



October 14, 2008

To whom it may concern:

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Notice on the Formulation of “Business Reorganization Plan (Medium-term Management Plan)” and “Business Restructuring”

Radia formulated the following “Business Reorganization Plan (Medium-term Management Plan)” (hereinafter referred to as “Business Reorganization Plan”) and the resultant “Business Restructuring” was resolved at the Board Meeting held on Oct. 14, 2008. We would like to notify herewith as follows:

Since the new management structure was established in March this year, Radia has made drastic revisions on its business structure, strengthened and expanded its core business of domestic engineer dispatch and overseas business further, and restructured its management base in order to secure steady growth in the medium- to long-term perspective.

However, the financial crisis triggered by the subprime loan problem is causing an increasingly serious global depression, drastically changing the external environment beyond our expectation, and dampening the near-term prospects of recovery. Therefore, our group formulated “Business Reorganization Plan” based on the impact of the current environmental changes, and carried out “Business Restructuring” to materialize it, such as (1) realignment of the operating companies, (2) reduction of personnel expense through voluntary retirement, and (3) head office relocation.

I. Formulation of “Business Reorganization Plan”

1. Overview

After transitioning to a new management structure in March this year, Radia announced its “Revival Plan”, an outline of its management policy up to the year ending June 2012 (FY2012). Radia has a long-term vision to establish a firm position as a global player in the global human resource business market of Japanese origin under a thorough compliance structure, and “realize a top-level high-profit structure in the global human resource business market”.

Based on this policy, we formulated “Radia Holdings Business Reorganization Plan” in light of the impact of the changes in the business environment.

2. Outline of “Business Reorganization” Plan

Radia will transform its business model, and carry out the following measures in succession, in order to establish a stable management base in the medium- to long-term perspective through profit growth and appropriate resource allocation.

(1) Implementation of financial restructuring

Radia, with the cooperation of Promontoria Investments I B.V. (an investment vehicle for a consortium set up by an affiliate of Cerberus and Morgan Stanley), is executing a financial restructuring package consisting of:

- () Extension of short-term debt of 79.5 billion yen and changes in the terms of loan principal repayment (completed from Mar. to Sept. this year)
- () Recapitalization of about 4.5 billion yen through an allocation of new common stock to third parties (payment completed on Apr. 25 this year)
- () Debt-equity swap of 15.5 billion yen, associated with class A preferred stock issuance to be paid on Dec. 25 this year.

Our negative net worth will be resolved with the 15.5 billion yen capital increase through debt-equity swap on Dec. 25 this year.

(2) Rebuilding our brand image with a new company name

We made a new start from Oct. 1 this year with a new company name “Radia Holdings Inc.” It shows our determination to exert our collective strength and realize this “Business Reorganization Plan” as a holding company controlling the domestic and overseas operating companies, in order to make great strides as a business group that can contribute to the society and to this era.

(3) Invitation of Charles J. Abadie as representative director

In order to reinforce our management structure to activate our Board of Directors further and enhance corporate governance toward a stable growth in the medium- to long-term perspective, we welcomed Charles J. Abadie, who has a track record on restructuring staffing companies in the U.S., as Chairman of the Board.

(4) Restructuring of domestic business

We will make a fundamental review of the administrative function in our domestic group companies, reform our profit structure, improve the service level for our client companies, and restructure our domestic business in order to invest in education and IT.

- () Realign the operating companies
- () Consolidate sales office functions along with the operating company realignment
- () Reduce rental expense by streamlining head office function
- () Reduce the number of administrative personnel through business streamlining

(5) Future vision of our group

Our group aims to consummate the restructuring in the year ending June 2009 (FY2009), and aggressively develop “solution-providing specialist staffing service” in the following 5 key areas.

- () Expand R&D staffing business, which is our core business
- () Offer solutions to manufacturers
- () Develop customer HR business support service using e-commerce
- () Develop highly skilled personnel (financial, etc.) staffing service
- () Reinforce commercial staffing service (Japan = clerical, Overseas = clerical & light industrial)

In the year ending June 2010 (FY2010), when our transformation is completed, 80% of our domestic revenue will be derived from our core “R&D staffing business”.

3. Time horizon

Two years, from FY2009 to FY2010.

The planned value beyond FY2011 is not disclosed, given the uncertainty by the drastic

changes in the domestic and overseas business environment due to the recent financial and economic turmoil.

