

1630491

OFFERING CIRCULAR

29 October 2002

Hitachi Credit (U.K.) PLC

(incorporated with limited liability in England and Wales)

U.S.\$1,000,000,000

Euro Note Programme

Guaranteed by

Hitachi Capital Corporation

(incorporated with limited liability in Japan)

Arranger

UBS Warburg

Programme Dealers

Merrill Lynch International

MORGAN STANLEY

UBS Warburg

Mizuho International plc

Nomura International



This Offering Circular replaces and supersedes the Offering Circular dated 26 March 2001 describing the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions contained herein. This does not affect any Notes already issued.

Under this U.S.\$1,000,000,000 Euro Note Programme (the "Programme"), Hitachi Credit (U.K.) PLC (the "Issuer") may from time to time issue notes ("Notes") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined herein).

Payments under the Notes will be unconditionally and irrevocably guaranteed by Hitachi Capital Corporation (the "Guarantor").

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list maintained by the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading by the London Stock Exchange on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to the London Stock Exchange's market for listed securities constitute official listing on the London Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined on page 20) of Notes will be set forth in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche. This Offering Circular comprises the listing particulars with regard to the issue by the Issuer of Notes and has been approved by the UK Listing Authority as required by the Financial Services and Markets Act 2000 (the "FSMA"), as amended (the "Listing Particulars") in relation to Notes admitted to the Official List and admitted to trading on the London Stock Exchange.

The Programme provides that Notes may be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Notes of each Tranche will either initially be represented by a temporary global Note or, if agreed between the Issuer and the relevant Dealer, be represented by a permanent global Note which, in either case, will be deposited on the issue date thereof with a common depositary on behalf of Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and/or Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and/or any other agreed clearance system. A temporary global Note so issued will be exchangeable, as specified in the applicable Pricing Supplement, for either a permanent global Note or definitive Notes, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury Regulations. A permanent global Note will be exchangeable for definitive Notes, upon request, all as further described in "Form of the Notes" below.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in these listing particulars. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any reference in this Offering Circular to Listing Particulars means this Offering Circular excluding all information incorporated by reference. The Issuer and the Guarantor have confirmed that any information incorporated by reference, including any such information to which readers of this document are expressly referred, has not been and does not need to be included in the Listing Particulars to satisfy the requirements of the FSMA or the listing rules of the UK Listing Authority. The Issuer and the Guarantor believe that none of the information incorporated in the Offering Circular by reference conflicts in any material respect with the information included in the Listing Particulars.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below) (provided, however, that such incorporated documents do not form part of the Listing Particulars). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular but not part of the Listing Particulars.

Copies of this Offering Circular have been delivered for registration to the Registrar of Companies in England and Wales as required by section 83 of the FSMA. Copies of each Pricing Supplement (in the case of Notes to be admitted to the Official List) will be available from FT Business Research Centre, operated by FT Electronic Publishing at Fitzroy House, 13-15 Epworth Street, London EC2A 4DL and from the specified office of each of the Paying Agents (see "Form of the Pricing Supplement" below).

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the "Form of the Notes" herein, in which event (in the case of Notes admitted to the Official List only) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor. The Dealers do not accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or inconsistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any Dealer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Programme Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recent consolidated financial statements of the Issuer and the most recent consolidated financial statements of the Guarantor when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Dealers (save for the approval of this document as listing particulars by the UK Listing Authority and delivery of copies of this document to the Registrar of Companies in England and Wales) which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisements or other offering material relating to the Programme or Notes issued thereunder may be distributed or published in any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restriction. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan and Germany (see "Subscription and Sale" below).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), 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 (see "Subscription and Sale" below).

All references in this document to (i) "U.S. dollars", "U.S.\$", and "U.S. cents" are to the currency of the United States of America, (ii) "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, (iii) "Yen" and "¥" are to the currency of Japan and (iv) "Sterling" and "£" are to the currency of the United Kingdom.

