



September 21, 2007

To whom it may concern,

Company: The Goodwill Group, Inc.  
Representative: Masahiro Origuchi  
Representative Director, Chairman  
and CEO  
(Code No. 4,723 TSE 1st Section)  
Contact: Kazuo Osako  
Executive Officer and General  
Manager, Public Relations & Investor  
Relations Department  
(TEL: 03-3,405-9,262)

## **Assignment of “Institutional (Residential) Nursing Care Services” of COMSN, Inc. by Means of Corporate Split Up**

This is to inform you that the Board of Directors of the subsidiary COMSN, Inc. (“COMSN”, hereinafter), meeting today, resolved to use a corporate split to assign the “Barrington House” resident-paid residential-style nursing home operations of COMSN to the receiver company listed in 2.(2) below, which will become a subsidiary of ZECS Active Age Co., Ltd. (“ZECS Active” hereinafter), a subsidiary of ZECS Co., Ltd. (“ZECS” hereinafter) and to assign the “COMSN Garden” resident-paid nursing home operations to the receiver company listed in 2.(2) below, which will become a subsidiary of ZECS Community Co., Ltd. (“ZECS Community” hereinafter), also a subsidiary of ZECS. The split agreement and all other related agreements were entered into this day.

### *Details*

#### **1. Purpose of split up**

The company is in the process of conveying all of the nursing care and related services within the group to outside parties. ZECS was determined to be an appropriate purchaser of the residential services because it has a long track record in similar high-end, resident-paid nursing homes (“Charming Court,” “Charming Square”) and resident-paid nursing homes (“Bon Sejour”), has an excellent management philosophy, is enthusiastic about this area and has the financial capacity to maintain the continuity of services. These qualities indicate that it will be able to maintain and improve user benefits and satisfaction in the services while also providing for continued and stable jobs for employees.

#### **2. Outline of the assignment of residential services**

##### (1) Operations

- “Barrington House” resident-paid, residential-style nursing home [2 facilities]
- “COMSN Garden” resident-paid nursing home [4 facilities]

##### (2) Transition scheme

- 1 In the first step, COMSN will transfer the 2 operations comprising residential services to the 2 receiver companies established for this purpose (i) “Barrington House

Successor Co., Ltd.” to receive the “Barrington House” resident-paid, residential-style nursing home operations and (ii) “COMSN Garden Successor Co., Ltd.” to receive the “COMSN Garden” resident-paid nursing home operations) and will assign all shares in the 2 receiver companies to ZECS Active and ZECS Community respectively for a price of 1 yen per receiver company.

- 2 Next, COMSN will enter into a split agreement in which the 2 operations will be assigned to the 2 receiver companies by means of absorption-type split (“the Split” hereinafter).
- 3 On the date on which the Split enters into effect, the 2 receiver companies will succeed to the 2 operations.

Below are the primary reasons for the employment of this scheme in this assignment.

- 1 Corporate split up involves a comprehensive succession to rights and obligations with respect to residential services and, in comparison to other means of assignment that require the assignment of individual rights and obligations, will provide for a smoother succession of residential services.
- 2 The purchaser will be required to apply for new permits, file notifications and take other procedures for the operation of residential services, and the use of a corporate split up to establish new companies means that the purchaser is only able to take those procedures beginning the date on which the split up takes effect. By contrast, an absorptive-type split, in which receiver companies are established in advance and succeed to operations, allows procedures to be taken prior to the date on which the split up takes effect as long as it is after the establishment of the receiver company, and therefore provides for a speedier succession to operations.

(3) Schedule for split (absorptive-type split)

Board of Directors approval of split agreement etc. (COMSN)	September 21, 2007
Stock assignment agreement entered into for the 2 receiver companies	September 21, 2007
Stock in the 2 receiver companies assigned	September 21, 2007
Split agreement entered into	September 21, 2007
General Meeting of Shareholders to approve split agreement (COMSN)	October 22, 2007 (tentative)
Split enters into effect	December 1, 2007 (tentative)
Split registered	December 1, 2007 (tentative)

(4) Method of split

Absorptive-type split in which COMSN is the splitting company and the 2 receiver companies are the successor companies.

(5) Allocation of shares

The 2 receiver companies will not allocate shares in conjunction with the Split.

