

LTH

Lawsuit against LTH and its Subsidiary

Tokyo, July 7, 2006 - Link Theory Holdings Co., Ltd. ("LTH") and its wholly-owned subsidiary Theory California Holding, Inc. ("TCH") have been included as defendants in a lawsuit filed by plaintiff Pacific Marketing Works, Inc. ("PMW") in the State of California. Also named as defendants are the designers Michael and Nicole Colovos (the "Colovoses"), who were employed by PMW prior to being hired by LTH in May 2006 to develop LTH's new Helmut Lang brand collection.

The lawsuit alleges that the Colovoses breached and abandoned an apparel design services agreement with PMW in order to pursue a competing business opportunity with LTH, and also that LTH intentionally interfered with PMW's contractual rights by inducing the Colovoses to breach the services agreement. The lawsuit further claims that the Colovoses stole design patterns and other proprietary trade secrets belonging to PMW. The plaintiff purports to allege damages in excess of \$10 million and to seek punitive damages and the disgorgement of any profits derived by LTH as a result of its alleged actions.

Although the lawsuit was filed by the plaintiff on May 22, LTH and TCH have not yet been served by the plaintiff with a copy of the summons and complaint in accordance with applicable legal requirements. LTH believes the single claim made against LTH and TCH is totally without merit and, if properly served by the plaintiff, LTH intends to vigorously pursue all available defenses.

For more information on this release, please contact:

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