In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

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Documents Incorporated by Reference

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided however that such incorporated documents do not form part of the Listing Particulars):

- (a) the publicly available audited consolidated annual financial statements and the unaudited consolidated interim financial statements (if any) of the Issuer for the most recent financial period;
- (b) the publicly available audited consolidated annual financial statements and the unaudited consolidated interim financial statements of the Guarantor for the most recent financial period;
- (c) all supplements to this Offering Circular circulated by the Issuer and the Guarantor from time to time in accordance with the provisions of the Dealer Agreement described below; and
- (d) in relation to each Tranche of Notes, the Pricing Supplement relating to such Tranche,

save that any statement contained herein or in a document which is deemed to be incorporated in whole or in part by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular (but not the Listing Particulars) to the extent that a statement contained in any such subsequent document which is deemed to be incorporated in whole or in part by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

UBS AG, acting through its business group UBS Warburg ("UBS Warburg") in its capacity as authorised adviser (the "Authorised Adviser") for Notes admitted to the Official List will provide (on behalf of the Issuer and the Guarantor), without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated in whole or in part herein by reference (unless such documents have been modified or superseded as specified above), with the exception of Pricing Supplements for unlisted Notes, which will only be available to Noteholders as provided under "Terms and Conditions of the Notes" below. Written or telephone requests for such documents should be directed to the Authorised Adviser at its principal office in London set out at the end of this Offering Circular.

The Issuer and the Guarantor have undertaken to the Dealers in the Dealer Agreement (as defined in "Subscription and Sale" below) to comply with sections 81 and 83 of the FSMA. In the event that supplementary listing particulars are produced pursuant to such undertaking, a copy of such supplementary listing particulars will accompany this Offering Circular.

General Description of the Programme

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$1,000,000,000 (or its equivalent in other currencies calculated as described herein). A description of the restrictions applicable at the date of this Offering Circular relating to the maturity of certain Notes is set out on page 8.

The Notes will be issued on a continuing basis to the Programme Dealers (as defined herein) and any additional Programme Dealer or Issue Dealer (as defined herein) appointed under the Programme from time to time. The Programme Dealers and the Issue Dealers are herein together referred to as the "Dealers" and references to a "Dealer" are to a Programme Dealer or, as the case may be, an Issue Dealer. References to the "relevant Dealer" are references to the Dealer or Dealers with whom the Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme.

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency subject as set out herein. Summaries of the Programme and the terms and conditions of the Notes appear below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes" below.

This Offering Circular and any supplements thereto will only be valid for listing Notes on the Official List during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$1,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant issue of Notes, described under "Form of the Pricing Supplement" below) shall be determined, at the discretion of the Issuer, either as of the date of agreement to issue such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of U.S. dollars against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of calculation (which spot rate shall be notified to the Agent (as defined under "Terms and Conditions" of the Notes below) by the Issuer);
- (b) the U.S. dollar amount (or, where relevant, the U.S. dollar equivalent) of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant issue of Notes, described under "Form of the Pricing Supplement" below) shall be calculated (where applicable, in the manner specified above) by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the amount of the purchase price paid); and
- (c) the U.S. dollar amount (or, where relevant, the U.S. dollar equivalent) of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant issue of Notes, described under "Form of the Pricing Supplement" below) and other Notes issued at a discount or premium shall be calculated (where applicable, in the manner specified above) by reference to the Final Redemption Amount (as specified in the applicable Pricing Supplement in relation to the relevant issue of Notes, described under "Form of the Pricing Supplement" below) of the Notes of the relevant issue.

Summary of the Programme

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes", specified in capitalised terms in "Form of the Pricing Supplement" and defined in "Terms and Conditions of the Notes" have the same meaning when used herein.

Issuer:	Hitachi Credit (U.K.) PLC
Guarantor:	Hitachi Capital Corporation
Description:	Euro Note Programme
Arranger:	UBS AG, acting through its business group UBS Warburg ("UBS Warburg")
Programme Dealers:	Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International Limited Nomura International plc UBS Warburg
Fiscal and Principal Paying Agent:	Mizuho Trust & Banking (Luxembourg) S.A.
Paying Agent:	Mizuho Corporate Bank, Ltd., London Branch
Programme Size:	Up to U.S.\$1,000,000,000 (or its equivalent in other currencies calculated as described in "General Description of the Programme" above) outstanding at any one time. The Issuer and the Guarantor may increase or decrease the amount of the Programme in accordance with the terms of the Dealer Agreement.
Legal and regulatory requirements:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" below) including the following restrictions applicable at the date of this Offering Circular.</p> <p>Each issue of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2 December 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant Issue Date for such transaction.</p> <p>Each issue of Notes denominated in Yen or in respect of which amounts are payable in Yen will be made only in compliance with applicable Japanese laws, regulations, guidelines and policies.</p> <p>Notes having a maturity of less than one year Notes having a maturity of less than one year will constitute deposits for the</p>

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purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "Subscription and Sale".

Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Sterling, U.S. dollars, Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be in bearer form and will on issue be represented by either a temporary global Note or a permanent global Note as specified in the applicable Pricing Supplement. Temporary global Notes will be exchangeable either for (i) interests in a permanent global Note or (ii) for definitive Notes as indicated in the applicable Pricing Supplement. Permanent global Notes will be exchangeable for definitive Notes upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described under "Form of the Notes".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none">(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>

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Changes of Interest Basis:	Notes may be converted from one Interest Basis to another if so provided in the applicable Pricing Supplement.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).
Index Linked Notes:	Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Amount Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified denominations, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or, as the case may be, the Issuer on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.</p> <p>The applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated therein.</p> <p>Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "Legal and regulatory requirements – Notes having a maturity of less than one year" above.</p>
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or other equivalent regulatory body) or any laws or regulations applicable to the relevant Specified Currency, see "Legal and regulatory requirements – Notes having a maturity of less than one year" above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The Notes will contain a negative pledge provision given by the Issuer and the Guarantor as described in Condition 3.
Cross Default:	The Notes will contain a cross-default provision relating to indebtedness for money borrowed of the Issuer or the Guarantor as defined and further described in Condition 9.
Status of the Notes:	The Notes will constitute (subject to Condition 3(a)) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without preference among themselves and (with the exception of

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- obligations in respect of applicable statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
- Status of the Guarantee:** Payments in respect of the Notes will be unconditionally and irrevocably guaranteed by the Guarantor under the Guarantee. The obligations of the Guarantor under the Guarantee will constitute (subject to Condition 3(b)) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu* and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
- Listing:** Application has been made to admit the Notes issued under the Programme to the Official List and to admit them to trading on the London Stock Exchange. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Pricing Supplement relating to each issue will state whether or not and, if so, on which stock exchange or stock exchanges the Notes are to be listed.
- Governing Law:** The Notes and the Guarantee will be governed by, and construed in accordance with, English law.
- Selling Restrictions:** There are specific selling restrictions in relation to the United States, the United Kingdom and Japan. In connection with the offering and sale of a particular Tranche of Notes additional or alternative restrictions may be imposed which will be set out in the applicable Pricing Supplement. See "Subscription and Sale" below.

Form of the Notes

Each Tranche of Notes will either be initially represented by a temporary global Note (without receipts, interest coupons or talons) (a "Temporary Global Note") or, if agreed between the Issuer and the relevant Dealer, be represented by a permanent global Note which, in either case, unless otherwise agreed between the Issuer and the relevant Dealer, will be delivered to a common depository for Clearstream, Luxembourg and Euroclear. Any reference to Clearstream, Luxembourg and/or Euroclear in this section "Form of the Notes" shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer, the relevant Dealer and the Agent. Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by Clearstream, Luxembourg and/or Euroclear, as applicable, has given a like certification (based on the certifications it/they has/have received) to the Agent.

On and after the date (the "Exchange Date") which is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a permanent global Note (a "Permanent Global Note") of the same Series or (ii) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note of definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all global Notes, definitive Notes, receipts, interest coupons and talons, unless otherwise agreed between the Issuer and the relevant Dealer:

"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."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of

any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his securities account with Clearstream, Luxembourg or Euroclear gives notice that he wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their account with Clearstream, Luxembourg or Euroclear will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Clearstream, Luxembourg and Euroclear, on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 29 October 2002 executed by the Issuer.

Form of the Pricing Supplement

Pricing Supplement dated [Date]

HITACHI CREDIT (U.K.) PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Hitachi Capital Corporation under the

US\$1,000,000,000

EURO NOTE PROGRAMME

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [Date] [and the supplemental Offering Circular dated [Date]]. This Pricing Supplement must be read in conjunction with such Offering Circular [as so supplemented].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year, the minimum denomination must be £100,000 or its equivalent in any other currency.]

