



December 18, 2009

**For Immediate Release**

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**Notice Concerning the Disposal of Treasury Stock by way of a Third-Party Allotment,  
Corporate Separation, Exchange of Consolidated Subsidiary Shares and  
Consolidated Subsidiary Merger for the Purpose of Reorganizing the Group' Corporate Structure**

Pasona Group Inc. (hereafter "Pasona Group" or "the Company") today resolved to dispose of treasury stock by way of a third-party allotment and undertake corporate separation for the purpose of reorganizing its Group company structure following a meeting of its Board of Directors held today. Brief details are as follows.

**I Objectives of Reorganization**

Recognizing the difficulty in dispelling uncertainties surrounding Japan's current and future economy, client firms are reviewing the intrinsic nature of their management and operations. As a part of these efforts, consideration is being given to wide-ranging and diverse initiatives that encompass the effective application of human resources and personnel strategies.

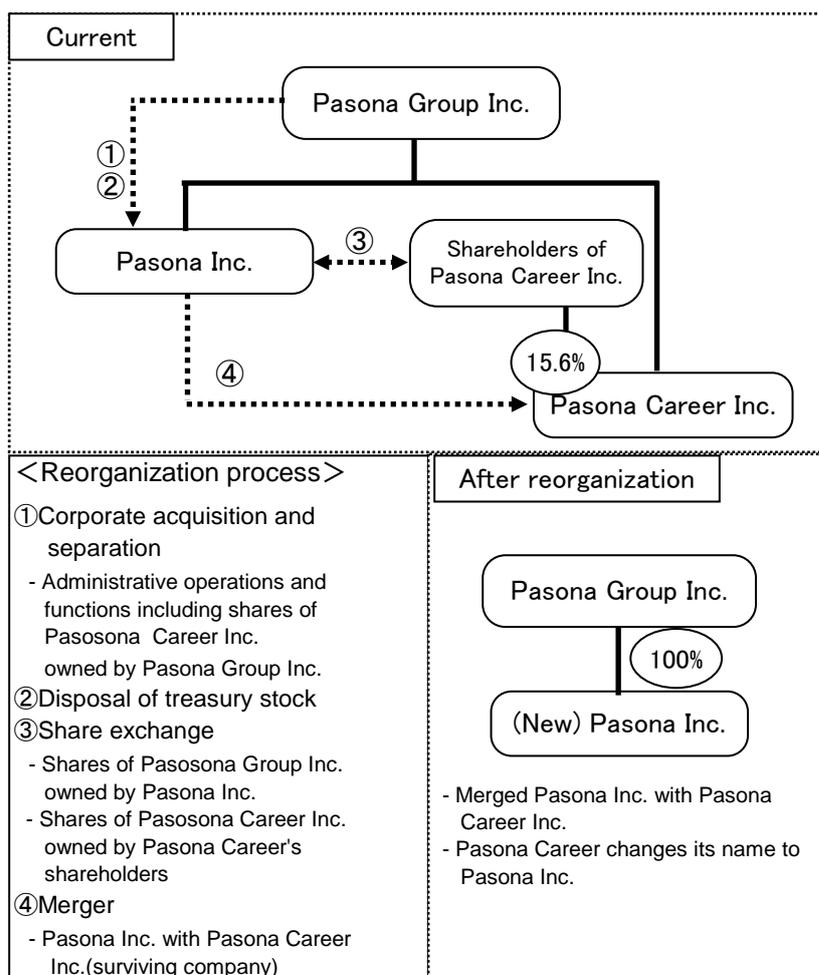
Personnel-related requests directed toward the Group comprise not only such historical stand-alone services as temporary staffing and contracting as well as placement and recruiting, but also more diverse and sophisticated solutions. In general terms, the human resources industry has therefore been confronted by the urgent need to promptly and accurately address changing customer needs.

