



December 22, 2008

To whom it may concern:

Company: RADIA HOLDINGS, INC.
Representative: Shinichi Horii
Representative Director and President
(Code No. 4723 TSE 2nd Section)
Contact: Hideshi Tachiyama
Senior Executive Officer
General Manager,
Public Relations and Investor Relations Division
(TEL: 03-3405-9262)

Notification of Filing of Suit

This is to inform you that, on December 22, 2008, we received the Bill of Complaint for a suit filed in Tokyo District Court against us. (As of now, our subsidiary COMSN, Inc. has not received the Bill of Complaint, but we infer that it is only a matter of time.)

We have already made our position clear in respect of this suit as disclosed in the notice dated December 9, 2008 which we have issued under the title "Response to "Notification of Filing of Suit" published by ZECS Co., Ltd."

Details

1. Plaintiff

- | | |
|----------|-----------------------------------------|
| (1) Name | ZECS, Co., Ltd. |
| Address | 1-1-7 Uchisaiwai-Cho, Chiyoda-ku, Tokyo |
| (2) Name | ZECS Active Age Co., Ltd. |
| Address | 4-12-24 Nishi-Azabu, Minato-ku, Tokyo |
| (3) Name | ZECS Active Senior Co., Ltd. |
| Address | 4-12-24 Nishi-Azabu, Minato-ku, Tokyo |

2. Description of the suit and amount of the claim for damages

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|---------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| (1) Reimbursement of the miscellaneous expenses required for the succession of the business | Approx. 159 million yen |
| (2) Reimbursement of the expenses required for operation after succeeding the business | Approx. 1,250 million yen |
| (3) Purchase of the stake of ZECS Active Senior, which is the successor of the business | 1 yen |
| (4) Reimbursement of the cash equivalent to the amortized balance of the lump-sum payment on entry posted by ZECS Active Senior | Approx. 3,009 million yen |
| | Total: 4,419 million yen |

3. Cause of action and the background that led to filing a lawsuit

On September 21, 2007, we entered into a purchase and sale agreement with ZECS Co., Ltd. (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.

4. Future prospects

Our policy is 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.

As this moment, we are not certain as to the impact this lawsuit may have on our business performances. Should any matters arise that we view to be significant enough to be brought to your attention, we intend to disclose them at the earliest opportunity.

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