

Offering Memorandum

1630491

U.S.\$100,000,000

HITACHI CREDIT (U.K.) PLC

(Incorporated with limited liability in England and Wales)

Euro Medium Term Note Programme

Due from 9 months to 30 years from the date of issue

Under the Continuously Offered Euro Medium Term Note Programme (the "Programme") Hitachi Credit (U.K.) PLC (the "Issuer" or the "Company") may from time to time issue Notes denominated in U.S. dollars, Australian dollars, Canadian dollars, ECU, New Zealand dollars or yen (or, subject to certain conditions and as provided below, in any other currency). The Notes will have maturities from 9 months to 30 years from the date of original issue and their maximum principal amount outstanding will not at any time exceed U.S.\$100,000,000 (or the equivalent in any other currency). The Euro Medium Term Notes (the "Notes") will not be guaranteed by the parent company of the Issuer, Hitachi Credit Corporation (the "Parent"), but the Issuer has the benefit of a Keep Well Agreement (the "Keep Well Agreement") entered into between it and the Parent and the holders of the Notes have the benefit of a deed poll (the "Deed Poll") executed by the Issuer and the Parent, as more fully described herein.

The Notes may be issued to Salomon Brothers International Limited and UBS Phillips & Drew Securities Limited (each a "Dealer" and together the "Dealers"). The Notes are subject to redemption at the option of the Issuer in the event of certain changes affecting United Kingdom taxation as described in "Terms and Conditions of the Notes - Redemption and Purchase".

The Notes may be issued on a continuous basis. They may bear interest on a fixed or floating rate or variable coupon amount basis, or be issued on a fully discounted basis and not bear interest, and the amount payable on the redemption of the Notes may be fixed or variable. Notes will be issued in series (each a "Series") having one or more issue dates and the same maturity date, bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. Each Series may be issued in tranches on different issue dates.

Application has been made to the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange") for any Notes which are agreed at the time of issue to be so listed to be admitted to the Official List. The Issuer may agree with the Dealers to issue Notes which are not intended to be listed on The Stock Exchange. Copies of this document have been delivered to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986.

Each tranche of each Series will be represented initially by a Temporary Global Note which will be deposited on the issue date with a common depositary on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System (the "Euroclear Operator") and CEDEL S.A. ("CEDEL"). Beneficial interests in a Temporary Global Note will be exchangeable for beneficial interests in a Permanent Global Note in the manner and upon compliance with the procedures described under "Subscription and Sale". Beneficial interests in a Permanent Global Note will be exchangeable for Definitive Notes, in each case as described in "Subscription and Sale".

The Programme has been rated AA by Standard & Poor's Corporation.

Salomon Brothers International Limited UBS Phillips & Drew Securities Limited

The date of this Offering Memorandum is April 10, 1991.



This Offering Memorandum, as amended or supplemented from time to time (but excluding the documents incorporated herein by reference), comprises listing particulars given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by The Council of the Stock Exchange for the purpose of giving information with regard to the Issuer and the Notes. The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation not contained in this Offering Memorandum and any information or representation not contained in this Offering Memorandum must not be relied upon as having been authorised by or on behalf of the Issuer, the Parent or either of the Dealers. The delivery of this Offering Memorandum at any time does not imply that the information contained herein is correct at any time subsequent to its date (or, as the case may be, the balance sheet date(s) of the most recent accounts which are deemed to be incorporated in it by reference).

This Offering Memorandum does not constitute and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where such action is required other than in the United Kingdom.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The distribution of this Offering Memorandum and the offering of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer, the Parent and the Dealers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offering and sales of Notes and on distribution of this Offering Memorandum see "Subscription and Sale".

Neither of the Dealers makes any representation, express or implied, nor accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. Neither of the Dealers undertakes to review the financial condition or affairs of the Issuer or the Parent during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of either of the Dealers.

In this Offering Memorandum, references to "pounds" and "£" are to the currency of the United Kingdom, references to "yen" and "¥" are to Japanese yen, references to "dollars", "U.S. dollars", "U.S.\$" and "\$" are to United States dollars and references to "billions" are to thousand millions. On April 9, 1991 the mean of the exchange rate quotations by a leading commercial bank in Tokyo for buying and selling spot dollars by telegraphic transfer against yen was ¥137.00 = U.S.\$1.

This Offering Memorandum may be used in connection with the listing of not more than U.S.\$100,000,000 aggregate principal amount of Notes outstanding at any time (or the equivalent in any other currency). It will be issued with a pricing supplement (each a "Pricing Supplement") relating to the relevant tranche of Notes which will contain the information specified in paragraph 8 of "General Information". References herein to an "Offering Memorandum" shall include any relevant Pricing Supplement.

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SUMMARY OF TERMS AND CONDITIONS

The following summary is qualified in its entirety by the remainder of this Offering Memorandum.

Issuer:	Hitachi Credit (U.K.) PLC.
Parent:	Hitachi Credit Corporation
Description:	Continuously Offered Euro Medium Term Note Programme.
Keep Well Agreement:	The Issuer has the benefit of a Keep Well Agreement with the Parent. This is not a guarantee. However, there is a Deed Poll under which the Issuer and the Parent agree to comply with their obligations under the Keep Well Agreement.
Arranger:	Salomon Brothers International Limited.
Currencies:	Notes may be issued in U.S. dollars, Australian dollars, Canadian dollars, ECU, New Zealand dollars or yen, or in any other currency if the Issuer and the Dealers so agree.
Dealers:	Salomon Brothers International Limited. UBS Phillips & Drew Securities Limited.
Size:	Up to U.S.\$100 million (or the equivalent in any other currency) aggregate principal amount of Notes outstanding at any one time.
Maturities:	Any maturity between 9 months and 30 years.
Issue Price:	Notes may be issued at par or at a discount or premium to par or with a zero coupon.
Method of Issue:	The Notes will be issued on a continuous basis with no minimum issue size. Further Notes may be issued as part of an existing Series.
Fixed Interest Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement and at maturity. Interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.
Floating Rate Notes:	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR (or such other rate as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods will be for 6 months or such lesser period (e.g. 1 or 3 months) as may be selected by the Issuer prior to issue and specified in the relevant Pricing Supplement. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Variable Coupon Amount Notes:	The Pricing Supplement issued in respect of each issue of Variable Coupon Amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or as otherwise provided in the relevant Pricing Supplement.
Variable Redemption Amount Notes:	The Pricing Supplement issued in respect of each issue of Variable Redemption Amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or as otherwise provided in the relevant Pricing Supplement. In each of the above cases where reference is made to such a stock index if there is a suspension of the calculation of the stock index by the relevant party, or if the basis of the calculation is changed, then the stock index may be calculated by another party on the same or a substantially similar basis, or the Calculation Agent shall make appropriate adjustments to the basis of calculation of the Coupon Amount or Redemption Amount, as the case may be, to take account of any changes, all as more fully described in the relevant Pricing Supplement; and, in the case of the issuance of Dual Currency Notes or Indexed Notes, the Pricing Supplement will specify any additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree;
Other Notes:	Terms applicable to Step-up Notes, Step-down Notes, Dual Currency Notes, Reverse Dual Currency Notes, Optional Dual Currency Notes and any other type of Note which the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Form of Notes:	The Notes will initially be represented by Temporary Global Notes held by a common depositary on behalf of the Euroclear Operator and CedeL and which may be endorsed by the Fiscal Agent as described in "Subscription and Sale" below to reflect exchanges of beneficial interests in the Temporary Global Notes for interests in Permanent Global Notes on or after the date which is 40 days after the date on which the Notes of any Series are issued, provided and to the extent that certificates as to non-U.S. beneficial ownership of interests in the Temporary Global Notes have been received by the Fiscal Agent. Permanent Global Notes are exchangeable on request for Definitive Notes upon 60 days' notice.
Denominations:	U.S.\$10,000 and integral multiples thereof or the approximate equivalent in any other currency or as otherwise specified in the relevant Pricing Supplement.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer and/or the holders, and if so the terms applicable to such redemption.

Early Redemption:	Except as provided in "Optional Redemption" above, Notes will be redeemable prior to maturity only for tax reasons.
Rating:	The Programme has been rated AA by Standard & Poor's Corporation.
Listing:	Each Series of Notes will either be listed on The Stock Exchange or be unlisted, as specified in the relevant Pricing Supplement.
Status of Notes:	Direct, unconditional and unsecured obligations of the Issuer ranking <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer, subject to customary exceptions.
Negative Pledge:	Covering securities as described in "Terms and Conditions of the Notes — Negative Pledge".
Cross Default:	Covering certain indebtedness of the Issuer for or in respect of moneys borrowed or raised, and guarantees of such indebtedness, as more fully described in "Terms and Conditions of the Notes — Events of Default".
Withholding Tax:	All payments of principal and interest will be made free and clear of United Kingdom withholding taxes, subject to customary exceptions.
Governing Law:	The Notes, Coupons and Talons shall be governed by and construed in accordance with the laws of England.

TERMS AND CONDITIONS OF THE NOTES

The Notes in both global and definitive form will be issued under an agency agreement (the "Agency Agreement") dated as of April 11, 1991 and made between Hitachi Credit (U.K.) PLC (the "Issuer"), Morgan Guaranty Trust Company of New York, London Branch as fiscal and principal paying agent (the "Fiscal Agent") and Banque Paribas Luxembourg as paying agent (together with the Fiscal Agent, the "Paying Agents") and the calculation agent named therein (the "Calculation Agent"). Holders of the Notes (the "Noteholders") and of the interest coupons (the "Coupons") appertaining to interest bearing Definitive Notes (the "Couponholders") and, where applicable, of talons for further Coupons (the "Talons") (the "Talonholders") are bound by and are deemed to have notice of all of the provisions of the Agency Agreement, copies of which will be available for inspection at the specified offices of the Paying Agents.