1. [(i)] Issuer: []
[(ii)] Guarantor: []
2. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
[(i)] Series: []
[(ii)] Tranche: []
5. [(i)] Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
[(ii)] Net proceeds: []
(Required only for listed issues)
6. Specified Denominations: []
[]
7. (i) Issue Date: []
(ii) Interest Commencement Date: []
8. Maturity Date: [Fixed rate — specify date]
Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]

- [Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[Other (specify)]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Listing: [London/Luxembourg/other (specify)/None]
14. Method of distribution: [Syndicated/Non-syndicated]
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**
15. Fixed Rate Note Provisions
- (i) Rate[(s)] of Interest: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
[] per cent. per annum
[payable [annually/semi-annually/quarterly/monthly] in arrear]
(If payable other than annually, consider amending Condition 4)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount[(s)]: [] per [] in Nominal Amount
- (iv) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other]
- (vi) Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)
(NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph.)

Form of the Pricing Supplement

- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate(s) of Interest and Interest Amount(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
Other]
(See Condition 4 for alternatives)
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

Form of the Pricing Supplement

17. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) [Amortisation/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: { }
- (iii) Any other formula/basis of determining amount payable: []
(Consider applicable day count fraction if euro denominated)
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e) (iii) and 6(j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)

18. Index-Linked Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: { }
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: { }
- (iv) Specified Period(s)/Specified Interest Payment Dates: { }
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Centre(s): { }
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: { }

19. Dual Currency Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: { }
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: { }

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call:

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []

Form of the Pricing Supplement

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): []

(iii) If redeemable in part:

(a) Minimum Redemption Amount: { }

(b) Higher Redemption Amount: { }

(iv) Notice period (if other than as set out in the Conditions): []

21. Investor Put:

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): []

(iii) Notice period (if other than as set out in the Conditions): []

22. Final Redemption Amount:

[Par/other/see Appendix]

23. Early Redemption Amount:

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details.]

(Note that this item relates to the place of payment, and not interest period end dates, to which items 15(iii) and 17(vi) relate)

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details] NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues

28. Details relating to Instalment Notes:

(i) Instalment Amount(s):

[Not Applicable/give details]

(ii) Instalment Date(s):

[Not Applicable/give details]

Form of the Pricing Supplement

- [29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]]
31. Other terms or special conditions: [Not Applicable/give details]
32. Rating: [give details]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager (if any): [Not Applicable/give names]
34. If non-syndicated, name of Dealer: [Not Applicable/give names]
35. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

36. ISIN Code: []
37. Common Code:
38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
39. Delivery: Delivery [against/free of] payment
40. Additional Paying Agent(s) (if any): []

The following information is to be included only in the version of the Pricing Supplement which is submitted to the relevant Stock Exchange in the case of Notes to be listed on such Stock Exchange.

Application is hereby made to list this issue of Notes pursuant to the listing of the U.S.\$1,000,000,000 Euro Note Programme of Hitachi Credit (U.K.) PLC (as from [insert date of or prior to settlement date for the issue of the Notes]).

Mizuho Trust & Banking (Luxembourg) S.A.

(as Agent)

By:

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly authorised

If the Pricing Supplement applicable to a Tranche of Notes specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modifications relate only to Conditions 1, 3, 4, 5, 6 (except Condition 6(b)), 10, 11, 12, 13 (insofar as Notes are not listed or admitted to trade on any stock exchange) and 15, they will not necessitate the preparation of supplementary listing particulars or further listing particulars. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, supplementary listing particulars or further listing particulars describing the modification will be prepared, as appropriate.

Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and which will be endorsed upon (or, if permitted by the relevant Stock Exchange and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Pricing Supplement in relation to any Notes may specify other terms and conditions which shall, to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The relevant sections of the applicable Pricing Supplement will be incorporated into, or attached to, each global Note and definitive Note. Reference should be made to "Form of the Pricing Supplement" above for the form of the Pricing Supplement specifies which of certain capitalised terms as defined terms in the following Terms and Conditions are to apply in relation to the relevant Notes.

This Note is one of a series of Notes issued by Hitachi Credit (U.K.) PLC (the "Issuer") pursuant to the Agency Agreement (as defined below). References herein to the "Notes" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 28 March 1996 as amended by a First Supplemental Agency Agreement dated 22 October 1999 and as further amended by a Second Supplemental Agency Agreement dated 26 March 2001 and by a Third Supplemental Agency Agreement dated 29 October 2002, (together the "Agency Agreement") and made among the Issuer, Hitachi Capital Corporation (the "Guarantor"), The Industrial Bank of Japan, Limited, London Branch (now known as Mizuho Corporate Bank, Ltd., London Branch) as fiscal and principal paying agent and agent bank (the "Agent", which expression shall include Mizuho Trust & Banking (Luxembourg) S.A. (as successor fiscal and principal paying agent and agent bank to The Industrial Bank of Japan, Limited, London Branch) and any other successor agent specified in the applicable Pricing Supplement) and the paying agent named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference to "Noteholders" or "holders" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The Pricing Supplement applicable to this Note (or the relevant provisions thereof) is attached hereto or (to the extent necessary) incorporated herein and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note.