Since the economic recovery cannot be expected in the short term, we will focus on operating our business to improve profit margins through cost reduction and higher operational efficiency, rather than premising on a large revenue growth in domestic or overseas division beyond FY2011.

4. Details of the plan

Please refer to Attachment 「RADIA HOLDINGS, INC. "Business Restructuring Plan"」

5. Numerical targets

(unit : 100 million yen)

	FY2008 (Result)	FY2008 (PF)	FY2009 (1 st year of the plan)	FY2010(2 nd year of the plan)
R e v e n u e	5,843	3,873	3,470	3,000
Gross Profit	1,190	669	677	600
O P	-66	19	11	80
E B I T D A	24	94	80	150

PF (Pro Forma) : real term estimate excluding special or sudden events

EBITDA : Operating profit + depreciation + goodwill amortization + trademark amortization

II. Business restructuring

1. Policy on the reorganization of the operating companies

(1) Purpose

Domestic business of our group currently consists of 7 technology companies, 2 manufacturing companies, and 2 clerical/sales/staffing companies. Given the increasingly severe business environment surrounding us, we will realign the domestic group companies, pursue efficient business operation, and reinforce our market competitiveness, in order to secure a stable medium- to long-term growth and enjoy the cost advantage from high-quality customer service and business expansion.

(2) Outline

We will transition to the new structure in Jan., 2009 (plan).

The 7 technology companies, which form our core domestic business, will be realigned into 4, by integrating CIT Inc., TST Inc., and Buntechno Inc. into C-Tech Inc.

The 2 manufacturing companies, Premier-Line Inc. and Ginou Ikusei Center, Inc., will integrate into Premier-Line Inc.

The 2 clerical/sales/staffing companies, Premier Staff Inc. and Advantage Associates Japan, Inc., will integrate into Premier-Line Inc.

Following the realignment of the operating companies, the regional sales office functions will be consolidated. The total 406 sales offices in the domestic group will be consolidated into 204 accordingly.

[Current structure]

C-Tech, Inc.
CIT, Inc.
TST, Inc
Buntechno, Inc.

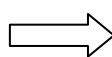
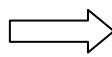
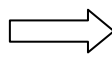
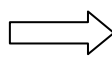
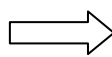
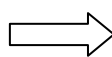
TechnoPro Engineering, Inc.

CSI, Inc.

HITEC Co., Ltd.

Premier-Line, Inc.
Ginou Ikusei Center, Inc.

Premier Staff, Inc.
Advantage Associates Japan, Inc.



[New structure]

C-Tech, Inc. (Machine, electric,
electronic, production technology)

TechnoPro Engineering, Inc. (Info)

CSI, Inc. (Information)

HITEC Co., Ltd.
(Chemical, Bio Chemical, Clinical)

Premier-Line, Inc.

Premier Staff, Inc.

Engineering

Manufacturing

Clerical

* Overview of the companies to be consolidated : Please refer to Attachment 1

(3) Outline of each company

C-Tech, Inc., after the integration of the 4 R&D companies, will be the largest engineer dispatch company in Japan, with revenue of 91.2 billion yen, and the total number of engineers of approximately 12,722 (sum of the 4 companies in FY2008).

We will achieve higher management efficiency through business expansion, and greater expertise as an engineer dispatch company, in order to meet diverse customer needs at a high level.

Furthermore, the entire engineering domain, including research, development, design, analysis, test, evaluation, production, etc., formerly handled by the 4 companies respectively, can now be covered by this 1 company, enabling further reinforcement of customer base and sales & marketing capability.

Please refer to Attachment 2 for the outline of each company.

2. Reduction of personnel expenses

(1) Implementation of voluntary retirement

Our group posted big net loss for two consecutive years, 40.7 billion yen in FY2007 and 27.4 billion yen in FY2008. As a result, shareholders' equity of our group in FY2008 is negative net worth of 2.69 billion yen. Furthermore, the environment surrounding us is becoming even more difficult.

Under such circumstances, a group-wide cost reduction is indispensable in order to recover our earning power and realize "Business Reorganization Plan" disclosed today; therefore, we decided to realign our operating companies and solicit approximately 1,120 voluntary retirees, accounting for about 20% of the back-office employees of our group (holding and operating companies) (Total number of back-office employees of the entire group: 5,565 as of Sept.1, 2008).

We are currently negotiating with the labor union on the detailed terms and conditions of the voluntary retirement scheme.