Each tranche of each Series will be represented initially by a Temporary Global Note in bearer form without coupons exchangeable for beneficial interests in a Permanent Global Note provided that certification of non-U.S. beneficial ownership has been received by the Fiscal Agent. A summary of certain terms of each Global Note relating to the manner in which payments will be made to persons with an interest in such Global Note, restrictions on such payments, the circumstances in which such persons can exchange such an interest in a Temporary Global Note for interests in a Permanent Global Note, or the circumstances in which such persons can exchange interests in a Permanent Global Note for Definitive Notes and the rights of such persons following the giving of notice to the Fiscal Agent in any of the circumstances contemplated by Condition 9, is set out in "Subscription and Sale".

The following statements are summaries of, and are qualified in their entirety by, the detailed provisions of the relevant Pricing Supplement which will be set out on the Definitive Notes (if any) issued in exchange for interests in the Permanent Global Note representing each tranche of each Series, details of the relevant Series being shown on the face of the relevant Definitive Notes and in the relevant Pricing Supplement:—

1. Form and Denomination

The Notes are issued in bearer form in the denomination set forth on the face of the Notes (the "Denomination Amount"). The Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Variable Coupon Amount Notes, Step-up Notes or Step-down Notes depending upon the Interest Basis shown on the face of the Note and Fixed Redemption Amount Notes or Variable Redemption Amount Notes depending on the Redemption Basis shown on the face of the Note. All payments in respect of the Notes shall be made in the currency shown on the face of the Note (subject, where the currency so shown is ECU, to the provisions of Condition 6(h)) unless it is stated on the face of the Note to be a Dual Currency Note (which for the purposes of these Conditions shall include Reverse Dual Currency Notes, Optional Dual Currency Notes and any other Note in respect of which payments shall, or may at the option of the Issuer or any holder, be made in more than one currency), in which case payments shall be made on the basis stated in the relevant Pricing Supplement. For the purposes of these Conditions but subject as provided in Condition 6(i), Dual Currency Notes shall be deemed to be Fixed Rate Notes and Fixed Redemption Amount Notes. The Notes will be issued with Coupons attached unless they are Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons in these Conditions are not applicable. After all the Coupons attached to or issued in respect of any Note which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and, if applicable, one further Talon, will be issued against presentation of the relevant Talon at the specified office of the Fiscal Agent. Title to the Notes, the Coupons appertaining thereto and, where applicable, the Talons appertaining thereto will pass by delivery and, except as ordered by a court of competent jurisdiction or as required by law, the Issuer and the Paying Agents shall be entitled to treat the bearer of any Note, Coupon or Talon as the absolute owner thereof for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of the bearer.

2. Status

The Notes and Coupons constitute (subject to Condition 3) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. The Notes are not guaranteed by Hitachi Credit Corporation (the "Parent").

3. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to be outstanding any pledge, lien, mortgage or other charge (other than any outstanding at the date of this Offering Memorandum) upon the whole or any part of the property or assets, present or future, of the Issuer to secure for the benefit of the holders of any Securities (i) payment of any sum due in respect of Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any

indemnity or other like obligation relating to Securities, in any such case in which either such Securities are by their terms payable, or confer a right to receive payment, in any currency other than pounds, or such Securities are denominated in pounds and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the United Kingdom by or with the authorisation of the issuer thereof, without in any such case at the same time according to the Notes, the same security as is granted to or is existing in respect of such Securities or such other security or guarantee as shall be approved by an Extraordinary Resolution of the holders of the Notes (as defined in the Agency Agreement).

"Securities" means bonds, debentures, notes or other similar investment securities of the Issuer or any other person which are or are capable of being listed on any stock exchange.

4. (I) Interest on Fixed Rate Notes

(a) Each Fixed Rate Note (which for the purpose of this Condition 4(I) shall include a High Interest Note or a Low Interest Note) bears interest on its Denomination Amount from the Issue Date shown on the face of the Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of the Note (unless there is so shown an Interest Commencement Date which is different from the Issue Date in which case interest shall accrue from the Interest Commencement Date) payable in arrear on such date or dates as are specified in the relevant Pricing Supplement (each a "Reference Date") in each year and on the Maturity Date shown on the face of the Note if that date does not fall on a Reference Date. The first payment of interest will be made on the Reference Date next following the Issue Date and, if the Issue Date or the Interest Commencement Date, as the case may be, is not a Reference Date, will amount to the Initial Broken Amount shown on the face of the Note, unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not a Reference Date, interest from the preceding Reference Date (or from the Issue Date or the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note. Interest will be paid against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 6. Interest will cease to accrue on each Fixed Rate Note on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. Any overdue principal of any Fixed Rate Note shall bear interest at a rate per annum equal to the Interest Rate (after as well as before judgment) until paid or, if earlier, the full amount of moneys payable has been received by the Fiscal Agent and notice to that effect has been given in accordance with the provisions of Condition 13.

(b) In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the basis of a 360-day year of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

(II) Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest on its Denomination Amount from the Issue Date shown on the face of the Note (unless there is so shown an Interest Commencement Date which is different from the Issue Date in which case interest shall accrue from the Interest Commencement Date) and such interest will be payable in arrear on each date (the "Interest Payment Date") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date or the Interest Commencement Date, as the case may be. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date shall have fallen. The period beginning on the Issue Date or, as the case may be, the Interest Commencement Date, and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "Interest Period".

(b) Interest Payments

Interest on each Floating Rate Note will be paid against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 6. Interest will cease to accrue on each Floating Rate Note on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. Any overdue principal of any Floating Rate Note shall continue to bear interest at the rate and in the manner provided in this Condition and the Agency Agreement (after as well as before judgment) until paid or, if earlier, the full amount of moneys payable has been received by the Fiscal Agent and notice to that effect has been given in accordance with Condition 13.

(c) Rate of Interest

The rate of interest payable from time to time in respect of the Series of which a Floating Rate Note forms part (the "Rate of Interest") will be determined on the basis specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify that the Rate of Interest will be determined by reference to

a rate (the "Applicable Rate") which may be the London Interbank Offered Rate ("LIBOR") or any other rate so specified and that the Applicable Rate will be determined by reference to a screen service or other publicly available source or by reference to quotations provided by reference banks. The Fiscal Agent shall determine the Rate of Interest and the amount of interest payable in respect of the principal amount of the relevant Floating Rate Notes corresponding to the Denomination Amount (the "Interest Amount") in accordance with the provisions of the relevant Pricing Supplement except in the case of Floating Rate Notes in respect of which the Applicable Rate is LIBOR and is to be determined by reference to quotations provided by reference banks, in which case the following provisions will apply:---

- (i) On the second business day prior to the commencement of each Interest Period (the "Interest Determination Date"), the Fiscal Agent will request the principal London offices of each of the reference banks specified in the relevant Pricing Supplement or any duly appointed substitute reference bank acting in each case through its principal London office (the "Reference Banks") to provide the Fiscal Agent with their offered quotations to leading banks for deposits in London in the currency of the Notes for the Interest Period concerned as at 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject as provided below, be the arithmetic mean (rounded upwards if necessary to the nearest 1/10,000 per cent.) of such quotations plus or minus (as appropriate) the percentage per annum (if any) shown on the face of the relevant Note as the Margin, as determined by the Fiscal Agent.
 - (ii) If on any Interest Determination Date only two or three of the Reference Banks provide such quotations, the Rate of Interest for the next Interest Period shall, subject as provided below, be determined as in (i) above on the basis of the quotations of those Reference Banks providing such quotations.
 - (iii) If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with such quotations, the Rate of Interest for the next Interest Period shall, subject as provided below, be whichever is the higher of:---
 - (A) the rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and
 - (B) the Reserve Interest Rate. The "Reserve Interest Rate" in respect of Notes denominated in U.S. dollars shall be the rate per annum (expressed as a percentage) which the Fiscal Agent reasonably determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest 1/10,000 per cent.) of the dollar lending rates which leading New York City banks selected by the Fiscal Agent are quoting, on the relevant Interest Determination Date, for the next Interest Period, to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Fiscal Agent, being so made plus or minus (as appropriate) the Margin (if any), or (ii) in the event that the Fiscal Agent can determine no such arithmetic mean, the lowest dollar lending rate which leading New York City banks selected by the Fiscal Agent are quoting on such Interest Determination Date to leading European banks for the next Interest Period plus or minus (as appropriate) the Margin (if any). The "Reserve Interest Rate" in respect of Notes denominated other than in U.S. dollars shall be the arithmetic mean (rounded to the next higher ten thousandth of a percentage point as adjusted and subject as aforesaid) of the applicable rates quoted at approximately 11.00 a.m. (local time in the financial centre of the currency of the Note), on such Interest Determination Date by four leading banks in the financial centre of the currency of the Note, selected by the Fiscal Agent, for loans in the relevant currency to leading European banks for the next Interest Period and in a principal amount equal to an amount of not less than the equivalent in the relevant currency of U.S.\$1,000,000 that in the Fiscal Agent's reasonable judgment is representative for a single transaction in such market at such time and plus or minus (as appropriate) the Margin. Provided that, if the banks selected as aforesaid by the Fiscal Agent are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (A) above.
 - (iv) If there is shown on the face of the Note a Minimum Interest Rate then the Rate of Interest shall in no event be less than it, and if there is so shown a Maximum Interest Rate then the Rate of Interest shall in no event exceed it.
 - (v) In this Condition 4(II), the expression "business day" means a weekday other than a Saturday upon which banks are open for business in London and the principal financial centre of the currency in which the Notes are denominated (which in the case of Australia shall be Sydney, and in the case of ECU shall be Brussels).
 - (vi) The Fiscal Agent will, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, determine the Rate of Interest and calculate the Interest Amount for the relevant Interest Period. The Interest Amount shall be calculated by applying the Rate of Interest to the Denomination Amount, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).
- (d) Determination of Rate of Interest and Calculation of Interest Amount by the Fiscal Agent.

The determination of the Rate of Interest and the Interest Amount by the Fiscal Agent shall (in the absence of manifest error, negligence or fraud) be final and binding upon all parties.

(e) Publication of Rate of Interest and Interest Amount

The Fiscal Agent will cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to any stock exchange on which the Notes are for the time being listed and to be published in accordance with Condition 13 as soon as possible after the determination but in no event later than the fourth business day thereafter. The Interest Amount and Interest Payment Date so published or made available (together, if appropriate, with the relevant Maturity Date if that would not otherwise coincide with an Interest Payment Date) may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(f) Reference Banks

The Issuer will procure that, so long as any Floating Rate Note remains outstanding to which Conditions 4(I)(c)(i) and (ii) apply, in the case of any bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint the London office of a leading bank engaged in the Eurodollar market to act as such in its place.

