

## Goodwill Group Third-party Warrants Allocation

### Background

The Goodwill Group Inc. (GWG) today made a third-party allocation of warrants for newly issued shares as a capital-raising measure. The warrants were issued to Deutsche Bank AG, London Branch (Deutsche Bank, London Branch), and the transaction was structured and arranged by Deutsche Securities Inc. (DSI).

GWG intends to use the financing to improve its capital structure as of its interim financial closing (December 2006), and to provide working capital to its growing staffing businesses. The capital raising is intended, therefore, to ensure GWG's continued operation and development.

### Overview

#### Transaction outline

- The technique for raising capital from a third-party allocation of new share warrants is a new financial technology called Floored Block Finance (FBF), which guarantees a minimum amount of capital to be raised. Using this technique, GWG will allocate warrants for 400,000 newly issued shares for an initial capital payment of 60% of their market value (price as at market close on July 6). This guarantees the ability to raise capital to a minimum of 60% of the market value of the shares and the possibility for GWG to receive additional capital payments from the warrants within a fixed period. Deutsche Bank, London Branch will purchase the 400,000 warrants from GWG at a minimum of 60% of their market value at the time of the allocation.
- Deutsche Bank, London Branch will then exercise the entire allocation of warrants within a period of 3 months into 400,000 new shares, paying upon exercise the difference between the value at the time of exercise and the issue value of the warrants. At anytime, GWG may buyback the remaining warrants.

#### Features of the transaction

- Using FBF in this transaction, the 400,000 new share warrants convert into the exact same, limited number of shares, regardless of share price movements, thereby defining the maximum number of new shares to be issued. Exercise of the warrants under FBF in this transaction also limits the dilution of existing shareholdings.
- Also, with FBF, the allocation to Deutsche Bank, London Branch is underpinned with a minimum share price (60% of their market value at market close on July 6) thereby aligning the Bank's incentives with those of GWG to avoid a falling share price. This represents a significant difference with other financial techniques such as MSCBs (moving-strike convertible bonds) which give an incentive to the investor to force down the issuer's share price.
- FBF represents an opportunistic yet solid capital raising technique whereby, even if GWG's

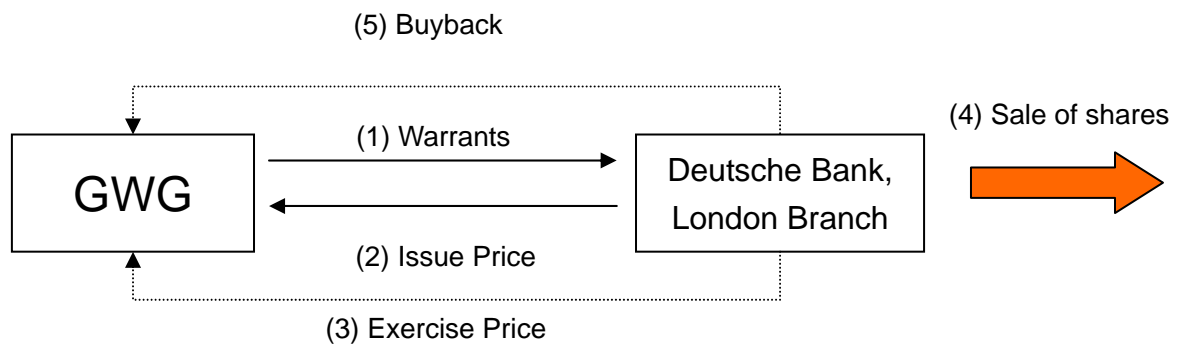
share price was to fall, a minimum of 60% of the share value at time of issue is guaranteed.

- If GWG's share price rises during the life of the warrants, then it enjoys the upside with additional capital raised.
- The transaction has also been structured and will be managed according to rules on the use of MSCBs to be published by the Japan Securities Dealers Association (JSDA) on July 1, 2007. In accordance with its management board's decision, DSI has conducted due diligence, and Deutsche Bank, London Branch has been directed by the same management board decision to refrain from hedging transactions in the new share warrants or on the market to minimise impact on the issuer's share price.
- The planning and execution of the issuance was preceded by thorough due diligence conducted by DSI, an affiliate of Deutsche Bank, London Branch.

#### Differences between FBF and MSCBs

- Limited issue of shares: This avoids the 'death spiral' associated with MSCBs whereby a fall in the issuer's share price drives the issue of further shares, driving a further downturn in the share price through the extraordinary issue and repeating the cycle.
- Risk to the issuer's share price: As FBF provides a floor of 60% of the issuer's share price at the time the warrants are issued, any fall below this level will place will be at the loss of the investor (the third-party to whom the warrants are allocated), enabling the issuer to avoid this risk. By contrast, the MSCB gives the investor in the bonds (the underwriting securities company) the right to a 'put' option where the share price falls below the minimum conversion price.

	<b>Aspect</b>	<b>FBF</b>	<b>MSCB</b>
1.	<b>Potential number of shares to be issued</b>	Fixed	Not fixed (a falling share price will generate further shares issued)
2.	<b>Recognition as Capital</b>	Recognised as capital based on the warrant price at initial issue	Recognised as debt at the time of issuance
3.	<b>Market risk to the investor (underwriter)?</b>	Yes (consequently, an incentive to avoid a fall in the issuer's share price)	No
4.	<b>Upside from a rising share price?</b>	Unlimited	Limited to a cap (e.g. 150%)
5.	<b>Investor 'put' option?</b>	No	Yes (If the 'put' option is exercised, the issuer is forced to balance the outstanding amount on the bonds)

**Structure**

1. GWG, issues warrants to Deutsche Bank , London Branch;
2. Deutsche Bank, London Branch pays the issue price of the warrants on the issue date;
3. Deutsche Bank, London Branch exercises the warrants; and
4. Deutsche Bank, London Branch sells the shares within 3 months.
5. GWG may buyback the remaining unexercised warrants

**Terms of the warrants**

Issue location	Japan
Issuer	The Goodwill Group Inc.
Purchaser	Deutsche Bank AG, London Branch
Arranger	Deutsche Securities Inc.
# of Warrants	400,000 warrants (1 share per warrant)
# of Shares	400,000 shares
Launch Date	25-Jun-07
Fixing Date	06-Jul-07
Issue Date	10-Jul-07
Exercise Period	3 months
Coupon	Zero
Initial Strike Price	JPY [TBD] (40% of the closing price on Fixing Date)
Issue Price	JPY [TBD] (60% of the closing price on Fixing Date)
Strike Price	Max (JPY1, Spot (JPY) x 95% – Issue Price))
Spot	Average closing prices of Shares on the exercise date and on one day prior to the exercise date
Issuer's buyback	Issuer can buyback the warrants with 2 weeks prior notice. The buyback price is Issue Price.