(2) Reduction of directors' remuneration

Along with the solicitation of voluntary retirement, our directors' remuneration will be reduced for 6 months from Nov. 2008 as follows:

Chairman of the Board	Charles J. Abadie	30% cut
Representative Director and Pres.	Shinichi Horii	30% "
Representative Director and CEO	Takeo Isaji	25% "
Director and COO	Gaku Shimaoka	20% "
Director and CFO	Yasuji Nishio	15% "
Outside Director	Ryutaro Katayama	10% "
Outside Director	Yukio Akamatsu	10% "

3. Relocation of Head office

4,768 sq.m (approximately 1,400 tsubo) in Roppongi Hills and 16,453 sq.m (approximately 5,000 tsubo) in Tokyo Midtown , which we are renting as the head office of Radia and our group companies, will be consolidated to Roppongi Hills by the end of Oct., in order to reduce the head office rental expense.

Further head office relocation will be considered if necessary.

4. Future outlook

We expect approximately 6 billion yen reduction in SG&A this year from the said group realignment, labor cost reduction, and head office relocation. Please refer to "Notice on extraordinary loss generation and revision of FY2009 (15th term) full-year consolidated earnings forecast" and "RADIA HOLDINGS, INC. Business Reorganization Plan" disclosed today, regarding the impact on the future consolidated results.

1 . Overview of the companies to be consolidated (as of June 30, 2008)

(1) Engineering business

Name	C-Tech, Inc.	CIT, Inc.	TST, Inc.	Buntechno, Inc.
Business	Comprehensive engineering services	Comprehensive engineering services	Production technology dispatch	Production technology dispatch
Established	2-Jun-97	11-Jul-01	1-Mar-90	11-Dec-97
Location of head office	9-7-1 Akasaka, Minato-ku, Tokyo	9-7-1 Akasaka, Minato-ku, Tokyo	9-7-1 Akasaka, Minato-ku, Tokyo	9-7-1 Akasaka, Minato-ku, Tokyo
Representative	Kuniya Nishiyama	Kazunari Kadono	Dai Kajino	Yoshiaki Kasahi
Capital	0.1 billion yen	0.1 billion yen	0.1 billion yen	10 million yen
Issued and outstanding shares	3,600	2,000	1,880	200
Net assets	22.1 billion yen	3.9 billion yen	4.4 billion yen	4.1 billion yen
Total assets	35.1 billion yen	5.6 billion yen	6.7 billion yen	6.7 billion yen
Fiscal year	June	June	June	June
Major shareholders and percentages of total equity	RADIA HOLDINGS Premier, Inc. 100%	RADIA HOLDINGS Premier, Inc. 100%	RADIA HOLDINGS Premier, Inc. 100%	RADIA HOLDINGS, INC. 100%

(2) Manufacturing business

Name	Premier-Line, Inc.	Ginou Ikusei Center, Inc.
Business	Manufacturing outsourcing	Education and dispatch of engineers
Established	1-Aug-86	12-Mar-90
Location of head office	9-7-1 Akasaka, Minato-ku, Tokyo	9-7-1 Akasaka, Minato-ku, Tokyo
Representative	Koji Morikawa	Kenji Saito
Capital	0.1 billion yen	0.1 billion yen
Issued and outstanding shares	1,400	2,000
Net assets	11.3 billion yen	1.0 billion yen
Total assets	18.7 billion yen	1.9 billion yen
Fiscal year	June	June
Major shareholders and percentages of total equity	RADIA HOLDINGS Premier, Inc. 100%	RADIA HOLDINGS Premier, Inc. 100%

(3) Clerical/sales/staffing companies

Name	Premier Staff, Inc.	Advantage Associates Japan, Inc.
Business	Clerical Staff Dispatch	Staffing
Established	13-Jan-89	14-Jun-82
Location of head office	9-7-1 Akasaka, Minato-ku, Tokyo	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Yasuyuki Kido	Ryuichi Sekine
Capital	0.1 billion yen	0.3 billion yen
Issued and outstanding shares	5,030	9,840,000
Net assets	0.1 billion yen	0.1 billion yen
Total assets	2.4 billion yen	0.1 billion yen
Fiscal year	June	June
Major shareholders and percentages of total equity	RADIA HOLDINGS Premier, Inc. 100%	RADIA HOLDINGS, INC. 100%

*Shareholders equity and total assets for all companies, except Advantage Associates Japan, are as of the end of FY ended in March 2008 due to the change of fiscal term.