(III) Zero Coupon Notes

Where any principal of a Zero Coupon Note is payable prior to the Maturity Date, the amount due and payable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 5(d). As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on the face of the Note. Such interest shall continue to accrue (on the same basis as that referred to in Condition 4(I)(b)) after as well as before judgment until all amounts due in respect of the Note have been paid or, if earlier, the full amount of the moneys payable has been received by the Fiscal Agent and notice to that effect has been given in accordance with the provisions of Condition 13.

(IV) Interest on Variable Coupon Amount Notes

The Pricing Supplement issued in respect of each tranche of Variable Coupon Amount Notes shall specify the dates on which interest shall be payable on such Notes and the basis for calculation of each amount of interest payable in respect of each such Note on each such date and on any other date on which interest becomes payable in respect of such Note (the "Coupon Amounts"). Coupon Amounts may be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer or Dealers agree, such index and/or formula to be specified, together with such other supplemental terms and conditions as may be required, in the relevant Pricing Supplement. Any index selected for such purpose shall be an index of the prices of shares, debentures, options, commodities or other tradeable property, whether derived from the official quotations of all or a specified number of such items on a stock exchange or other generally recognised exchange or derived from any other published or publicly available source, in each case calculated by the relevant stock or other exchange or by a third party, all as more fully described in the relevant Pricing Supplement.

If, where reference is made to such an index, there is a suspension of the calculation of the index by the relevant party, or if the basis of the calculation is changed, then the index may be calculated by another party on the same or a substantially similar basis, or the Calculation Agent shall make appropriate adjustments to the basis of calculation of the Coupon Amount to take account of any changes, all as more fully described in the relevant Pricing Supplement.

(V) Interest on Step-up and Step-down Notes

The Pricing Supplement issued in respect of each tranche of Step-up Notes or Step-down Notes shall specify the dates on which interest shall be payable on such Notes, the rate at which the interest payable on each such date shall accrue and the rate at which interest will accrue in respect of any overdue principal. Unless otherwise provided in such Pricing Supplement, such interest shall in all other respects accrue and shall be payable in accordance with Condition 4(1).

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its principal amount, if it is a Fixed Redemption Amount Note, or its Redemption Amount (as defined in Condition 5(e)), if it is a Variable Redemption Amount Note, on the Maturity Date shown on its face (if the Note is shown on its face to be Fixed Rate, Zero Coupon or Variable Coupon Amount) or on the Interest Payment Date falling in the Redemption Month shown on its face (if the Note is shown on its face to be Floating Rate).

(b) Redemption for taxation reasons

If on the occasion of the next payment in respect of the Notes or the Coupons appertaining thereto, as a result of any amendment to or change in the laws or regulations of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the date of first issue of

Notes of such Series, the Issuer would be required, for reasons outside its control, and after making such endeavours as it shall in good faith consider reasonable to avoid such requirement, to make any withholding or deduction referred to in Condition 7, the Issuer may at its option, at any time (in the case of Fixed Rate Notes, Zero Coupon Notes, Variable Coupon Amount Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not more than 60 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Notes of such Series at their principal amount together with interest accrued to the date fixed for redemption (or, in the case of Zero Coupon Notes, at the Amortised Face Amount of such Notes as determined in accordance with Condition 5(d) or, in the case of Variable Redemption Amount Notes, at the Redemption Amount of such Notes) together in each case with any additional amount payable under Condition 7.

(c) Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise.

(d) Early Redemption of Zero Coupon Notes

- (i) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(b) or, if applicable, Condition 5(f) or (g) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any Zero Coupon Note shall be the sum of (a) the Reference Price shown on the face of the Note and (b) the aggregate amortisation of the difference between the Reference Price and the principal amount of the Note from the Issue Date to the date on which the Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on the face of the Note and in the Pricing Supplement compounded annually. Where such calculation is to be made for a period other than a full year, it shall be made on the basis of a 360-day year of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.
- (iii) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(b) or, if applicable, Condition 5(f) or (g), or upon it becoming due and payable as provided in Condition 9, is not paid when due, the amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the date (the "Reference Date") which is the earlier of (A) the date on which all amounts due in respect of the Note have been paid and (B) the date on which the full amount of the moneys payable has been received by the Fiscal Agent and notice to that effect has been given in accordance with the provisions of Condition 13. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such Note together with any interest which may accrue in accordance with Condition 4(III).

(e) Redemption of Variable Redemption Amount Notes

The applicable Pricing Supplement issued in respect of each tranche of Variable Redemption Amount Notes shall specify the basis for calculation of the amount payable upon redemption of the relevant Notes under Condition 5(a) or (b) or, if applicable, Condition 5(f) or (g) or upon them becoming due and payable as provided in Condition 9 (the "Redemption Amount").

(f) Redemption at the Option of the Issuer

If the Pricing Supplement or Supplements issued in respect of any Notes states that such Notes may be redeemed at the option of the Issuer prior to their date of final redemption under Condition 5(a), the Issuer may, on giving not more than 60 nor less than 30 days' Irrevocable notice to the holders of those Notes redeem all or, if so stated in such Pricing Supplement, some of such Notes in the principal amount stated in such Pricing Supplement or integral multiples thereof, on the date or dates specified in such Pricing Supplement at their principal amount or, if applicable, at the premium or premia specified in such pricing supplement (in the case of Fixed Redemption Amount Notes) or at their Redemption Amount (in the case of Variable Redemption Amount Notes) or at their Amortised Face Amount (in the case of Zero Coupon Notes), together with interest accrued to the date fixed for redemption. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption the notice shall also contain the serial number of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate.

(g) Redemption at the Option of Noteholders

If the Pricing Supplement or Supplements issued in respect of the Notes states that such Notes may be redeemed at the option of the holders prior to their date of final redemption under Condition 5(a), the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates specified in such Pricing Supplement at their principal amount or, if applicable, at the premium or premia specified in such Pricing Supplement (in the case of Fixed Redemption Amount Notes) or at their Redemption Amount (in the case of Variable Redemption Amount Notes) or at their Amortised Face Amount (in the

case of Zero Coupon Notes), together with interest accrued to the date fixed for redemption. To exercise such option the holder must deposit such Note, together with a duly completed notice of redemption ("Redemption Notice") in the form obtainable from any of the Paying Agents, not more than 60 nor less than 30 days prior to such date and provided that, in the case of any Note represented by a Global Note, the Noteholder must deliver such Redemption Notice together with an authority to the Euroclear Operator or as the case may be, CEDEL, to debit such Noteholder's account *pro tanto*. No Note (or authority) so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Not less than 30 nor more than 45 days' notice of the commencement of any period for the deposit of Notes for redemption pursuant to this paragraph (g) shall be given to the holders of Notes of the Relevant Series.

(h) Cancellation

All Notes redeemed or purchased as aforesaid will be cancelled (together with all unmatured Coupons surrendered therewith).

6. Payments

(a) Payments of principal (including, as the case may be, Redemption Amounts) and interest (including, as the case may be, Coupon Amounts) in respect of Notes other than Dual Currency Notes will be made against, subject as mentioned below, surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent outside the United States of America:—

- (i) if the Notes are denominated in U.S. dollars, in U.S. dollars at the option of the bearer by a U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account with, a bank in New York City;
- (ii) if the Notes are denominated in Australian dollars, in Australian dollars at the option of the bearer by an Australian dollar cheque drawn on, or by transfer to an Australian dollar account with, a bank in Sydney;
- (iii) if the Notes are denominated in Canadian dollars, in Canadian dollars at the option of the bearer by a Canadian dollar cheque drawn on, or by transfer to a Canadian dollar account with, a bank in Toronto;
- (iv) if the Notes are denominated in ECU, in ECU (but subject always to Condition 6(h)) by credit or transfer to an ECU account specified by the payee (and payments in a component currency (if so determined in accordance with Condition 6(h)) will be made in the chosen currency (as referred to in Condition 6(h)) at the option of the bearer by a cheque drawn on, or by transfer to an account with, a bank in the principal financial centre of the country of the chosen currency);
- (v) if the Notes are denominated in New Zealand dollars, in New Zealand dollars at the option of the bearer by a New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account with, a bank in Wellington;
- (vi) if the Notes are denominated in yen, in yen at the option of the bearer by a yen cheque drawn on, or by transfer to a yen account (in the case of payment to a non-resident of Japan, to a non-resident yen account) maintained by the payee with, a bank (in the case of payment to a non-resident of Japan, an authorised foreign exchange bank) in Tokyo; or
- (vii) if the Notes are denominated in any other currency, in that currency at the option of the bearer, by a cheque in that currency drawn on, or by transfer to an account in that currency maintained by the payee, with a bank in the principal financial centre of the country of that currency.

(b) Payments of interest (or, as the case may be, Coupon Amounts) in respect of Notes denominated in U.S. dollars may be made at the specified office of a Paying Agent in New York City if payment of the full amount of such interest (or, as the case may be, Coupon Amounts) at the offices of all Paying Agents outside the United States is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions in respect of the payment or receipt of such amounts in U.S. dollars.

(c) No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) The Issuer may at any time vary or terminate the appointment of the Fiscal Agent or any Paying Agent and appoint another Fiscal Agent or additional or other Paying Agents outside the United States, provided that there will at all times be a Fiscal Agent and provided further that the Issuer will at all times maintain a Paying Agent in London (if the Notes are at the relevant time listed on The Stock Exchange) and in one other major continental European financial centre. In addition, the Issuer shall forthwith appoint a Paying Agent in New York City, in the circumstances described in Condition 6(b). Notice of any such termination or appointment and of any changes in the specified office of the Fiscal Agent or any Paying Agent will be given in accordance with the provisions of Condition 13.