Against this backdrop, Pasona Group has decided to merge its consolidated subsidiaries Pasona Inc. (hereafter "Pasona") and Pasona Career Inc. (hereafter "Pasona Career"). The newly formed entity will serve as the Group's core comprehensive operating arm providing a full-range of one-stop human resource services including temporary staffing, contracting, placement, recruiting and outplacement. Catering not only to the needs of client firms, the new company will also provide a high level of convenience as well as high-quality services to job seekers. As a one-stop introductory and placement service, the newly merged company will identify a wide spectrum of diverse employment types. Furthermore, in integrating the activities of each subsidiary company, Pasona Group is anticipating significant benefits through cost reductions reflecting the merits of consolidation and enhanced efficiency.

In terms of the overall process to be implemented, Pasona Group will transfer to Pasona all of its Pasona Career shares held by way of corporate acquisition and separation. Thereafter, Pasona will conduct a triangular share exchange. Pasona Group common shares will be exchanged as compensation for Pasona Career shares held by parties other than the Company. In this manner, Pasona Career will become a Pasona wholly owned subsidiary. At the same time, the two consolidated subsidiaries (Pasona Career and Pasona) will merge, Pasona merging with Pasona Career with the latter as the surviving company. On completion of the aforementioned merger, plans are in place for Pasona Career to change its name to Pasona Inc.

The subject disposal of treasury stock will be implemented on Pasona's behalf as a part of the Group's reorganization. Pasona plans to implement this share exchange (triangular share exchange) utilizing Pasona Group's common shares as compensation following allotment.

<Diagram of the Group's reorganization process >



## II Schedule

December 18, 2009 (Friday)	Resolution by the Board of Directors approving the disposal of treasury stock (Pasona Group) Execution of the corporate acquisition and separation agreement (Pasona Group, Pasona) Execution of the share exchange agreement (Pasona, Pasona Career) Execution of the merger agreement (Pasona, Pasona Career)
January 8, 2010 (Friday) Planned	Ratification of the share exchange agreement at respective meetings of shareholders (Pasona, Pasona Career) Ratification of the merger agreement at respective meetings of shareholders (Pasona, Pasona Career)
March 1, 2010 (Monday) Planned	Effective date of the corporate acquisition and separation agreement (Pasona Group, Pasona) Effective date of the share exchange agreement (Pasona, Pasona Career) Effective date of the merger agreement (Pasona, Pasona Career)

Note: As this corporate acquisition and separation meets the requirements of a simplified corporate acquisition and separation prescribed under Article 784 Paragraph 3 of the Corporation Law for Pasona Group and the requirements of an informal corporate acquisition and separation prescribed under Article 796 Paragraph 1 of the Corporation Law for Pasona (the succeeding company), ratification to the corporate acquisition and separation between Pasona Group and Pasona by their respective shareholders is not required.

### III With Respect to the Disposal of Treasury Stock

#### 1. Overview of Treasury Stock Disposal

(1) Disposal Date	January 12, 2010 (Tuesday)
(2) Number of Shares Disposed	15,852 shares
(3) Disposal Value	¥67,900 per share
(4) Funds Procured	¥1,076,350,800
(5) Subscription or Disposal Method	Disposal by way of third-party allotment
(6) Allottee	Pasona Inc.
(7) Other	Not applicable

#### 2. The Amount of Funds Procured following the Disposal of Treasury Stock

Total Disposal Value	¥1,076,350,800
Estimated Amount of Disposal and Other Expenses	¥0
Net Estimated Disposal Value	¥1,076,350,800

#### 3. Specific Application of Funds Procured

The aforementioned decision to dispose of treasury stock, in specific terms to Pasona, is for the express purpose of Group company reorganization outlined in “I Rationale” above and not for the purpose of funds procurement.

#### 4. The Foundation for Treasury Stock Disposal Terms and Conditions

##### (1) The basis for determining disposal terms and conditions (disposal value and other)

The disposal value is ¥67,900, the closing price of the Company’s common shares traded on the Tokyo Stock Exchange as of December 17, 2009, the day prior to the day of the Board of Directors’ resolution.

##### (2) The basis for determining the number of treasury stock disposed and the scale of share dilution

The number of treasury stock to be disposed represents 3.80% of the Company’s total shares issued and outstanding. As a result, the level of share dilution and impact on market liquidity are considered to be immaterial.

##### (3) Confirmation of the existence of sufficient assets to ensure payment by the allottee

Taking into consideration the net sales, total assets and net assets of Pasona, the allottee, and based on the company’s financial statements, payment in connection with the subject disposal of treasury stock has been confirmed.

