

Our Position regarding the Complaint Filed by an Affiliate of Lehman Brothers

Marubeni Corporation

April 12, 2008

On April 10, we were served by Lehman Bros LBA, an affiliate of Lehman Brothers, Inc., a foreign investment bank (hereinafter “Lehman”), with a complaint in connection with the matter referred to in our March 29 press release, demanding the payment of the damages it alleges to have suffered. We will explain below our company’s view as well as the background of the pending case based on our current understanding. We will further develop the details of our contentions accordingly during the court proceedings.

1) Summary of the Alleged Transactions

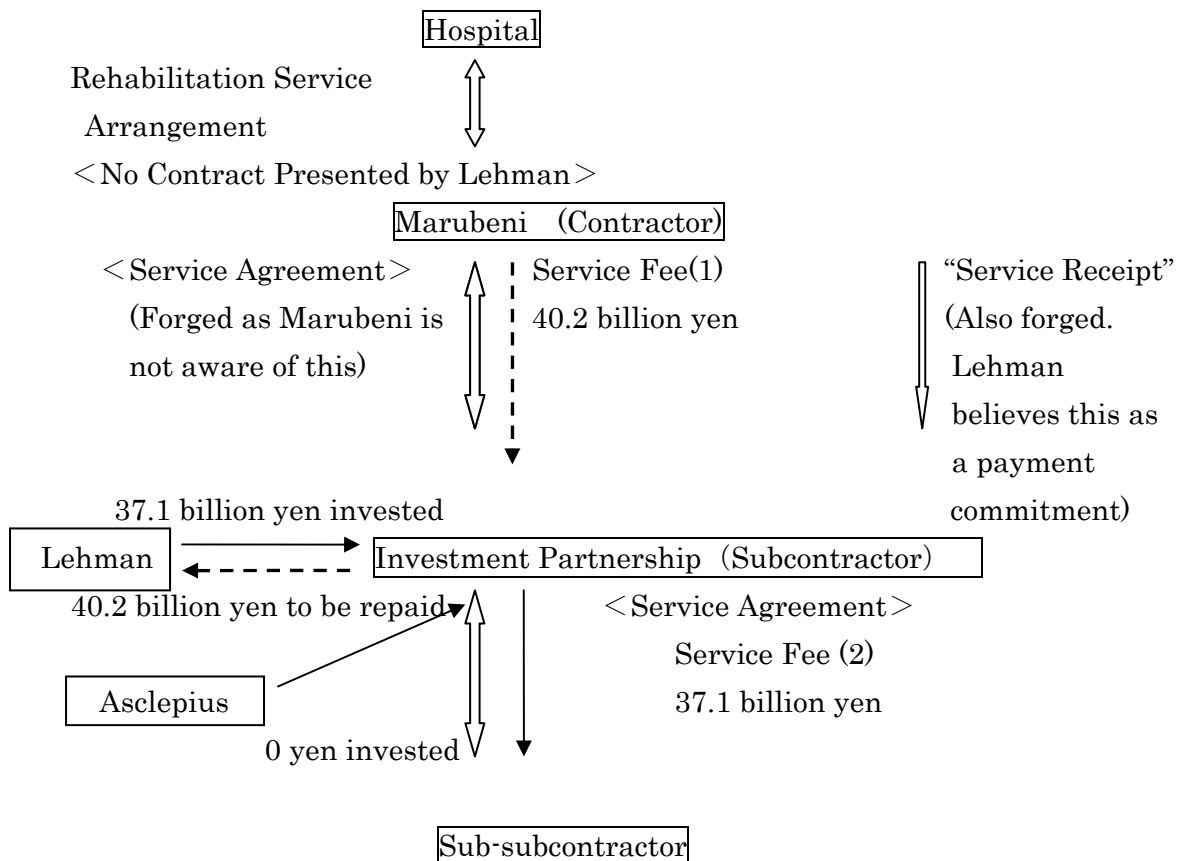
In the complaint, Lehman alleges that the structure of the transaction was as follows. In substance, Lehman alleges that the transaction was a bridge loan to pay for services by a company called G-Forme, Inc. (hereinafter “Sub-subcontractor”) to certain hospitals until such hospitals could pay for such services.