(e) Fixed Rate Notes, other than Notes which are stated on their face to be Long Maturity Notes (being Fixed Rate Notes whose principal amount is less than the aggregate interest payable thereon or in the case of Variable Redemption Amount Notes, whose minimum Redemption Amount is less than the aggregate interest payable thereon, on the relevant dates for payment of interest under Condition 4(1)(a)), and Variable Redemption Amount Notes, should be presented for redemption together with all unmatured Coupons relating thereto, failing which the face value of the missing unmatured Coupons (or, in the case of a partial payment of principal, that proportion of the aggregate amount of the missing unmatured

Coupons that the principal paid bears to the principal, will be deducted from the sum due for payment. The amounts so deducted will be paid against surrender of the relevant Coupons within 10 years from the date of such redemption.

(f) Upon the due date for redemption of any Floating Rate Note, Long Maturity Note, Variable Coupon Amount Note or, subject to the provisions of the relevant Pricing Supplement, Variable Redemption Amount Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Floating Rate Note, Long Maturity Note or Variable Coupon Amount Note is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(g) Subject as provided in the relevant Pricing Supplement, if any date for the payment of any Note or Coupon is not a business day in the place of presentation and the principal financial centre of the country of the relevant currency (which in the case of Australia is Sydney or, in the case of a payment in ECU, a day which is not designated as an ECU Non-Settlement Day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day on which payments in ECU shall not be made or, as the case may be, in the chosen currency referred to in Condition 6(h), in the place of presentation), the holder shall not be entitled to payment until the next following such day nor to any interest or other sum in respect of such postponed payment. If the due date for redemption or repayment of any Note is not a due date for payment of a Coupon relating to it, interest accrued from the preceding due date for payment of a Coupon or the Issue Date as the case may be (or in the case of a Zero Coupon Note from the date on which it matures) shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(h) (i) With respect to each due date for the payment of interest, Coupon Amounts, principal, Redemption Amounts or other amounts in respect of Notes denominated in ECU ("Payment Date") on which the ECU is used neither within the European Monetary System nor for the settlement of transactions by public institutions of or within the EC (as defined below), the Fiscal Agent shall, without liability on its part, choose a component currency of the ECU in which all payments due on that Payment Date with respect to the relevant Notes or Coupons are to be made. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in sub-paragraph (iii) below, as of the fourth business day in London prior to the Payment Date. On the first business day in London on which the ECU is used neither within the European Monetary System nor for the settlement of transactions by public institutions of or within the EC, the Fiscal Agent shall, without liability on its part, choose a component currency of the ECU in which all payments with respect to Notes denominated in ECU and the Coupons appertaining thereto having a Payment Date prior thereto but not yet presented for payment are to be made. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency determined as set out in paragraph (iii) below, as of such first business day.

(ii) Subject to the provisions of sub-paragraph (iii) below, the value of the ECU is equal to the value of the ECU that is used in the European Monetary System and which is at the date hereof valued on the basis of specified amounts of the currencies of the 12 member countries of the European Communities ("EC") as shown below.

Pursuant to Council Regulation (EEC) No. ³¹⁹⁰ of December 18, 1978 as amended by Council Regulation (EEC) No. ²⁶² of September 15, 1984 and subsequently by Council Regulation (EEC) No. ¹⁹⁷¹, effective as of September 21, 1989, the ECU is defined as the sum of the following components:

0.6242	German mark	0.130	Luxembourg franc
0.08784	Pound sterling	0.1976	Danish krone
1.332	French francs	0.008552	Irish pound
151.8	Italian lire	1.440	Greek drachmas
0.2198	Dutch guilder	6.885	Spanish pesetas
3.301	Belgian francs	1.393	Portuguese escudo

The basis may be changed by the EC, including changes in the components, in which event the basis of valuation of the ECU will change accordingly.

(iii) If the ECU is used neither within the European Monetary System nor for the settlement of transactions by public institutions of or within the EC, the equivalent of the ECU in each of the component currencies on any day (the "Day of Valuation") shall be determined, by the Fiscal Agent, as follows.

The components of the ECU for this purpose (the "Components") shall be the currency amounts that were components of the ECU when the ECU was most recently used either in the European Monetary System or for the settlement of transactions by public institutions of or within the EC, whichever use occurred last. The equivalent of the ECU in U.S. dollars shall first be calculated as the sum of the U.S. dollar equivalents of the Components, and the equivalent of the ECU in each of the component currencies shall then be calculated on the basis of the U.S. dollar equivalent of the ECU, using the same rates as those used for determining the U.S. dollar equivalent of the Components as set forth below.

The U.S. dollar equivalent of each of the Components shall be determined by the Fiscal Agent on the basis of the weighted average of the middle spot delivery quotations prevailing at 2.30 p.m. London time on the Day of Valuation, as obtained by the Fiscal Agent from one or more major banks, as specified by the Fiscal Agent, in the country of issue of the component currency in question.

If the official unit of any component currency is altered by way of combination or subdivision, the number of units of that currency as a Component shall be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as Components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated component currencies expressed in such single currency. If any component currency is divided into two or more currencies, the amount of that currency as a Component shall be replaced by amounts of such two or more currencies, each of which shall be equal to the amount of the former component currency divided by the number of currencies into which that currency was divided.

If no direct quotations are available for a component currency on a Day of Valuation from any of the banks selected by the Fiscal Agent for this purpose because foreign exchange markets are closed in the country of issue of that currency or for any other reason, the most recent direct quotations for that currency obtained by the Fiscal Agent shall be used in computing the equivalents of the ECU on such Day of Valuation, provided, however, that such most recent quotations may be used only if they were prevailing in the country of issue not more than two business days before such Day of Valuation. Beyond such period of two business days, the Fiscal Agent shall determine the U.S. dollar equivalent of such Component on the basis of cross rates derived from the middle spot delivery quotations for such component currency and for the U.S. dollar prevailing at 2.30 p.m. London time on such Day of Valuation, as obtained by the Fiscal Agent from one or more major banks, as selected by the Fiscal Agent, in a country other than the country of issue of such component currency. Within such period of two business days, the Fiscal Agent shall determine the U.S. dollar equivalent of such Component on the basis of such cross rates if the Fiscal Agent judges in good faith that the equivalent so calculated is more representative than the U.S. dollar equivalent calculated on the basis of such most recent direct quotations. Unless otherwise specified by the Fiscal Agent, if there is more than one market for dealing in any component currency by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such currency shall be that in which a non-resident issuer of securities denominated in such currency would purchase such currency in order to make payments in respect of such securities.

All determinations made by the Fiscal Agent shall be at its sole and reasonable discretion and shall, in the absence of manifest error, negligence or fraud, be conclusive for all purposes and binding on the Issuer and all Noteholders and Couponholders.

(i) The Pricing Supplement issued in respect of each tranche of Dual Currency Notes shall specify the currency in which each payment in respect of the relevant Notes shall be made, the terms relating to any option relating to the currency in which any payment is to be made and the basis for calculating the amount of any relevant payment.

7. Taxation

All payments of principal or Redemption Amounts and/or interest or Coupon Amounts in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall (provided such event is as a result of any change after April 10, 1991 in relevant United Kingdom taxation law or its interpretation or administration by the Inland Revenue of the United Kingdom) pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:—

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon or the receipt of principal or interest in respect thereof; or
- (b) (in the case of additional amounts otherwise payable in respect of United Kingdom taxation) at the specified office of a Paying Agent in the United Kingdom; or
- (c) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

"Relevant Date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received in New York City (or, in the case of Notes not denominated in U.S. dollars, the principal financial centre of the country of the relevant currency (which in the case of Australia is Sydney) or, in the case of Notes denominated in ECU, in Brussels) by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or Redemption Amounts and/or interest (including Coupon Amounts) shall be deemed to include any additional amounts which may be payable under this Condition.

8. Prescription

Notes and Coupons will become void unless presented for payment within periods of 10 years and 5 years respectively from the date due for payment thereof.

9. Events of Default

Upon any of the following events taking place, the holder of any Note may give notice to the Fiscal Agent that such Note is immediately repayable, and, unless the relevant event(s) shall have been cured by the Issuer prior to receipt by the Fiscal Agent of such notice, the principal amount of such Note (or, in the case of a Variable Redemption Amount Note, its Redemption Amount) together with accrued interest to the date of payment (or, in the case of a Zero Coupon Note, its Amortised Face Amount determined in accordance with Condition 5(d)) shall become immediately due and payable:—

- (i) a default is made for a period of more than 14 days in the payment of any principal, Redemption Amounts (whether becoming due upon redemption or otherwise) or payment of interest when due in respect of the Notes;
- (ii) a default is made by the Issuer in the performance or observance of any covenant, condition or provision contained in the Notes and on its part to be performed or observed (other than the covenant to pay the principal and interest in respect of any of the Notes) and such default continues for the period of 30 days next following the service by any Noteholder on the Fiscal Agent of notice requiring such default to be remedied; or
- (iii) any other bonds, debentures, notes or other indebtedness for money borrowed of the Issuer having an aggregate outstanding principal amount of at least U.S.\$2,000,000 (or its equivalent in any other currency or currencies) (hereinafter called "Indebtedness") become or becomes prematurely repayable following a default which shall not have been remedied, or steps are taken to enforce any security therefor, or the Issuer defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor or any guarantee of or indemnity in respect of any bonds, debentures, notes or other indebtedness for money borrowed of others given by the Issuer (and having an aggregate outstanding principal amount of at least U.S.\$2,000,000 or its equivalent as aforesaid) shall not be honoured when due and called upon; or
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made for the winding-up or dissolution or administration of the Issuer otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or
- (v) an encumbrancer takes possession or a trustee or a receiver or an administrative receiver is appointed of the whole or a material part of the assets or undertaking of the Issuer; or
- (vi) a distress, execution or seizure before judgment is levied or enforced upon and sued out against a part of the property of the Issuer which is material in its effect upon the operations of the Issuer and is not discharged within 30 days thereof; or
- (vii) the Issuer (a) stops payment within the meaning of bankruptcy law of the United Kingdom or (b) (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (iv)) ceases or through an official action of the Board of Directors of the Issuer threatens to cease to carry on business or (c) is unable to pay its debts as and when they fall due; or
- (viii) a decree or order by any court having jurisdiction shall have been issued adjudging the Issuer bankrupt or insolvent, or approving a petition seeking with respect to the Issuer reorganisation, under bankruptcy, composition, reorganisation or insolvency law of the United Kingdom and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or
- (ix) the Issuer shall initiate or consent to proceedings relating to itself under bankruptcy, composition, reorganisation or insolvency law of the United Kingdom or shall make a conveyance or assignment for the benefit of, or shall enter into any composition with, its creditors generally; or
- (x) the Keep Well Agreement dated as of April 11, 1991 (the "Keep Well Agreement") between the Issuer and the Parent is not (or is claimed by either party not to be) in full force and effect or is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon any Noteholder or Couponholder, or the Issuer waives, or fails to take all reasonable steps to exercise, any of its material rights under the Keep Well Agreement or the Parent fails to perform or observe any obligation on its part under the Keep Well Agreement so as to affect materially and adversely the interests of any Noteholder or Couponholder; or
- (xi) the Issuer ceases to be a subsidiary of the Parent wholly-owned and controlled, directly or indirectly, by it.

