. The company will strive to improve the auditing level as well as continue to visit and audit those branch offices.

(4) Changing the deadline for order receiving forms (dispatching order sheets)

The former Fullcast Co., Ltd. received worker dispatching orders until one day before the scheduled working day. From November 2007, however, the company revised the order receiving deadline to three days before the scheduled working day.

The longer time from receiving orders until starting worker dispatching enabled the company to inform dispatching workers of the work details. Employees of the company also have time to check the administrative authorities for whether the content of the worker dispatching in question will infringe on the Worker Dispatching Law. Moreover, the company came to be able to have consultations with corporate clients more sufficient than before.

(5) Compliance training

Fullcast conducted a third round of compliance training of 275 branch office managers or above positions on labor related laws and regulations, including the Worker Dispatching Law, from June to July 2008. The company also implemented the “Web Compliance Test” of all the employees, including part-time workers, from September 24 to 30, 2008. This compliance test, compulsory for all employees, had already been implemented three times. In addition, the compliance test aims to provide an opportunity for all the employees so that they will have not only knowledge of basic labor-related laws and regulations but are also always aware of each issue on actions related to the Worker Dispatching Law.

Moreover, Fullcast is determined to improve employee levels by using the aggregate results of tests and planning subsequent compliance training.

(6) Introducing an internal reporting system

Fullcast, via external social insurance labor consultants, established an internal reporting system to improve compliance-oriented management from August 1, 2008. This outsourcing is expected to improve objective execution. The consultants receive not only reports on violations of compliance in general from all employees but also reports of improvements that need to be made in their workplace environments. Pursuant to the Whistleblower Protection Act, Fullcast conducts fair investigations of reports to determine the facts and provides support to managerial employees, for instance in compliance and in the improvement in workplace environments.

(The following items (7) to (9) will be implemented in the future.)

(7) Eliminating and consolidating branch offices

Following its reorganization into a pure holding company, the company will consolidate the worker dispatching branch offices of Fullcast Co., Ltd. during October 2008 into approx. 130 branch offices (including the facilities of the former Fullcast HR Institute Co., Ltd.) nationwide to achieve operational efficiency at branch offices and build a management system that enables both profits and appropriate operations. The reorganization will allow Fullcast to build a system that can sustain both compliance and operational efficiency for improved profits.

* With regard to the elimination and consolidation of branch offices conducted during October 2008, refer to the “Notice of Elimination and Consolidation of Branches of Subsidiary” disclosed on October 1, 2008.

(8) System of checking branch offices

Fullcast will prepare a self-inspection table to check whether the worker dispatching operation is performed properly and will assign daily inspections to the staff responsible for dispatching at a branch office. In addition, Fullcast will assign inspection based on the self-inspection table to area staff responsible for compliance as well as area managers when they visit and audit branch offices under their control to secure thorough compliance.

(9) Reinforcing checking function via the Compliance Promotion Department

Fullcast plans to add an item function to check whether individual worker dispatching agreements, concluded by dispatching branch offices, are appropriate or not to its proprietary computer audit system, which is exclusively used for checking non-applicable operations. Following this, Fullcast will added two more staff members who will be dedicated to checking with the system, in order to strengthen the compliance system and ensure that dispatching branch offices operate appropriately.

5. Internal Penalties

The company has taken the administrative sanctions seriously, and has imposed the following internal punishments.

President and Representative Director Hiroyuki Urushizaki: 50% return of monthly remuneration for three months

Chairman and Director Takehito Hirano: 30% return of monthly remuneration for three months

Managing Director Yasushi Kamiguchi: 30% return of monthly remuneration for three months

6. Future Outlooks

Fullcast Co., Ltd. will disengage from its so-called day worker dispatching business to respond to the social situation. In the current economic conditions, Fullcast believes that it has a social obligation to respond to the demands of both employees and employers, by providing suitable employment for dispatched workers and by dispatching competent workers to corporate clients, centering on small and midsize companies, who have extremely strong needs for short-term workers. Accordingly, Fullcast will disengage from its day worker dispatching business by the end of this fiscal year, change its operation to a long-term worker dispatching business in light work areas, and switch its business to the short-term employment placement business, which is to be preferred instead of the day worker dispatching business.

Fullcast will report the impact on its results expected from the change in business immediately it is clear.

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