(6) Cash transfers in conjunction with split

The 2 receiver companies will pay to COMSN 1 yen each in cash at the time of the Split.

In determining the amount to be paid at the time of the split, ZECS, in consultation with third-party experts, used the discounted cash flow method (DCF) and net assets method to calculate the business value of home nursing care services, which served as a reference from

which to calculate a final price based on the advice of the third-party institution and an analysis of other matters (including synergies from acquisition of the services).

COMSN studied ZECS's offer in light of the results for the relevant operations for FYE June 2007 and the assets and liabilities to be assigned and found the offer reasonable.

The determination of the cash transfer in conjunction with the Split was finalized after repeated negotiations and consultations between the two companies.

(7) Rights and obligations succeeded to by the 2 receiver companies

On the date on which the Split enters into effect, the 2 receiver companies shall succeed to all assets, liabilities, contractual positions, rights and obligations pursuant to said contracts and employees primarily assigned to relevant residential services noted separately in relevant split agreements.

(8) Outlook for fulfillment of obligations

The successor companies and split companies will respectively bear obligations after the Split. We have determined there to be no problems in the outlook for their fulfillment.

**3. Outline of business units to be split**

(1) Business results

1 "Barrington House" resident-paid, residential-style nursing home

	June 2007
Revenues	910 million yen
Operating profits	-655 million yen

2 "COMSN Home" resident-paid nursing home

	June 2007
Revenues	2,701 million yen
Operating profits	830 million yen

(2) Status of assets and liabilities

We are currently tabulating the value of assets and liabilities in individual business units and will announce them when they are finalized.

\* Fixed assets will be assigned in conjunction with the Split. See "Assignment of Fixed Assets" also published today for details.

**4. Status of succession (change in subsidiaries due to conveyance of shares)**

(1) Barrington House Successor Co., Ltd.

Name	Barrington House Successor Co., Ltd.
Description of business	Resident-paid, residential-style nursing home services
Established	August 6, 2007
Head office	6-10-1 Roppongi, Minato-ku, Tokyo
Name and position of representative	Hiroki Katayama, President
Capital	1 yen
Settlement	March 31
Issued and outstanding	1 share(s)

shares	
Major shareholders and shareholding ratios	ZECS Active Age Co., Ltd. (100%)
Total assets	1 yen

(2) COMSN Garden Successor Co., Ltd.

Name	COMSN Garden Successor Co., Ltd.
Description of business	President-paid nursing home services
Established	August 6, 2007
Head office	6-10-1 Roppongi, Minato-ku, Tokyo
Name and position of representative	Hiroki Katayama, President
Capital	1 yen
Settlement	March 31
Issued and outstanding shares	1 share(s)
Major shareholders and shareholding ratios	ZECS Community Co., Ltd. (100%)
Total assets	1 yen

**5. Status of COMSN after split**

Name	COMSN, Inc.
Description of business	Home nursing care services, institutional nursing care services, senior residences
Head office	6-10-1 Roppongi, Minato-ku, Tokyo
Name and position of representative	Koichi Higuchi, President
Capital	14,148 million yen
Settlement	June 30
Outline of accounting treatment	The difference between the book value of assigned assets and liabilities and the countervalue received from the successor company to be posted as extraordinary profit or loss.
Forecast impact of split on results	Currently in calculation; to be announced when finalized

**6. Impact on results**

We are currently calculating the impact on results and will announce forecasts as they are determined.

**7. Profile of operating company (Barrington House Successor Co., Ltd.'s parent)**

(1) COMSN, Inc.

Name	COMSN, Inc.
Description of business	Home nursing

	Institutional care	
	Senior residences	
Established	1988	
Head office	6-10-1 Roppongi, Minato-ku, Tokyo	
Name of representative	Koichi Higuchi	
Capital	14,148 million yen	
Issued and outstanding shares	3,773,500 share(s)	
Net assets	-5,159 million yen	
Total assets	61,563 million yen	
Settlement	June 30	
Employees	23,765 (including temporary staff)	
Major customers	Local government agencies etc.	
Major shareholders	The Goodwill Group, Inc.	100%
Relationship with the company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Transactional relationship	Not applicable.
	Relationships with affiliated companies	Not applicable.