5. Overview of the Allottee Company in connection with the Disposal of Treasury Stock (As of May 31, 2009)

(1) Company Name	Pasona Inc.		
(2) Head Office Address	1-5-1 Marunouchi, Chiyoda-ku, Tokyo		
(3) Representative	Yasuyuki Nambu CEO		
(4) Business Activities	Temporary staffing and contracting business		
(5) Paid-in Capital	¥3,000 million		
(6) Date of Incorporation	September 27, 1989		
(7) Number of Shares Issued and Outstanding	434,403 shares		
(8) Fiscal Year-End	May 31		
(9) Number of Employees	1,815		
(10) Major Clients	A wide variety of manufacturers, numerous companies operating in the finance and other sectors.		
(11) Principal Banks	Mizuho Corporate Bank, Ltd.		
(12) Major Shareholders and its Shareholding Ratio	Pasona Group Inc. 100%		
(13) Relations between the Parties			
Equity	Pasona Group holds 100% (434,403 shares) of the issued and outstanding shares of Pasona.		
Personal	Pasona Group's CEO and President, Yasuyuki Nambu, holds the concurrent position of CEO of Pasona.  Pasona Group's managing director, Hirotaka Wakamoto, holds the concurrent position of director of Pasona.  Pasona Group's corporate auditor, Kazuo Higo, holds the concurrent position of corporate auditor of Pasona.		
Business	Pasona has commissioned its internal administrative operations to Pasona Group.		
Whether or not it falls under the affiliated companies	As a consolidated subsidiary of Pasona Group, Pasona is classified as a related party.		
(14) Business results and financial condition over the last three fiscal years (Millions of yen unless otherwise stated)			
Fiscal Year Ended	May 31, 2007	May 31, 2008	May 31, 2009
Total Shareholder' Equity	18,131	10,820	11,166
Total Assets	33,939	26,721	22,063
Total Shareholders' Equity per Share (Yen)	43,561.29	24,907.79	25,706.24
Net Sales	162,085	159,326	141,812
Operating Income	4,822	1,493	(334)
Ordinary Income	4,970	1,967	(135)
Net Income	360	1,591	165
Net Income per Share (Yen)	858.36	3,741.96	379.89
Dividends per Share (Yen)	2,000	1,200	—

Note:

In the fiscal year ended May 31, 2008 (December 3, 2007), Pasona Group Inc. was established as a pure holding company. Subsidiary shares together with all administrative operations and functions were transferred to Pasona Group on March 1, 2008.

## 6. Major Shareholders and Percentage Shareholdings after Disposal

Before Disposal (As of November 30, 2009)		After Disposal and Triangular Share Exchange	
Yasuyuki Nambu	35.41%	Yasuyuki Nambu	35.41%
Nambu Enterprise Inc.	8.56%	Nambu Enterprise Inc.	8.56%
State Street Bank and Trust Company 505223 (Standing Proxy : Mizuho Corporate Bank, Ltd.)	5.74%	State Street Bank and Trust Company 505223 (Standing Proxy : Mizuho Corporate Bank, Ltd.)	5.74%
State Street Bank and Trust Company (Standing Proxy : Mizuho Corporate Bank, Ltd.)	2.77%	State Street Bank and Trust Company (Standing Proxy : Mizuho Corporate Bank, Ltd.)	2.77%
Eizaburo Nambu	2.16%	Eizaburo Nambu	2.16%
State Street Bank and Trust Company (Standing Proxy : The Hongkong and Shanghai Banking Corporation Limited)	1.89%	State Street Bank and Trust Company (Standing Proxy : The Hongkong and Shanghai Banking Corporation Limited)	1.89%
Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension (Standing Proxy : Mizuho Corporate Bank, Ltd.)	1.67%	Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension (Standing Proxy : Mizuho Corporate Bank, Ltd.)	1.67%
Japan Trustees Service Bank, Ltd. (Trust Account)	1.35%	Japan Trustees Service Bank, Ltd. (Trust Account)	1.35%
Pasona Group Employees' Shareholding Association	1.20%	Pasona Group Employees' Shareholding Association	1.20%
State Street Bank and Trust Company 505103 (Standing Proxy : Mizuho Corporate Bank, Ltd.)	1.07%	State Street Bank and Trust Company 505103 (Standing Proxy : Mizuho Corporate Bank, Ltd.)	1.07%