References herein to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached hereto or incorporated herein.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "Deed of Covenant") dated 29 October 2002 and executed by the Issuer and the deed of guarantee (the "Guarantee") dated 29 October 2002 and executed by the Guarantor. The original of the Deed of Covenant is held by a common depositary on behalf of Clearstream, Luxembourg (as defined below) and Euroclear (as defined below) and the original of the Guarantee is held by the Agent at its specified office for the time being.

Copies of the Agency Agreement, the Pricing Supplement applicable to this Note, the Deed of Covenant and the Guarantee are available at the specified offices of each of the Agent and the other Paying Agents save that a Pricing Supplement relating to an unlisted Note will only be available to a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of all the provisions of the Deed of Covenant, the Agency Agreement, the Guarantee and the applicable Pricing Supplement which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Guarantor, the Agent and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership for writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and/or Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Guarantor and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be.

References to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent and specified in the applicable Pricing Supplement.

2. Status of the Notes and Guarantee

(a) Status of the Notes

The Notes and the relative Coupons and Receipts constitute (subject to Condition 3(a)) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves and (with the exception of obligations in respect of applicable statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.

(b) Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute (subject to Condition 3(b)) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu* and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.

3. Negative Pledge

(a) Issuer

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 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 Sterling, or such Securities are denominated in Sterling 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 capable of being listed on any stock exchange.

(b) Guarantor

The Guarantor will not, so long as any of the Notes remain outstanding (as defined in the Agency Agreement), create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any External Indebtedness upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any External Indebtedness issued by it without at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such External Indebtedness or such other security or guarantee as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of this Condition 3(b), "External Indebtedness" means any indebtedness in the form of or represented by bonds, notes, debentures or other securities which:

(i) either:

- (a) are denominated or payable in, or by reference to, or may at the option of the person entitled thereto be or become payable in, or by reference to, a currency or currencies other than Yen; or
- (b) are denominated or payable in Yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of the Guarantor outside Japan; and

(ii) are not repayable (otherwise than at the option, or due to the default, of the Guarantor) within three years from the date of their issue; and

(iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market outside Japan.

4. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

Terms and Conditions of the Notes

As used in these Terms and Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period ending other than on a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4:

- (i) if "Actual/Actual (ISMA)" is specified in the applicable Pricing Supplement:
 - (a) in the case of Notes where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

"Determination Period" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Specified Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention is specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, 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 (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date 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 such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "Business Day" means a day which is both:

- (A) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and any Additional Business Centre specified in the applicable pricing Supplement; and
- (B) either (1) in relation to interest payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits in the principal financial centre of the country of the relevant Specified Currency (if other than London) and which, if the Specified Currency is Australian dollars, shall be Sydney or (2) in relation to any sum payable in euro a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system (the "TARGET system") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (iii), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of Notes (the "ISDA Definitions"), and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period equal to that Interest Period; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR") for a

currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (iii), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Euro-zone" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(iv) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 or more being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(v) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Pricing Supplement specifies a minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such minimum Rate of Interest. If the applicable Pricing Supplement specifies a maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such maximum Rate of Interest.

(vi) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) If "Actual/365" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year

divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) If "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (d) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(viii) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), by the Agent or such other agent as is specified in the applicable Pricing Supplement, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or that other agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) Accrual of Interest

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of

principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the monies payable has been received by the Agent and notice to that effect has been given in accordance with Condition 13 or individually.

5. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made at the option of the bearer either by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes (if issued) will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes (if issued), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant definitive Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Unmatured Receipts and Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due but in no event thereafter. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto

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(whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States, subject as provided below. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer or the Guarantor will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each payment so made by the Issuer or the Guarantor to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer or the Guarantor in respect of any payments due on that global Note.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer and the Guarantor have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment in U.S. dollars of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(c) **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of

the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes or Index Linked Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Index Linked Interest Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer (or a Representative Director of the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement the relevant Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (the "Redeemed Notes") will be selected, in the case of Redeemed Notes represented by definitive Notes, individually by lot, and, in the case of Redeemed Notes represented by a global Note, in accordance with the rules of Clearstream, Luxembourg and/or Euroclear, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the certificate numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem (subject to, and in accordance with, the terms specified in the applicable Pricing Supplement) such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

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(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) Purchases

The Issuer, the Guarantor or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will (subject to paragraph (h) above) forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 13 or individually.

7. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or under the Guarantee by the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined below), unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes, duties, assessments or governmental charges, in respect of such Note, Receipt or Coupon by reason of his having some connection with, in the case of payments made by the Issuer, the United Kingdom or, in the case of payments made by the Guarantor, (i) who is for Japanese tax purposes treated as a resident of Japan or as a Japanese corporation or (ii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of being connected with Japan, in each case other than a connection by the mere holding of such Note, Receipt or Coupon or by the receipt of principal or interest in respect of any Note, Receipt or Coupon;
- (ii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (iii) in the United Kingdom;
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.

As used herein:

- (a) "Tax Jurisdiction" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Japan or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor); and
- (b) the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. Events of Default and Enforcement relating to Notes

If any one or more of the following events (each an "Event of Default") shall have occurred, namely:

- (a) a default is made for a period of more than 14 days in the payment of any principal (whether becoming due upon redemption or otherwise) or payment of interest when due in respect of the Notes; or
- (b) a default is made by the Issuer or the Guarantor in the performance or observance of any covenant, condition or provision contained in the Notes or the Guarantee 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

Terms and Conditions of the Notes

such default continues for the period of 30 days next following the service by any Noteholder on the Agent of notice requiring such default to be remedied; or

- (c) any other bonds, debentures, notes or other indebtedness for money borrowed of the Issuer or the Guarantor having an aggregate outstanding principal amount of at least U.S.\$3,000,000 (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 or the Guarantor 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 or the Guarantor and having an aggregate outstanding principal amount of at least U.S.\$3,000,000 (or its equivalent as aforesaid) shall not be honoured when due and called upon; or
- (d) 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
- (e) 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
- (f) 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
- (g) the Issuer (i) stops payment within the meaning of bankruptcy law of the United Kingdom, or (ii) (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (d)) ceases or through an official action of the Board of Directors of the Issuer threatens to cease to carry on business or (iii), is unable to pay its debts as and when they fall due; or
- (h) 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
- (i) 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
- (j) a resolution is passed or an order of a court of competent jurisdiction is made that the Guarantor be wound up or dissolved 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
- (k) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Guarantor; or
- (l) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Guarantor which is material in its effect upon the operations of the Guarantor and is not discharged within 30 days thereof; or
- (m) the Guarantor (i) stops payment (within the meaning of Japanese or any other applicable bankruptcy law) or (ii) (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (j)) ceases or through an official action of the Board of Directors of the Guarantor threatens to cease to carry on business or (iii) is unable to pay its debts as and when they fall due; or
- (n) proceedings shall have been initiated against the Guarantor under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of 60 days; or
- (o) the Guarantor shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors; or

- (p) for any reason whatsoever the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Noteholder may, by written notice to the Issuer and the Guarantor (with a copy to the Agent for information purposes only), declare such Note held by the holder to be forthwith due and payable, whereupon the same shall become immediately due and payable at the Early Redemption Amount (as described in Condition 6(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, unless such Event of Default shall be cured prior to receipt of such written notice by the Issuer and the Guarantor.

For the purpose of paragraph (c) above, any indebtedness for borrowed money which is in a currency other than U.S. dollars shall be translated at the "spot" rate for the sale of the relevant currency against the purchase of U.S. dollars in London as quoted by a leading bank selected by the Agent for this purpose on the day in London on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

10. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. Agent and Paying Agent

The names of the initial Agent and the other initial Paying Agent and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be an Agent; and
- (iii) if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive is introduced, the Issuer will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 60 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Agent and the other Paying Agents will act solely as agents of the Issuer and the Guarantor and will not assume any obligations or relationships of agency or trust to or with the Noteholders, the Receiptholders and the Couponholders, except that (without affecting the obligations of the Issuer or, as the case may be, the Guarantor to the Noteholders, the Receiptholders and the Couponholders to repay the Notes and to pay interest thereon) funds received by the Agent and the other Paying Agents for the payment of any sums due in respect of the Notes shall be held by them on behalf of the Noteholders, the Receiptholders and the Couponholders until the expiry of the relevant period of prescription under Condition 8. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for their relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and the Guarantor without being liable to account to the Noteholders, the Receiptholders or the Couponholders for any resulting profit.