(2) ZECS Active Age Co., Ltd.

Name	ZECS Active Age Co., Ltd.	
Description of business	Development, sale and leasing of nursing supplies for the elderly	
	Planning and operation of housing and institutions for the elderly	
	All businesses and services ancillary to the above	
Established	April 19, 2001	
Head office	1-1-7 Uchisaiwai-Cho, Chiyoda-ku, Tokyo	
Name of representative	Tsutomu Inoue	
Capital	400 million yen	
Issued and outstanding shares	14,565 share(s)	
Net assets	779 million yen	
Total assets	6,874 million yen	
Revenues	581 million yen	
Settlement	May 31	
Employees	96	
Major shareholders	ZECS Co., Ltd.	100%
Main correspondent bank	Sumitomo-Mitsui Bank	
	Bank of Tokyo-Mitsubishi UFJ	

Relationship with the company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Transactional relationship	Not applicable.
	Relationships with affiliated companies	Not applicable.

(3) ZECS Community Co., Ltd.

Name	ZECS Community Co., Ltd.	
Description of business	Operation of resident-paid nursing homes and residences Operation of group homes Operation of day service centers Operation of visiting nursing services and home nursing-care support services	
Established	January 31, 1997	
Head office	1-1-7 Uchisaiwai-Cho, Chiyoda-ku, Tokyo	
Name of representative	Hideyo Honma	
Capital	80 million yen	
Issued and outstanding shares	1,600 share(s)	
Net assets	509 million yen	
Total assets	7,108 million yen	
Revenues	8,378 million yen	
Settlement	May 31	
Employees	771	
Major shareholders	ZECS Co., Ltd. 100%	
Main correspondent bank	Sumitomo-Mitsui Bank Bank of Tokyo-Mitsubishi UFJ	
Relationship with the company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Transactional relationship	Not applicable.
	Relationships with affiliated companies	Not applicable.

**Reference**

Name	ZECS Co., Ltd.	
Description of business	Real estate consulting services	
	Senior housing and services	
	Hotels, sporting facilities, etc.	

Established	June 1996	
Head office	1-1-7 Uchisaiwai-Cho, Chiyoda-ku, Tokyo	
Name of representative	Hiroyuki Hirayama	
Capital	5,228 million yen	
Issued and outstanding shares	215,439 share(s)	
Net assets	18,853 million yen	
Total assets	146,713 million yen	
Settlement	May 31	
Employees	1,413	
Major customers	Mitsui Fudosan, Marubeni etc.	
Major shareholders	Hiro Asset KK	20.42 %
	Hiroyuki Hirayama	4.65%
	Tatsuya Masuda	4.3%
	Miyoko Takayama	4.16%
	Japan Trustee Service Bank, Ltd. (trust account)	3.86%
	The Chase Manhattan Bank NA London SL Omnibus Account	3.08%
	SEB AG	2.97%
	Kazuhiko Kanai	2.45%
	The Master Trust Bank of Japan, Ltd. (trust account)	2.25%
	Kenzo Nakayama	2.23%
Main correspondent bank	Bank of Tokyo-Mitsubishi UFJ Sumitomo-Mitsui Bank Mizuho Bank etc.	
Relationship with the company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Transactional relationship	Not applicable.
	Relationships with affiliated companies	Not applicable.

**8. Results for most recent 3 business years (Unit: 1 million yen)**

Settlement	COMSN, Inc.		
	FYE June 2005	Settlement	FYE June 2005
Revenues	50,911	63,855	68,156
Operating profits	1,716	2,670	-4,109
Recurring profits	1,560	2,586	-4,079
Net income	1,158	1,469	-11,282
Total assets	23,384	47,407	61,563
Net assets	4,653	6,123	-5,159

Dividend per share (yen)	-	-	-
--------------------------	---	---	---

**Reference**

Settlement	ZECS Co., Ltd.		
	FYE May 2005	FYE May 2006	FYE May 2007
Revenues	12,564	23,058	58,906
Operating profits	1,953	3,092	6,294
Recurring profits	1,539	2,255	3,755
Net income	732	928	1,663
Total assets	43,671	99,306	146,713
Net assets	4,058	12,097	18,853
Dividend per share (yen)	800 yen	1,000 yen	1,200 yen

End of document