10. Meeting of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the modification of any of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. The quorum for any meeting convened to consider an Extraordinary Resolution will be persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of any of the Notes or any date for payment of interest or Coupon Amounts, thereon, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate or rates of

interest in respect of the Notes or to vary the method of calculating the rate or rates or amount of interest or the Coupon Amount, (iv) if there is shown on the face of any Note a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Minimum Interest Rate and/or such Maximum Interest Rate, (v) to change the method of calculating the Redemption Amount in respect of Variable Redemption Amount Notes or the Amortised Face Amount in respect of Zero Coupon Notes, (vi) to change the currency or currencies of payment of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than a clear majority, or at any adjourned meeting not less than one-quarter, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

11. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon shall at any time become mutilated, defaced, destroyed, stolen or lost, it may be replaced at the cost of the holder at the specified office of the Fiscal Agent, upon provision of evidence satisfactory to the Fiscal Agent and the Issuer that such Note, Coupon or Talon (if such was the case) was destroyed, stolen or lost, together with an indemnity if required. Mutilated or defaced Notes, Coupons and Talons must be surrendered before replacements will be issued.

12. Governing Law

The Notes, Coupons and Talons are governed by and shall be construed in accordance with the laws of England.

13. Notices

All notices to Noteholders will be given by publication thereof in at least one leading daily newspaper printed in the English language and with general circulation in London or, if that is impracticable, in an English language newspaper having general circulation throughout Europe. It is expected, however, that publication of notices will normally be made in the *Financial Times*. Any such notice shall be deemed to have been given on the date of publication, or, if published more than once, on the date of the first such publication.

Couponholders and Talonholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Issuer.

HITACHI CREDIT (U.K.) PLC

Introduction

Hitachi Credit (U.K.) PLC (the "Issuer") was incorporated on April 21, 1982 under the laws of England and Wales and is a wholly-owned subsidiary of Hitachi Credit Corporation.

The Issuer's principal activities involve commercial instalment credit and leasing, consumer credit and contract hire.

The Issuer's registered office is located at Hitachi Credit House, Stables Courtyard, Church Road, Hayes, Middlesex. Its registration number is 1630491.

Recent Developments

On January 31, 1991 the Issuer acquired the whole of the issued share capital of Fleetlease (UK) Limited ("Fleetlease") from Gowrings PLC for an initial consideration of £150,000 in cash, together with the right for Gowrings PLC to receive a further payment following publication of the accounts of Fleetlease for the financial year ended March 31, 1994 (such payment to be dependent upon the average profits of Fleetlease for its three financial years ending March 31, 1994 and not to exceed £2,800,000 less the square root of such average profits).

Capitalisation

The following table sets forth the capitalisation of the Issuer as at March 31, 1990:—

	March 31, 1990
	(£'000)
Share Capital	
(authorised — 5,000,000 shares of £1 each; issued and fully paid — 3,897,200 ordinary shares of £1 each)	3,897
Retained profit carried forward	1,155
	<hr/> 5,052
Long-Term Debt	
Debenture loan stock	19,878
Guaranteed TOPIX-Linked Coupon Notes Due 1994(2)	9,180
	<hr/> 29,058
Short-Term Debt	
Bank loans, overdrafts and acceptances	57,472

Notes:—

(1) There has been no material change in the capitalisation of the Issuer since March 31, 1990, except as disclosed below.

(2) Converted at the rate of £1 = 228.76 Yen.

(3) With effect from August 1, 1990 the Issuer converted £311,776 of reserves to ordinary shares of £1 each.

(4) On July 6, 1990 the authorised share capital of the Issuer was increased to 10,000,000 shares of £1 each.

(5) As at February 28, 1991 the Issuer had, as stated in its unaudited management accounts to that date, £76,862,000 of short-term debt. In addition, as at the same date, Fleetlease had £11,549,000 of Finance House liabilities according to its unaudited management accounts; the accounting principles used by Fleetlease have not been amended to accord with the accounting principles adopted by the Issuer.

Directors

The board of directors currently comprises four members:—

<u>Name</u>	<u>Title</u>
S. Kobayashi	Chairman (President and Representative Director of Hitachi Credit Corporation)
N. Sakamoto	Managing Director
D. G. Anthony	General Manager
T. A. O'Malley	Non-Executive

HITACHI CREDIT (U.K.) PLC

PROFIT AND LOSS ACCOUNTS FOR THE YEARS ENDED MARCH 31, 1990, 1989 AND 1988

								March 31, 1990	March 31, 1989	March 31, 1988
								£'000	£'000	£'000
Volume of business	..	..	..	..	..	..	..	64,708	58,378	47,254
Turnover (2)	..	..	..	..	..	..	..	14,746	10,614	7,677
Cost of Sales (3)	..	..	..	..	..	..	..	11,939	8,308	5,970
Gross profit	..	..	..	..	..	..	..	2,807	2,306	1,707
Administrative expenses	..	..	..	..	..	..	..	2,144	1,885	1,325
Profit on ordinary activities before taxation (4)	..	..	..	..	..	..	..	663	421	382
Tax on profit on ordinary activities (5)	..	..	..	..	..	..	..	294	147	148
Profit on ordinary activities after taxation	..	..	..	..	..	..	..	369	274	234
Retained profit brought forward	..	..	..	..	..	..	..	1,093	909	675
Capitalisation of reserves (11)	..	..	..	..	..	..	..	(307)	(90)	—
Retained profit carried forward	..	..	..	..	..	..	..	1,155	1,093	909

HITACHI CREDIT (U.K.) PLC

BALANCE SHEETS AS AT MARCH 31, 1990 and 1989

Assets	March 31, 1990	March 31, 1989
	<u>£'000</u>	<u>£'000</u>
Fixed Assets		
Company assets (8)	1,336	1,325
Vehicles on contract hire (8)	6,715	3,832
Tangible assets	<u>8,051</u>	<u>5,157</u>
Current Assets		
Amounts falling due within one year (9)	37,993	30,533
Amounts falling due after more than one year (9)	35,270	28,592
Trade Debtors	<u>73,263</u>	<u>59,125</u>
Amounts owed by group companies	14,004	10,511
Prepayments and accrued income (10)	698	928
Debtors	<u>87,965</u>	<u>70,564</u>
Cash at bank and in hand	<u>1,148</u>	<u>4,092</u>
	<u>89,113</u>	<u>74,656</u>
	<u>97,164</u>	<u>79,813</u>
Liabilities		
Capital and Reserves		
Called up share capital (11)	3,897	2,590
Profit and Loss Account	1,155	1,093
	<u>5,052</u>	<u>3,683</u>
Provisions for liabilities and charges		
Taxation including deferred taxation (12)	613	575
Creditors		
Amounts falling due within one year (13)	62,441	55,677
Amounts falling due after more than one year (14)	29,058	19,878
	<u>91,499</u>	<u>75,555</u>
	<u>97,164</u>	<u>79,813</u>

HITACHI CREDIT (U.K.) PLC

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEARS ENDED MARCH 31, 1990, 1989 and 1988

	March 31, 1990	March 31, 1989	March 31, 1988
	£'000	£'000	£'000
Source of Funds			
Profit before taxation	663	421	382
Adjustment for items not involving the movement of funds:			
Depreciation	1,270	782	496
Loss/(profit) on disposal of fixed assets	11	(62)	—
Surplus on loan stock	(160)	(207)	(207)
Total generated from operations	1,784	934	671
Funds from other sources:			
Issue of bond	9,180	—	—
Issue of share capital	1,000	1,000	500
Disposal of fixed assets	789	483	398
	12,753	2,417	1,569
Application of Funds			
Loan stock expenses	—	—	15
Purchase of fixed assets	4,964	3,686	1,886
Payment of tax	271	—	86
	5,235	3,686	1,987
	7,518	(1,269)	(418)
Movement in working capital			
Increase in debtors	17,226	11,965	15,868
(Increase) in accruals	(2,405)	(188)	(1,017)
	14,821	11,777	14,851
Movement in net liquid funds			
(Decrease)/increase in money at call and short notice	(2,944)	3,829	(22,734)
(Increase) in short-terms loans	(4,359)	(16,875)	7,465
	(7,303)	(13,046)	(15,269)
	7,518	(1,269)	(418)

HITACHI CREDIT (U.K.) PLC

NOTES ON THE FINANCIAL STATEMENTS

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts:

Basis of accounting

The accounts are produced under the historical cost convention.

Income

Charges and interest on instalment finance and leasing agreements are credited to profit and loss account over the period during which repayments fall due in proportion to the monthly balances outstanding.

Rentals receivable on contract hire vehicles are credited to the profit and loss account on a straight line basis over the time period of the lease.

Finance Leases

Amounts due from lessees under finance leases are recorded in the balance sheet as debtors at the amount of net investments in the leases, after making provision for doubtful debts.

Depreciation

Depreciation is calculated so as to write off the cost of tangible assets over their estimated useful lives as follows:

Freehold buildings—50 years; furniture and fixtures—4 years; motor vehicles—2 or 3 years.

No depreciation is charged on freehold land.