Notes:

- Shareholders of record as of November 30, 2009.
  - Prior to disposal (as of November 30, 2009), Pasona Group held 58,253 shares, or 13.97%, of its own stock. The Company has, however, been omitted from the above list of major shareholders.
7. Matters Relating to Procedures Based on the Company's Code of Conduct
- The subject disposal of treasury stock does not require the acquisition of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (1) its dilution ratio is less than 25%, and (2) it does not involve a change in controlling shareholders.

## IV Overview of Group Company Reorganization (Corporate Separation)

- Corporate Separation from Pasona Group to Pasona
  - Method of corporate separation

The corporate acquisition and separation involves Pasona Group and the Company's wholly owned subsidiary Pasona as the acquired, separating and succeeding company.
  - Details of allotment relating to corporate separation

Due to the adoption of the corporate acquisition and separation method with a wholly owned subsidiary as the succeeding company, the shares and other assets of Pasona will not be allotted to Pasona Group.
  - The handling of new share subscription rights and bonds with new share subscription rights in association with corporate separation

The subject corporate separation will have no impact on the new share subscription rights issued by Pasona Group. The Company has not issued bonds with new share subscription rights.
  - Decrease in capital stock as a result of corporate separation

There will be no decrease in the Company's capital stock as a result of corporate separation.

- (5) The rights and obligations to be succeeded by the succeeding company  
Pasona Group shall succeed to Pasona its entire shareholding (21,472 shares) in Pasona Career together with all applicable rights and obligations at the time of corporate separation.
- (6) Prospects of fulfillment of obligations  
Expectations are that Pasona, the succeeding company, will incur little or no difficulty in fulfilling all obligations after the effective date of corporate separation.

## 2. Overview of the Parties Involved in Corporate Separation (As of May 31, 2009)

	Separating Company
(1) Company Name	Pasona Group Inc.
(2) Head Office Address	1-5-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Representative	Yasuyuki Nambu Group CEO and President
(4) Business Activities	Management and support of its wholly owned and other Group companies engaged in human resource-related activities based on the ownership of stock
(5) Paid-in Capital	¥5,000 million
(6) Date of Incorporation	December 3, 2007
(7) Number of Shares Issued and Outstanding	416,903 shares
(8) Fiscal Year-End	May 31
(9) Number of Employees	4,916 (Consolidated)
(10) Principal Banks	Mizuho Corporate Bank, Ltd.
(11) Major Shareholders and its Shareholding Ratio	Outlined in “III 6. Major Shareholders and Percentage Shareholding after Disposal”
(12) Relations between the Parties	Outlined in “III 5. Overview of the Allottee Company in connection with the Disposal of Treasury Stock”
(13) Business results and financial condition over the last fiscal years (Consolidated Basis)	(Millions of yen unless otherwise stated)
	May 31, 2009
Fiscal Year Ended	
Total Shareholder' Equity	25,148
Total Assets	55,468
Total Shareholders' Equity per Share (Yen)	54,751.17
Net Sales	218,699
Operating Income	2,850
Ordinary Income	3,361
Net Income	312
Net Income per Share (Yen)	834.30
Dividends per Share (Yen)	1,250

Note: Details of Pasona Inc., the succeeding company, are provided in “III 5. Overview of the Allottee Company in connection with the Disposal of Treasury Stock.”

## 3. Overview of the Businesses to be Separated

### (1) Details of the businesses to be separated

The administration businesses of Pasona Career, a subsidiary of Pasona Group

### (2) Assets to be separated

In accordance with the corporate acquisition and separation agreement executed by the Company and Pasona on December 18, 2009, Pasona Group will separate all of its shares held in Pasona Career, which will be succeeded to Pasona, at the time the Company undertakes the corporate separation.

#### 4. Status of the Publicly Listed Company after Corporate Separation

There is no change in Pasona Group's name, head office address, representative (name and title), business activities, capital and balance date.

