



December 9, 2008

To whom it may concern:

Company: RADIA HOLDINGS, INC.
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Response to "Notification of Filing of Suit" published by ZECS Co., Ltd.

On December 8, 2008, ZECS Co., Ltd. ("ZECS" hereinafter) published a disclosure document entitled "Notification of Filing of Suit." Below is our view and response to this action.

Details

1. View of claims lodged by ZECS in the suit

On September 21, 2007, we entered into a purchase and sale agreement with ZECS for the Barrington House fixed assets (2 resident-paid, residential-style nursing homes) owned by the company. Delivery of the properties was subsequently delayed in order to complete procedural requirements, and a fixed-term building lease agreement was entered into with ZECS Active Senior Co., Ltd. (ZECS Active Senior), a subsidiary of ZECS, under which the company managed and operated the facilities.

However, since July 26, 2008 the fixed-term building lease agreement has not been signed and payment of rent has been suspended. Concerned about whether a buyer that suspended payment of monthly rent had the capacity to settle the purchase price, we requested ZECS Active Senior and ZECS to resolve the default on obligations and notified them that failure to resolve the situation by August 25, 2008 would result in cancellation of the real estate purchase and sale agreement. There had been no resolution by that deadline, so the purchase and sale agreement was canceled and we entered into negotiations with a new assignee. These facts have already been disclosed in a release entitled "Cancellation of Fixed Asset Assignment Agreement" dated October 21. Accordingly there are absolutely no grounds for claiming the effective existence of a purchase and sale agreement or cancellation of the purchase and sale agreement due to subsequent events, nor for claiming refund of guarantee money, which consist of deposits from clients (lump-sum payment on entry), because the money had been posted to the outstanding accounts of ZECS Active Senior.

2. Response to suit

We have yet to receive the Bill of Complaint for the suit filed by ZECS and are therefore unable to ascertain the details, but in the event that litigation commences we intend to answer the complaint and also to hold ZECS liable for default on its obligations (penalties for breach of contract etc.). After cancellation of the agreement, we discovered flaws in the Barrington House Baji Koen building which we will be remedying as quickly as possible. We are exerting every effort to maintain the continuity of services to clients, and finding an assignee with greater financial and operational stability is among our highest priority tasks.

We will continue to disclose information regarding developments in this case as they become known.

End of document