Depreciation on contract hire vehicles is charged to the profit and loss account on a rising scale over the period of the lease so that gross profit is recognised in proportion to the funds invested in each hire contract.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Pension costs

The expected cost of providing pensions as calculated periodically by professionally qualified actuaries is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Debenture loan stock

The surplus arising on the differential between the fixed interest rate on the loan stock and the agreed rates on the related interest bearing accounts, after deducting the expenses of issue, is recognised in the profit and loss account over the period to expected maturity, in proportion to the net amount owing on the loan stock.

2. Turnover

Turnover represents charges and rentals earned in the year on instalment finance, leasing and contract hire agreements, and gross interest receivable on short term advances and bank deposits.

All of the business was within the U.K.

	1990	1989
	£'000	£'000
Analysis of turnover by activity:		
Contract hire	2,588	1,518
Commercial instalment finance and leasing	8,220	5,702
Consumer instalment finance	1,589	1,441
Interest on advances to Hitachi group companies	2,071	1,706
Bank deposit interest	278	247
	<hr/> 14,746	<hr/> 10,614

3. Cost of Sales

	1990	1989
	£'000	£'000
Interest payable and similar charges:		
On overdrafts, acceptances, and bank loans repayable within five years ..	7,532	5,244
Loan stock interest	2,804	2,116
	10,336	7,360
Depreciation of contract hire vehicles	1,134	677
(Profit)/loss on disposal of contract hire vehicles	11	(62)
Maintenance expenses on contract hire vehicles	458	333
	11,939	8,308

4. Profit on ordinary activities before taxation

	1990	1989
	£'000	£'000
Analysis of profit before taxation between activities:		
Contract hire	407	264
Commercial instalment finance and leasing	1,583	1,250
Consumer instalment finance	549	536
	2,539	2,050
Indirect administration costs	(1,876)	(1,629)
	663	421
Profit before taxation is stated after charging:		
Depreciation of tangible assets	1,270	782
Operating lease rentals: plant and machinery	15	9
other	6	31
Directors' emoluments (see note 7)	145	128
Directors' pension costs	8	5
Auditors' remuneration	30	21

5. Taxation on profit on ordinary activities

	1990	1989
	£'000	£'000
Current year:		
Corporation tax at 35%	—	—
Deferred taxation	257	184
Prior year amounts: Corporation tax	37	288
Deferred tax	—	(325)
	294	147

6. Staff numbers and costs

The average number of persons employed by the Company during the year (including directors) was as follows:

	1990	1989
Management	11	10
Administrative	24	22
New business	8	7
	43	39

Staff costs including directors' remuneration (see note 7), were as follows:

	£'000	£'000
Salaries	775	627
Social security costs	52	47
Pension costs	51	45
	878	719

7. Emoluments of directors and senior employees

	1990	1989
	£'000	£'000
Directors' emoluments	145	128
Emoluments of highest paid director	80	68
Emoluments of Chairman	--	--

The number of directors whose emoluments excluding pension contributions, fell within the following ranges was as follows:

0-£5,000	2	2
£50,000-£55,000	1	1
£55,000-£60,000	1	--

The number of employees whose emoluments excluding pension contributions, fell within the following ranges was as follows:

£30,000-£35,000	1	--
£35,000-£40,000	1	1

8. Fixed assets

	Freehold property £'000	Motor cars £'000	Fixtures & fittings £'000	Company Assets £'000	Vehicles on contract hire £'000	Total £'000
Cost						
At April 1, 1989	1,022	262	254	1,538	4,693	6,231
Additions	2	73	100	175	4,789	4,964
Disposals	--	(68)	--	(68)	(1,466)	(1,534)
At March 31, 1990	1,024	267	354	1,645	8,016	9,661
Depreciation						
At April 1, 1989	12	65	136	213	861	1,074
Charge for the year	12	55	69	136	1,134	1,270
Disposals	--	(40)	--	(40)	(694)	(734)
At March 31, 1990	24	80	205	309	1,301	1,610
Net book value						
At March 31, 1990	1,000	187	149	1,336	6,715	8,051
At March 31, 1989	1,010	197	118	1,325	3,832	5,157

The cost of freehold property includes £547,000 which is depreciable.

9. Trade debtors

9. Trade debtors				1990		1989	
				Amounts due within 1 year £'000	Amounts due after 1 year £'000	Amounts due within 1 year £'000	Amounts due after 1 year £'000
Investment in hire purchase agreements	..	..	10,081	8,158	7,716	6,112
Instalment finance agreements	..	..	24,941	20,119	19,208	15,213
Investment in finance leases	..	..	2,971	6,993	3,609	7,267
			37,993	35,270	30,533	28,592	

	1990	1989
	£'000	£'000
Cost of assets acquired for the purpose of letting under finance leases	15,777	16,743

Trade debtors are stated net of deferred income which is analysed as follows:

Investment in hire purchase agreements	1,056	1,106
Instalment finance agreements	3,158	2,100
Investment in finance leases	1,607	2,559
	5,821	5,765

Aggregate leasing rentals receivable in period	4,639	4,351
Aggregate hire purchase rentals receivable in period	7,475	8,182

10. Prepayments and accrued income

	1990	1989
	£'000	£'000
Prepayments	94	284
Accrued income	604	644
	<u>698</u>	<u>928</u>

Accrued income includes an amount of £574,000 relating to the surplus arising on the interest differential on loan stock which is due in more than one year. (1989: £414,000.)

11. Share capital

	1990	1989
	£'000	£'000
Authorised: 5,000,000 shares of £1 each	5,000	5,000
Allotted, called up and fully paid: 3,897,200 shares of £1 each	<u>3,897</u>	<u>2,590</u>

During the year the Company issued 1,000,000 ordinary £1 shares at par, for the continued expansion of the Company's activities. £307,200 worth of reserves were converted to 307,200 ordinary £1 shares.

12. Taxation including deferred taxation

	1990	1989
	£'000	£'000
Deferred taxation:		
Balance at April 1, 1989	356	497
Charge for the year in profit and loss account	257	184
Release from prior year	—	(325)
	<u>613</u>	<u>356</u>
Corporation tax payable within one year	—	219
	<u>613</u>	<u>575</u>
	<u>1990</u>	<u>1989</u>
	£'000	£'000
Amount provided		
Difference between accumulated depreciation and capital allowances	649	553
Short term timing differences	398	293
Losses carried forward	<u>(434)</u>	<u>(490)</u>
	<u>613</u>	<u>356</u>

There is no unprovided deferred taxation (1989: £ Nil)

13. Creditors: Amounts falling due within one year

	1990	1989
	£'000	£'000
Bank loans, overdrafts and acceptances	57,472	53,113
Accruals	<u>4,969</u>	<u>2,564</u>
	<u>62,441</u>	<u>55,677</u>

Interest rate swap arrangements have been entered into in respect of certain of the above bank loans and acceptances, the payments being matched against receipts from the Company's debtors.

14. Creditors: Amounts falling due after more than one year

	1990	1989
	£'000	£'000
Debtenture loan stock		
Loan stock	27,584	24,784
Sinking fund	(7,630)	(4,784)
Expenses of issue	(76)	(122)
	19,878	19,878
Yen 2,100,000,000 TOPIX-linked coupon notes due 1994	9,180	—
	29,058	19,878

The loan stock is redeemable in 2002, or at the Company's option on or after March 30, 1997. It carries interest at 11 per cent. per annum, on the amount of loan stock outstanding, including accrued interest, and is payable at the redemption date.

The Company has entered into an interest swap arrangement to convert the fixed interest rate on the loan stock to a variable rate linked to London Interbank Offered Rates. Interest rate receipts as a result of the swap arrangement are debited to an interest bearing account (the sinking fund). A legal right of set-off exists between the sinking fund and the loan stock.

During the year the Company issued ¥2,100,000,000 worth of coupon notes. The notes are repayable on March 22, 1994 or at the Company's option on March 22, 1993. The interest rate payable on the notes is linked to TOPIX, the Tokyo Stock Exchange Price Index. The notes are listed on the Luxembourg Stock Exchange. The Company has entered into interest rate and currency swap agreements to convert the proceeds into sterling obligations at a variable interest rate linked to London Interbank Offered Rates.

The proceeds of the issue have been used to finance the Company's continuing expansion.

15. Commitments

	1990	1989
	£'000	£'000
Capital commitments at March 31 for which no provision has been made in the accounts were as follows:		
Authorised but not contracted	315	469
In the year to March 31, 1991 the Company has the following commitments under operating leases expiring between two and five years.		
Land & Buildings	25	6
Other	10	5
Total	35	11

16. Contingent liabilities

In the Directors' opinion there were no material contingent liabilities at March 31, 1990 (1989—nil).

17. Pensions

The Company participates in a Scheme operated by a fellow Hitachi group company which provides benefits based on final pensionable earnings. The pension scheme is set up under trust and the assets of the scheme are, therefore, held separately from those of the Company.

The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the Company. The actuarial method used was the projected unit method. The most significant assumptions, for their effect on the pension costs, are those relating to the rate of return on the investments of the scheme and rate of increase in salaries and pensions. It was assumed that, over the long-term, the yield earned on investments would exceed the rate of earnings increase by 1.5 per cent. per annum. For funding purposes more conservative assumptions are adopted.

The pension cost charged to the profit and loss account for the year was £50,014. This cost was after a reduction of £7,777 in respect of the amortisation of past over-funding. This amortisation is over a period of 17 years, the average remaining service lives of the pensioned employees.

The latest actuarial valuation at April 1, 1988 showed that the market value of the Scheme's assets was £4,939,000 and the actuarial value of these assets represented 115 per cent. of the liability for benefits under the valuation method, for service to the valuation date and based on earnings projected to retirement or earlier exit.

18. Holding company

The Company is a wholly-owned subsidiary of Hitachi Credit Corporation, incorporated in Japan. The ultimate holding company is Hitachi Limited, incorporated in Japan.

AUDITORS' REPORT

The Directors
Hitachi Credit (U.K.) PLC
Hitachi Credit House
Stables Courtyard
Church Road
Hayes
Middlesex UB3 2UH

April 10, 1991

Dear Sirs

Hitachi Credit (U.K.) PLC

We have examined the financial information set out on pages 17 to 24 of this Offering Memorandum, which is based on the financial statements of Hitachi Credit (U.K.) PLC (the "Company") for the three years ended March 31, 1990, on which we reported as auditors.