- ① Lehman first alleges that we acted as a Contractor with the objective of raising funds through an investment partnership (which acted as the Subcontractor) (the “Investment Partnership”) in which Lehman invested. The funds were for the hospital rehabilitation business of a service company, G-Forme, Inc. (which acted as the Sub-subcontractor).
- ② Lehman further alleges that, for this reason, Marubeni and the Investment Partnership entered into a Service Agreement, and the Investment Partnership similarly entered into a Service Agreement with the Sub-subcontractor.
- ③ Lehman further alleges that the funds invested would be repaid by way of Marubeni’s payment of a service fee to the Investment Partnership upon

the performance of the services by the Sub-subcontractor after the payment from the hospital to Marubeni.

- ④ Lehman finally alleges that, under Marubeni’s Service Agreement with the Investment Partnership, Marubeni agreed to unconditionally pay the Investment Partnership the service fee whether or not the services were completed, and that, in order to confirm Marubeni’s obligation, the Investment Partnership received from Marubeni a document known as a “Service Receipt” allegedly with Marubeni’s official seal at the same time the Investment Partnership entered into each Service Agreement.

The scheme described above is illustrated in the chart below, but of course the portions of the scheme involving Marubeni are fictitious and all supporting documents and seals of Marubeni’s participation are forgeries. There are no contracts between Marubeni and any hospitals for rehabilitation services.



(Wide arrows represent contractual relationships; solid and dotted arrows represent cash flow.)

Under the above scheme, Lehman alleges that it agreed with Marubeni that it would pay a service fee (2) of 37.1 billion yen in the aggregate from October 30, 2007 to November 27, 2007, expecting payment from Marubeni of a service fee (1) of 40.2 billion yen in the aggregate, which would mean that it would have enjoyed interest at a rate of 25% per annum. Of this amount, 5 billion yen was repaid under Marubeni's name, but we have no knowledge or record of any such payment.

2) The Complaint

In the complaint:

- ① Lehman first alleges that it disbursed the investment based upon Marubeni's "Service Receipt" as well as the Service Agreement executed between Marubeni and the Investment Partnership. The Service Agreement allegedly provided that Marubeni could not refuse the payment obligation regardless of the result of the rehabilitation of the hospital or whether or not the Sub-subcontractor had performed the services. Therefore, Lehman alleges, Marubeni has a contractual obligation to pay 35.2 billion yen (40.2 billion yen minus 5 billion yen).
- ② Lehman further alleges that, if the documents were forged, it means that Marubeni's employees defrauded Lehman to take 32.1 billion yen (37.1 billion yen minus 5 billion yen), and Marubeni has a vicarious liability for the payment of 33.1 billion yen, including attorney's fees of 1 billion yen.
- ③ Lehman finally alleges that, for the negotiation of the agreements, a meeting on October 29, 2007 and another meeting on November 8, 2007 were respectively held in Marubeni's building. Also, at the meeting on November 8, a person who identified himself as the General Manager in charge attended. This person was found later to be an imposter, but two employees of Marubeni attended both meetings.

3) Marubeni's Position

As we have repeatedly explained, the transaction alleged by Lehman is completely fictitious as far as Marubeni is concerned. We believe that Lehman's allegations have no merit and therefore will contend in court that we have no obligation to pay any amount to Lehman. Our position and the background of the case are as follows:

①Lehman explains that it obtained a document entitled "Service Receipt" in order to confirm that Marubeni would be responsible for the payment.

However, as explained below, it is clear that this document is a forgery.

a) The "Service Receipt" dated October 30, 2007 for example contains the following provision:

"We hereby confirm that we have duly received the goods in the form of service materials for xxx Hospital. Therefore, we will pay the amount as requested by you by wire transfer in cash to the following bank account on February 29, 2008."