### V Overview of Group Company Reorganization (Exchange of Shares between Consolidated Subsidiaries and Corporate Acquisition/Merger)

#### 1. Exchange of Shares between Pasona and Pasona Career

On the condition that the subject corporate separation comes into effect, Pasona and Pasona Career will participate in the aforementioned exchange of shares. With an effective date of March 1, 2010, Pasona, Pasona Group's wholly owned subsidiary, will become a sole parent company, and Pasona Career, Pasona Group's subsidiary company, will become a Pasona wholly owned subsidiary, through the exchange of shares.

Moreover, on the day prior to the share exchange effective date, Pasona will acquire from Pasona Group a portion of the latter's own shares. Pasona Group's own shares will be delivered to shareholders of Pasona Career other than Pasona as compensation for the subject share exchange.

#### 2. Corporate Acquisition between Pasona and Pasona Career

On the conditions that the subject corporate separation and share exchange comes into effect, Pasona and Pasona Career will participate in a corporate acquisition and merger. With an effect date of March 1, 2010, a corporate acquisition and merger will be implemented with Pasona Career as the surviving company and Pasona as the expiring company. Furthermore, and as previously identified, Pasona Career will change its company name to Pasona Inc. on the condition that the subject corporate acquisition comes into effect. At the same time, the account settlement period will be amended from April 1 to March 31 of the following year to June 1 to May 31 of the following year. On this basis, plans are in place to modify the fiscal year from April 1 2009 to March 31, 2010 to the 14-month period of April 1, 2009 to May 31, 2010.

### VI Outlook

The impacts on consolidated business results for the fiscal year ending May 31, 2010 as a result of the subject disposal of treasury stock, corporate separation, and the conversion of Pasona Career into a wholly owned subsidiary through the exchange of shares as well as the corporate acquisition and merger between consolidated subsidiaries Pasona and Pasona Career have been factored into the revision to forecast business results details of which were announced separately today.

### VII Status of Business Results and Equity Finance for the Last Three Fiscal Years

#### 1. Business Results for the Last Two Fiscal Years (Consolidated Basis)

(Millions of yen unless otherwise stated)

	Fiscal Year Ended May 31, 2008	Fiscal Year Ended May 31, 2009
Net Sales	236,945	218,699
Operating Income	6,444	2,850
Ordinary Income	6,637	3,361
Net Income	2,962	312
Net Income per Share (Yen)	7,109.95	834.30
Dividends per Share (Yen)	2,500	1,250
Total Shareholders' Equity per Share (Yen)	58,363.62	54,751.17

Note:

1. The interim cash dividend for the fiscal year ended May 31, 2008 was paid by Pasona Inc.
2. Pasona Group Inc. was established on December 3, 2007. Accordingly, status details are for the last two years.

2. Current Status of the Number of Issued and Outstanding Shares and the Number of Potential Common Shares  
(As of November 30, 2009)

	Number of Shares Issued and Outstanding	Ratio to Issued and Outstanding Shares
Number of Shares Issued and Outstanding	416,903 shares	100.0%
Number of Potential Common Shares at the Current Conversion Price (Exercise Price)	7,067 shares	1.7%

3. Status of Recent Share Prices

(1) Status over the last two years (Yen)

	Fiscal Year Ended May 31, 2008	Fiscal Year Ended May 31, 2009
Opening Price	127,000	83,000
High Price	142,000	86,700
Low Price	55,400	38,900
Closing Price	82,800	52,400

Note: Pasona Group Inc. was established on December 3, 2007. Accordingly, status details are for the last two years.

(2) Status over the last six months

(Yen)

	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Opening Price	52,700	65,800	64,700	66,600	66,000	70,600
High Price	79,000	72,400	74,900	67,400	72,000	71,100
Low Price	52,100	59,100	62,200	64,300	62,500	62,400
Closing Price	67,100	64,200	67,000	66,200	70,600	68,700

(3) Share price at the business date immediately prior to the date of issue resolution  
(Yen)

	December 17, 2009
Opening Price	68,600
High Price	69,000
Low Price	67,200
Closing Price	67,900

(4) Status of equity finance for the last three fiscal years  
Not applicable