In our opinion such financial information gives a true and fair view of the state of affairs of Hitachi Credit (U.K.) PLC at March 31, 1989 and 1990 and of the profit and the source and application of funds of the Company for the three years ended March 31, 1990.

Yours faithfully

KPMG Peat Marwick McLintock

RELATIONSHIP WITH HITACHI CREDIT CORPORATION

General

The Issuer is a wholly-owned subsidiary of the Parent.

Keep Well Agreement

The Issuer and the Parent have entered into a keep well agreement dated as of April 11, 1991 (the "Keep Well Agreement") and governed by the laws of England. The following is a summary of certain of the terms of the Keep Well Agreement, a copy of which is available for inspection, as stated in General Information below:—

- (i) The Parent will ensure that during the term of the Keep Well Agreement it will own, directly or indirectly, not less than 100 per cent. of the issued share capital of the Issuer (disregarding shares which carry no voting rights) and will not assign, pledge or otherwise encumber such share capital.
- (ii) The Parent will cause the Issuer and the Issuer's subsidiaries, if any, to have a consolidated tangible net worth (if consolidated) which shall not be less than U.S.\$5,000,000 (being the total of the Issuer's issued and paid up share capital, capital and revenue reserves and capital and retained earnings less any intangible assets all as ascertained in accordance with generally accepted accounting principles).
- (iii) If at any time during the term of the Keep Well Agreement, the Parent shall be notified by the Issuer that the Issuer lacks the liquid assets sufficient to meet in a timely manner payments due on its obligations or borrowings, the Parent shall make sufficient funds available to the Issuer to make the required payments in full as they fall due.

The performance by the Parent of its obligations stated above may be subject to the approval, clearance or other authorisation of Japanese governmental authorities.

The Keep Well Agreement provides that it may be modified or amended by the written agreement of the Parent and the Issuer, provided, however, that no such modification or amendment shall be made if it shall or may have any adverse effect upon any person who is a holder of any Note at the date such modification or amendment becomes effective. The Keep Well Agreement shall not be terminated by the Parent or the Issuer while any Note remains outstanding. Condition 9 of the Notes provides that any modification, amendment or termination of the Keep Well Agreement may constitute an event of default under the Notes if it would have a material adverse effect upon any Noteholder or Couponholder.

The Keep Well Agreement is not, and should not be regarded as, a guarantee by the Parent of the payment of any indebtedness, liability or obligation of the Issuer (including the Notes). The only parties to the Keep Well Agreement are the Issuer and the Parent. The Noteholders are not parties to the Keep Well Agreement.

Financial and other information concerning the Parent is provided for background purposes only in view of the importance to the Issuer of the Keep Well Agreement; it should not be treated as implying that the Keep Well Agreement can be viewed as a guarantee.

Deed Poll

The Issuer and the Parent have executed a deed poll dated as of April 11, 1991 (the "Deed Poll"). The following is a summary of certain terms of the Deed Poll and is qualified in its entirety by the provisions of the Deed Poll, a copy of which is available for inspection as stated in "General Information".

The Parent and the Issuer have, in the Deed Poll, undertaken for the benefit of the Noteholders *inter alia* that (i) the Parent and the Issuer shall perform and comply with all of their respective obligations under the Keep Well Agreement, (ii) the Keep Well Agreement shall not be terminated by the Parent or the Issuer while any Notes remain outstanding, and (iii) the Keep Well Agreement will be modified or amended only by the written agreement of the Parent and the Issuer, provided, however, that the Parent and the Issuer have agreed that no such modification or amendment shall be made if it shall or may have any adverse effect upon any Noteholder on the date such modification or amendment become effective.

HITACHI CREDIT CORPORATION

Introduction

The Parent was established in 1957 under the laws of Japan. The Parent was established by Hitachi, Ltd. to finance credit sales of electrical appliances manufactured by Hitachi Ltd. The Parent has diversified the types of goods financed to include consumer electrical and electronic products, automobiles, insurance policies, office automation and industrial equipment.

The Parent and its subsidiaries provide credit facilities by means of loan guarantees, leasing, purchases of instalment receivables, instalment credit sales and credit card sales.

The Parent's head office is located at 15-12, Nishi-Shimbashi 2-chome, Minato-ku, Tokyo and has branch offices throughout Japan and an overseas branch in Singapore. The Parent has four domestic subsidiaries and overseas subsidiaries in Hong Kong, Canada, the United Kingdom and the United States.

Capitalisation

The consolidated capitalisation of the Parent as at March 31, 1990 is as follows:—

	March 31, 1990
	Japanese Yen (millions)
Short-Term Bank Loans	178,489
Long-Term Debt	
Unsecured convertible bonds payable in U.S. dollars, due September 1996, interest 5.0 per cent.	649
Notes payable in Swiss francs, guaranteed by Hitachi Ltd., due June 1993, interest 4.875 per cent.	4,551
Guaranteed bonds issued with warrants, payable in U.S. dollars, due June 1991, interest 2.75 per cent.	6,520
Notes payable in Swiss francs, guaranteed by Hitachi Ltd., due February 1993, interest 4.625 per cent.	4,781
Unsecured convertible bonds in Japanese yen, due September 2004, interest 1.8 per cent.	13,785
Notes payable issued by Hitachi Credit (U.K.) PLC, in Euro-yen with the Company's guarantee, due March 1994, interest 2-7 per cent.	2,128
Loans from banks and other financial institutions:	
Unsecured, maturing 1989-1997	109,498
Loans from the parent company due August 1991	5,000
	146,912
Less current portion	22,527
	124,385
Guarantee deposits received from lessees, refundable when the lease contracts are terminated, without interest thereon	3,962
Total Long Term Debt	128,347
Stockholders' Equity	
Common Stock, ¥50 (\$0.32) par value:	
Authorised 280,000,000 shares; issued 117,601,195 shares	6,451
Capital surplus	39,648
Legal reserve	1,467
Retained earnings	59,102
	106,728
Less cost of 2,273 shares of treasury stock	3
Total Stockholders' Equity	106,725

Note:—

As at March 31, 1990, the non-consolidated figure for Short-Term Bank Loans was Yen 178,743, for Long-Term Debt was Yen 115,349 and for Stockholders' Equity was Yen 105,559.

Summarised Financial Statements

The following is a summary of consolidated financial data of the Parent for the years ended March 31, 1990 and March 31, 1989:—

	March 31, 1990	March 31, 1989
	<i>Japanese Yen (millions)</i>	
Volume of business	786,608	723,589
Income	64,152	60,992
Net income	5,557	4,900
Cash dividends	1,742	1,735
Trade receivables	198,467	187,661
Equipment held for operating leases	217,691	254,860
Total assets	529,705	524,979
Short-term bank loans and long-term debt	329,363	340,730
Stockholders' equity	106,725	100,173
Per share (in yen)		
Net income	47.5	42.3
Cash dividends	15.0	15.0
Stockholders' equity	913	865

Note:—

Net income is based on the weighted average number of shares of common stock outstanding during the respective years.

Directors and Statutory Auditors

The Directors and statutory auditors of the Company are as follows:—

<u>Name</u>	<u>Title</u>
S'inichi Kobayashi	President and Representative Director
Masayoshi Hanabusa	Senior Executive Managing Director
Yoshiaki Takada	Senior Executive Managing Director
Tsuyoshi Adachi	Executive Managing Director
Shigeo Kogawara	Executive Managing Director
Zenichi Ohnishi	Executive Managing Director
Sutezo Hata	Director
Yasuya Miyoshi	Director
Iwao Yoshihara	Director
Sadaaki Kato	Director
Hisao Umetani	Director
Teizo Tada	Director
Atsushi Washida	Director
Makio Hiraoka	Auditor
Shigeo Kobori	Auditor
Kenichi Yasu	Auditor

TAXATION

The comments below are of a general nature and are based on current United Kingdom law and practice. They take account of proposals published by the Inland Revenue on or before April 8, 1991 (the last practicable date before printing this Offering Memorandum) for inclusion in the Finance Act 1991. As the taxation consequences of holding any Notes will depend on the terms and conditions of issue of the particular Notes (and, in certain circumstances (Paragraph 21, Schedule 11, Finance Act 1989), on the terms of issue of Notes subsequently issued), Noteholders should seek professional advice as to their taxation position.

1. If Notes are interest bearing and in bearer form and are listed and continue to be listed on a recognised stock exchange within the meaning of Section 841 of the Income and Corporation Taxes Act 1988, they will constitute "quoted Eurobonds" and payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax where:

- (a) the payment of interest is made by an overseas paying agent; or
- (b) the payment is made by or through a person who is in the United Kingdom but:
 - (i) an appropriate form of declaration of non-residence is provided by or on behalf of the person who is the beneficial owner of the Notes and entitled to the interest and is provided to the paying agent; or
 - (ii) the Notes and the related Coupons are held in a "recognised clearing system". Euroclear and CEDEL have each been designated as a "recognised clearing system" for this purpose.

In all other cases, interest will be paid under deduction of income tax at the basic rate, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

2. A collecting agent in the United Kingdom obtaining payment of interest, whether in the United Kingdom or elsewhere, (in circumstances where no withholding or deduction for or on account of United Kingdom income tax has been made by the person paying the interest) or realising in the United Kingdom any interest, on behalf of a holder of a Note or Coupon must withhold or deduct income tax at basic rate unless it is proved on a claim in that behalf made in advance to the satisfaction of the Inland Revenue that the person who is the beneficial owner of the Note or Coupon and entitled to the interest is not resident in the United Kingdom.

3. Any interest on the Notes has a United Kingdom source and accordingly will be chargeable to United Kingdom income tax by direct assessment even if the interest is paid without withholding or deduction. However, based on Inland Revenue Extra-Statutory Concession ESC B13 (the "Concession") (which operates subject to the existence of any special circumstances and to the Concession not being used for the purposes of tax avoidance), the interest will not be assessed to United Kingdom tax in the hands of Noteholders who are not regarded as resident in the United Kingdom for the whole of the relevant year of assessment, except where such persons:

- (a) are chargeable in the name of a trustee or other representative mentioned in Section 72 Taxes Management Act 1970 or in the name of an agent or branch in the United Kingdom having the management or control of the interest; or
- (b) seek to claim relief in respect of taxed income from United Kingdom sources; or
- (c) are chargeable to corporation tax on the income of a United Kingdom branch or agency to which the interest is attributable; or
- (d) are chargeable to income tax on the profits of a trade carried on in the United Kingdom to which the interest is attributable.