Lehman explains that it believed that the foregoing document confirmed our payment commitment. However, if the goods confirmed by the Service Receipt referred to the services to be rendered under the Service Agreement, it would mean that this document must have been issued concurrently with the execution of the Service Agreement and even before commencement of the service under such agreement. Such a scheme is not only not normal, it is extremely abnormal. Nevertheless, based solely on this one page document, Lehman disbursed an enormous amount of funds. Further, we have entered into several contracts with Lehman Brothers, but the seal used for those contracts is very different than the seal used on the Service Receipt, and the differences are very obvious.

b) Likewise, as to the service fee paid to the Sub-subcontractor, the content of the services is not clear, and the amount of the fee is obviously too large for

such a service fee. Lehman should at least have been suspicious about why the arrangement was in the form of a service agreement instead of a loan transaction.

c) Further, if Lehman takes the position that the deal was in fact a loan to Marubeni, the rate of interest Lehman would have enjoyed was 25% per annum. The rate of interest Marubeni would normally pay for a bank loan is about 1% per annum. Therefore, there is no reason whatsoever for Marubeni to procure from Lehman a loan at such an extreme rate of interest. More importantly, under the structure of the alleged transaction, Marubeni assumes all risk in the hospitals' rehabilitation, and Lehman assumes no risk for the extraordinarily high interest rate it was to receive. It is unthinkable that we would enter into such a transaction.

② As mentioned above, the transaction in question was so irregular, and from the amateurish contents of the forged documents/seal, Lehman should have naturally been suspicious. Also, the document Lehman submitted as evidence to show our corporate approval for the transaction does not correspond to the form of any internal Marubeni document, and in particular, the form of such document is quite different from the form we use internally for corporate approvals. Lehman also states that meeting with a person who called himself the General Manager in charge is a strong basis to believe that the deal was authorized by our company, but it is unbelievable to us that Lehman could believe that one meeting with only a General Manager would suffice for a transaction involving such an enormous amount of money. Further, Lehman alleges that the meeting with such General Manager took place on November 8, last year, but Lehman had already disbursed 14.1 billion yen before such meeting. This means that Lehman had disbursed such enormous amount of funds even before it met the General Manager.

③ As to our internal approval system for a transaction involving such an enormous amount, our Investment Committee consisting of corporate

General Managers would first review the deal, and then, our Management Committee consisting of the executives of our company, including the Representative Directors, would determine the deal, then followed by board approval. For this size of transaction, it is more than natural for the other side to request the submission of a Seal Certificate and the minutes from the meeting of the Board of Directors approving the transaction. Needless to say, since the deal in question is fictitious, there was no such procedure taken for this transaction, nor did Lehman inquire about our internal procedures beforehand.

- ④ Lehman alleges that our two employees (more precisely, contract employees only with one year contract period) were actively involved in the forgery and played a leading role in the fraudulent transaction. Also, Lehman alleges it justified its belief that the fictitious transaction was in fact authorized by Marubeni in large part on the fact that they conducted negotiations for the deal in our building with the attendance of our employees. However, the media reported that the persons who masterminded the fictitious deal in question were the former President of Asclepius and the former President of LTT Biofarma, the parent company of Asclepius, and Lehman established the Investment Partnership with this former President of Asclepius in order to proceed with this deal. As to whether two of our former contract employees were involved in the fraud and if so, how much they were so involved, these questions are now being investigated by the police, and we are fully cooperating with such investigation. These questions can be answered only after the investigation is completed.

In conclusion, this case would never have occurred if Lehman had exercised the due care typically expected and required in light of the extraordinary financial amount of the alleged transaction. Our position is that we have no payment obligation whatsoever. We will contend our position during the court proceedings, and we truly believe that our contention will be duly endorsed by the court.