12. Exchange of Talons

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

13. Notices

All notices regarding the Notes shall be valid if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of publication or, if published more than once or if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its or their entirety on behalf of Clearstream, Luxembourg and Euroclear, be substituted for such publication in London in such newspaper the delivery of the relevant notice to Clearstream, Luxembourg and Euroclear for communication by them to the holders of the Notes and, in addition, for so long as the Notes are listed on a stock exchange or are admitted to listing by another relevant authority and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Clearstream, Luxembourg and Euroclear.

Notices to be given by any holder of the Notes shall be in writing and (other than a notice under Condition 9) given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Clearstream, Luxembourg and/or Euroclear, as the case may be, in such manner as the Agent and Clearstream, Luxembourg and/or Euroclear, as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes of any Series for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons) or certain of the provisions of the Agency Agreement, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as is practicable thereafter.

15. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

16. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. Governing Law

The Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for the general corporate purposes of the Issuer.

Guarantee

The following is the text of the Guarantee to be given by the Guarantor in respect of Notes issued under the Programme:

THIS DEED OF GUARANTEE is made on 29 October 2002 by Hitachi Capital Corporation (the "Guarantor") in favour of the Relevant Account Holders (as defined in the Deed of Covenant referred to below) and the holders for the time being of the Notes (as defined below) and the interest coupons (if any) appertaining to the Notes ("Coupons"), the Coupons being attached on issue to Definitive Notes (as defined below). Each Relevant Account Holder, each holder of a Note and each holder of a Coupon is a "Holder".

WHEREAS:

- (A) Hitachi Credit (U.K.) PLC (the "Issuer") and the Guarantor have entered into an Amended and Restated Dealer Agreement (the "Dealer Agreement", which expression includes the same as it may be amended, restated or supplemented from time to time) dated 29 October 2002 with the Dealers named therein under which the Issuer proposes from time to time to issue Euro Notes (the "Notes", such expression to include each Definitive Note issued by the Issuer and each Global Note issued by the Issuer (where "Definitive Note" and "Global Note" have the meanings ascribed thereto in the Dealer Agreement) and to include any receipts issued in respect of Notes repayable in instalments);
- (B) the Issuer has executed a Deed of Covenant dated 29 October 2002 (the "Deed of Covenant") relating to Global Notes issued by the Issuer pursuant to the Dealer Agreement; and
- (C) the Issuer and the Guarantor have entered into an Agency Agreement (the "Agency Agreement", which expression includes the same as it may be amended, restated or supplemented from time to time) dated 28 March 1996 with the agents named therein.

NOW THIS DEED WITNESSES as follows:

1. **Guarantee:** The Guarantor irrevocably and unconditionally guarantees by way of deed poll to each Holder that if for any reason the Issuer does not pay any sum payable by it to such Holder in respect of any Note or Coupon or under the Deed of Covenant (including any premium or any other amounts of whatever nature or additional amounts which may become payable under any of the foregoing) as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Holder on demand the amount (as to which the certificate of such Holder shall in the absence of manifest error be conclusive) payable by the Issuer to such Holder.
2. **Guarantor as Principal Debtor:** Without affecting the Issuer's obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which but for this provision might operate to affect its liability (including (a) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (b) any amendment to any Note, any Coupon or the Deed of Covenant or to any security or other guarantee or indemnity, (c) the making or absence of any demand on the Issuer or any other person for payment, (d) the enforcement or absence of enforcement of any Note, any Coupon, the Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person or (g) the illegality, invalidity or unenforceability of or any defect in any provision of any Note, any Coupon or the Deed of Covenant or any of the Issuer's obligations under any of them).
3. **Guarantor's Obligations Continuing:** The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains, or is capable of remaining, payable under any Note, any Coupon or the Deed of Covenant. Furthermore, these obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of a Holder, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands whatsoever.
4. **Repayment to the Issuer:** If any payment received by a Holder is, on the subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