4. Noteholders should note that the provisions relating to additional amounts referred to in Condition 7 would not apply if the Inland Revenue sought to assess directly to United Kingdom tax the person entitled to the relevant interest or (where applicable) the "deep discount" or "deep gain" element of a Note. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

SUBSCRIPTION AND SALE

The dealer agreement dated April 11, 1991 between the Issuer and the Dealers (the "Dealer Agreement") provides for Notes to be issued on a continuous basis to one or both of the Dealers although the Issuer has no obligation to issue any Notes and neither Dealer has any obligation to subscribe for Notes. The price or prices at which a given Series will be issued will be agreed at the time between the Issuer and the relevant Dealer(s). Notes of the same Series may be subscribed at different times and at different prices. Notes may be resold at prices to be agreed with the relevant Dealer(s). There can be no assurance that the Notes will be resold or that there will be a secondary market for them.

Commissions may be paid to the Dealers in relation to the issue of the Notes within the range of .125 per cent. to .750 per cent. of the principal amount of such Notes (or on such other basis as the Issuer may from time to time agree with the Dealers). The Issuer has also agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes. The obligations of the Dealers under the Dealer Agreement will be subject to certain conditions set out in that Agreement.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes of any Series (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined by the Fiscal Agent, of all Notes of such Series issued prior to such determination, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each issuance of Indexed Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree, as indicated in the applicable Pricing Supplement. Each Dealer has agreed that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Each Dealer has agreed that (1) it has not offered or sold and will not, for so long as Part III of the Companies Act 1985 remains in force in relation to the Notes, offer or sell in the United Kingdom or elsewhere, by means of any document, any Notes (in the case of Listed Notes prior to application for listing of the Notes being made in accordance with Part IV of the Financial Services Act 1986), other than in circumstances which do not constitute an offer to the public within the meaning of the Companies Act 1985 or, in the case of Notes which, under the terms of their issue, must be repaid within five years of the date of issue, except to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, (2) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, (3) it has only issued and passed on and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issue of the Notes, (other than in the case of Listed Notes any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Financial Services Act 1986) if that person is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988 and (4) once the provisions of Part V of that Act come into force will not, directly or indirectly, issue or cause to be issued in the United Kingdom any advertisement offering the Notes (within the meaning of that Act) in circumstances which would require (for the avoidance of any contravention of those provisions) a prospectus to have been delivered to the Registrar of Companies.

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan. Neither Dealer will offer or sell any Notes directly or indirectly in Japan or to residents of Japan or for the benefit of any Japanese person (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale directly or indirectly in Japan or to any Japanese person during the period of 90 days from the issue date of the Notes (where the Notes are denominated in yen) or 180 days from the issue date of the Notes (where the Notes are Dual Currency Notes, Reverse Dual Currency Notes or Optional Dual Currency Notes) and that thereafter it will not do so, except under circumstances which will result in compliance with any applicable laws, regulations and ministerial guidelines of Japan taken as a whole.

Selling restrictions relating to the United States may be modified by the agreement of the Issuer and the Dealers following a change in applicable United States regulations. Any such modification will be set out

in the pricing supplement issued in respect of the issue of any Notes to which it relates or in a supplement to this Offering Memorandum.

Each tranche of each Series will be represented initially by a Temporary Global Note, in bearer form without Coupons, which will be deposited on behalf of the subscribers of the relevant Notes with a common depositary (the "Common Depositary") for the Euroclear Operator and for CEDEL, on or about the issue date of the relevant Notes. Upon deposit of the Global Note with the Common Depositary, the Euroclear Operator or CEDEL will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If any interest payment in respect of Notes of a Series falls due while any of such Notes is represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the Temporary Global Note) has been received by the Euroclear Operator or CEDEL.

On or after the date (the "Certification Date") that is 40 days after the date on which the Notes of any Series are issued, provided certification of non-U.S. beneficial ownership has been received, interests in the Temporary Global Note will be exchanged for interests in a Permanent Global Note representing the Notes in that Series. No payments of interest will be made on a Temporary Global Note after the Certification Date.

Each Global Note is entitled to the same benefits and subject to the same conditions as are or would be specified in the Definitive Notes of the tranche represented by such Global Note. References in this Offering Memorandum to "Notes" include interests in the relevant Global Note unless the context requires otherwise.

Any payment due on a Global Note will be made to each of the Euroclear Operator and CEDEL in respect of the portion of the Global Note held for its account.

An accountholder with the Euroclear Operator or CEDEL in respect of a Permanent Global Note may, on giving not less than 60 days' prior notice to the Euroclear Operator or CEDEL, elect to exchange its interest in the Permanent Global Note for Definitive Notes in bearer form in the same aggregate principal amount as that interest with (in the case of interest bearing Notes) Coupons and, if applicable, talons attached.

Each Global Note will provide that, if a notice is given to the Fiscal Agent in relation to any interest in that Global Note in any of the circumstances contemplated by Condition 9 of the Notes, the relevant Global Note (to the extent of that interest) will become void and the bearer (to that extent) will have no further rights in respect of it. A deed of covenant (the "Deed of Covenant") executed by the Issuer as of April 11, 1991 provides that, in such event, each accountholder with the Euroclear Operator or CEDEL (other than either of the Euroclear Operator or CEDEL in its capacity as an accountholder with the other of them) who would have been entitled to the relevant interest in the Global Note when it became void will acquire against the Issuer all rights which it would have had if, immediately before the Global Note became void, it had been the holder of Definitive Notes issued on the issue date of the Global Note in an aggregate principal amount equal to that of its interest in the Global Note, including the right to receive all payments due at any time in respect of such Definitive Notes other than payments corresponding to any already made under the Global Note.

GENERAL INFORMATION

1. The Programme was authorised by resolution of the Board of Directors of the Issuer passed on April 9, 1991.
2. Each Permanent Global Note, Definitive Note and Coupon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
3. The Auditors of the Issuer have given and have not withdrawn their written consent to the issue of this document, with the inclusion of their letter and the reference to their name in the form and context in which it appears.
4. The Issuer is not involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Issuer nor is the Issuer aware of any such proceedings pending or threatened.
5. The listing of a Series of Notes on The Stock Exchange will be expressed as a percentage of the principal amount (exclusive of accrued interest if any) of the Notes. It is expected that each Series of Notes which is listed will be listed separately as and when issued, subject only to the issue of the Temporary Global Note. Prior to official listing, however, dealings will be permitted by the Council of The Stock Exchange in accordance with its rules.
6. The Issuer has warranted to each of the Dealers that, at each date of issue of Notes, there will have been no material adverse change in the financial position or prospects of the Issuer or the Parent taken as a whole, since March 31, 1990 (or the balance sheet date of the latest report of the Issuer or accounts of the Parent as appropriate) unless otherwise disclosed in the Offering Memorandum to be supplemented from time to time.
7. There has been no significant change in the financial or trading position of the Issuer or the Parent taken as a whole, since March 31, 1990.
8. The Notes have been accepted for clearance through the Euroclear and CEDEL systems.
9. Each Pricing Supplement issued with this Offering Memorandum will contain the following information in respect of the relevant tranche of Notes:—
 - (i) Series No.;
 - (ii) principal amount of tranche;
 - (iii) issue date;
 - (iv) currency and denomination;
 - (v) maturity date/redemption month;
 - (vi) issue price;
 - (vii) interest basis and coupon/margin (including basis for calculating interest payable on Variable Coupon Amount Notes, if applicable);
 - (viii) interest payment dates;
 - (ix) basis for calculating redemption amounts payable in respect of Variable Redemption Amount Notes, if applicable;
 - (x) the currencies in which payments will be made in respect of Dual Currency Notes;
 - (xi) all relevant rates of exchange;
 - (xii) whether the Notes are redeemable prior to their stated maturity at the option of the Issuer and/or the Noteholders and the terms relating thereto;
 - (xiii) security codes allocated by the Euroclear and CEDEL systems;
 - (xiv) the Amortisation Yield in respect of Zero Coupon Notes; and
 - (xv) any other relevant information which is not inconsistent with the Programme or the terms of the Agency Agreement and this Offering Memorandum.
10. The following documents will be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at (and, in the case of the items referred to in (x) and (xi), obtainable from) the principal office for the time being of the Fiscal Agent and at the specified office of the Paying Agent:—
 - (i) the Agency Agreement;
 - (ii) the Dealer Agreement;
 - (iii) the Keep Well Agreement;
 - (iv) the Deed Poll;
 - (v) the Deed of Covenant;
 - (vi) the Memorandum and Articles of Association of the Issuer;
 - (vii) each Pricing Supplement;
 - (viii) any supplement to this Offering Memorandum or further Offering Memorandum;
 - (ix) the consent referred to in 3. above;
 - (x) the latest available financial statements of the Issuer, beginning with such financial statements for the years ended March 31, 1988, March 31, 1989 and March 31, 1990; and
 - (xi) the latest available audited financial statements of the Parent (including any semi-annual financial statements of which English translations are available) beginning with such financial statements for the years ended March 31, 1988, March 31, 1989 and March 31, 1990.

The documents referred to in (xi) above will be made available for the purpose of providing background information relevant to the Keep Well Agreement and the Parent.

11. The financial information contained in this Offering Memorandum for the Issuer's three financial years ended March 31, 1990 does not comprise statutory accounts (within the meaning of section 240(5) of the Companies Act 1985) for these financial years. Statutory accounts for the three years ended March 31, 1990 have been delivered to the Registrar of Companies. The Auditors have reported on the statutory accounts. For those financial years, those reports were unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

12. As at the date of this Offering Memorandum no audited accounts of the Issuer have been made up in respect of any period subsequent to March 31, 1990.

13. The Issuer or the Dealers may terminate the arrangements described in the Dealer Agreement by giving not less than 30 days' notice to the other affected parties.

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