

August 28, 2009

## **Merger of the Human Resources Outsourcing Operations between HRMSC and Human Link**

The Sumitomo Trust and Banking Co., Ltd.  
Panasonic Corporation  
Kao Corporation  
Mitsubishi Corporation  
Human Resource Management Service &  
Consulting Co., Ltd.  
Human Link Corporation

The Sumitomo Trust and Banking Co., Ltd. (STB), Panasonic Corporation (Panasonic), Kao Corporation (Kao), and Mitsubishi Corporation (MC), agreed to merge the human resource (HR) outsourcing operations of Human Link Corporation (Human Link) with that of Human Resource Management Service & Consulting Co., Ltd. (HRMSC). This merger will be made through HRMSC's succession of Human Link's operations through an absorption type company split. Based on the spirit of equal partnership and mutual trust, HRMSC and Human Link plan to hold extraordinary meetings of their shareholders on September 17 to approve the merger and finalize other procedural matters. Following this, the actual merger is tentatively scheduled for October 1.

### **1. Background and Aims of Merger**

The outsourcing market for HR related administration and systems amounts to more than 400 billion yen on an annual sales basis in Japan, yet the market has become fragmented by small and medium sized outsourcers with annual sales of approximately 3 billion yen. In essence, this HR outsourcing business can benefit from economy of scale, and in Europe and the US, more and more outsourcing companies have merged with each other to pursue cost efficiency by expanding their operations, which has promoted the growth of HR outsourcing market itself. In Japan, however, the absence of outsourcers that have enough operational size to pass the economy of scale onto customers has prevented the HR outsourcing market from developing.

HRMSC is a major outsourcer employing HR systems, and boasts a broad scale of operations. Human Link, meanwhile, is a pioneer among Japan's HR shared services

companies, and has notable experience dealing with small and medium sized enterprises. Together with their four main shareholders, both companies decided on the merger so as to take advantage of their mutual strengths and integrate themselves as a leading company in the HR outsourcing sector, offering a full line up of HR outsourcing services covering both administration and systems. After the merger, the new company will not only pass the economy of scale onto customers, but also establish a de facto standard of HR administration in the Japanese market, and ultimately promote further growth of the HR outsourcing market.

Subject to the resolution at HRMSC's extraordinary meeting of shareholders, the company will be renamed HR One Corporation. The change in company name will take effect along with the merger on October 1.

## **2. Outlines of Merger**

- Date of Merger: October 1, 2009 (tentative)
- Company Name: HR One Corporation: to be changed from Human Resource Management Service & Consulting Co., Ltd., subject to resolution at extraordinary meeting of shareholders
- Type of Merger: Absorption type company split, with HRMSC succeeding operations from Human Link
- Succeeding Business: HR outsourcing operations of Human Link
- Employees: HRMSC will succeed employees from Human Link who are engaged in the succeeding business

\* Taking this opportunity, MC plans to invest in HR One Corporation and appoint one member of its staff as a full-time executive and another as a part-time auditor. MC will also become a user of the new company's HR outsourcing services.

### 3. Outlines of the New Company after Merger

Company Name	HR One Corporation
Date of Merger	October 1, 2009 (tentative)
Officers	President, Representative Director: Kei Takeya (Currently President and Representative Director of HRMSC) Executive Vice-President: Hidekazu Iwama (Newly-appointed, currently Executive Vice-President of Human Link) Executive Managing Director: Toshiya Kato (Currently Executive Managing Director of HRMSC) Executive Managing Director: Masaru Shikida (Currently Executive Managing Director of HRMSC) Director (part time): Hirofumi Matsumura (SAP Japan)
Capital	519 mil. yen (no increase in capital through merger)
Sales	Approx. 6 bil. yen per year (planned)
Customer Base	Provides services to approx. 200 companies, and approx. 320 thousand people
Accounting Term	March 31
Number of Employees	Approx. 350
Main Shareholders	The Sumitomo Trust and Banking Co., Ltd (35.9%) Panasonic Corporation (25.6%) Mitsubishi Corporation (19.7%) Kao Corporation (15.4%) SAP Japan (3.4%)

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## *Appendix: Outline of Companies at Time of Split*

As of March, 2009

Company Name	Human Resource Management Service & Consulting Co., Ltd. (succeeding company through absorption)	Human Link Corporation (split company through absorption)
Date Established	May 20, 2002	July 10, 1996
Head Office	Tokyo-To, Chuo-Ku, Ginza, 7-13-8	Tokyo-To, Minato-Ku, Shiba Koen, 2-4-1
Head Officer	President and CEO Kei Takeya	President and CEO Toyohiko Matsuzawa
Capital (mil. Yen)	519	200
Total Assets (mil. Yen)	1,918	1,466
Net Assets (mil. Yen)	508	643
Accounting Term	March 31	March 31
Number of Employees	156	252 (approx. 195 involved in payroll and benefits outsourcing)
Main Shareholders	The Sumitomo Trust and Banking Co., Ltd. (38.9%) Panasonic (27.8%) Kao (16.7%) Others	Mitsubishi Corporation (100%)

### **About Human Resource Management Service & Consulting Co., Ltd.:**

HRMSC was established in May, 2002, with STB, Panasonic, and Kao as its main shareholders. The company aimed to increase the efficiency of HR operations for its parent companies, and to be the infrastructure company of HR administration by offering the best practice developed in the company broadly to the society. HRMSC is particularly adept at handling HR administration and systems for large corporations, which require large-scale HR systems. In recent years, the company has increased its clients, primarily listed companies, and its operations currently cover 105 companies and approximately 130,000 people.

\* Please see the company website for more details: <http://www.hrmsc.co.jp/>

### **About Human Link Corporation:**

MC established Human Link by spinning off a section of its Personnel Department in July, 1996, its core business being HR outsourcing. As a shared services company in HR, Human Link was a pioneer in Japan. The company has a strong line up of HR professionals, including certified social insurance labor consultants (unregistered), and boasts a customer-oriented services for small and medium sized enterprises (101 companies, approximately 190,000 people).

\* Please see the company website for more details: <http://www.humanlink.co.jp/>