5. **Indemnity:** As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer under any Note, any Coupon or the Deed of Covenant but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Holder) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Holder on demand. This indemnity constitutes a separate and independent cause of action and will apply irrespective of any indulgence granted by any Holder.
6. **Status of Guarantee:** The obligations of the Guarantor under this Guarantee constitute (subject to Clause 7 below) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu* and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
7. **Negative Pledge:** So long as any of the Notes remains outstanding (as defined in the Agency Agreement) or any sum remains payable under the Deed of Covenant the Guarantor will not create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any External Indebtedness upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any External Indebtedness issued by it, without at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such External Indebtedness or such other security or guarantee as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of this Clause 7, "External Indebtedness" means any indebtedness in the form of or represented by bonds, notes, debentures or other securities which:

- (i) either:
 - (a) are denominated or payable in, or by reference to, or may at the option of the person entitled thereto be or become payable in, or by reference to, a currency or currencies other than Yen; or
 - (b) are denominated or payable in Yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of the Guarantor outside Japan; and
 - (ii) are not repayable (otherwise than at the option, or due to default, of the Guarantor) within three years from the date of their issue; and
 - (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market outside Japan.
8. **Withholding or deduction:** All payments under this Guarantee by the Guarantor shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Japan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable:
 - (i) to a Holder who is for Japanese tax purposes treated as a resident of Japan or as a Japanese corporation or who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of being connected with Japan, other than a connection by the mere holding of a Note, Receipt or Coupon or the mere crediting of Underlying Notes (as defined in the Deed of Covenant) to the Holder's securities account with the Relevant Clearing System (as so defined);
 - (ii) more than 30 days after the Relevant Date (as defined in Condition 8 of the Conditions of the Notes) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the

conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.
9. **Power to execute:** The Guarantor hereby warrants, represents and covenants with each Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with its terms.
10. **Deposit of Guarantee:** This Guarantee shall take effect as a Deed Poll for the benefit of the Holders from time to time and for the time being. This Guarantee shall be deposited with and held by Mizuho Trust & Banking (Luxembourg) S.A. as Agent until all the obligations of the Guarantor have been discharged in full.
11. **Production of Guarantee:** The Guarantor hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Guarantee, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Holder, and that each Holder shall be entitled severally to enforce the said obligations against the Guarantor.
12. **Subrogation:** Until all amounts which may be payable under the Notes, the Coupons and/or the Deed of Covenant have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Holder or claim in competition with the Holders against the Issuer.
13. **Governing Law and Jurisdiction:** This Guarantee is governed by, and shall be construed in accordance with, English law. The Guarantor irrevocably agrees for the benefit of each Holder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee and that accordingly any suit, action or proceedings arising out of or in connection with this Guarantee (together referred to as "Proceedings") may be brought in the courts of England.

The Guarantor irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of England, irrevocably agrees that a final judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Guarantor and irrevocably waives any objection to the enforcement of that judgment in the courts of any other jurisdiction. Nothing contained in this Clause shall limit any right to take Proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Guarantor has appointed the Issuer at its registered office for the time being in England (being at the date of execution hereof Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

IN WITNESS whereof this Guarantee has been manually executed as a deed poll on behalf of the Guarantor.

Signed as a deed by Hitachi Capital Corporation acting by its attorney, Norichika Hirasawa, in the presence of:

Witness's Signature:

Name:

Address:
.....
.....

Dated 29 October 2002

Hitachi Credit (U.K.) PLC

General

The Issuer was incorporated on 21 April 1982 under the laws of England and Wales with registered number 1630491. The registered office of the Issuer is Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW.

On 15 July 1997 the Issuer issued shares to the public in the U.K. and on the same date the whole of the ordinary share capital of the Issuer was admitted to the Official List of the London Stock Exchange. Following the share issue approximately 65 per cent. of the total issued share capital of the Issuer is owned by the Guarantor.

The Issuer and its six wholly owned subsidiaries, Fleetlease (U.K.) Ltd. ("Fleetlease"), Hitachi Credit Insurance Corporation Ltd. ("HCI"), Hitachi Credit Reinsurance Ltd. ("HCR"), Credit Solutions (Northern) Ltd. ("CSN"), Hitachi Leasing (Europe) Ltd. ("HILE") and Trowbridge Vehicle Rentals Ltd. ("TVR") provide a variety of credit, insurance and warranty products and vehicle contract hire, to corporate, public sector and individual customers in the U.K. The Issuer trades under the name NOVA for all its principal credit and insurance businesses, and the name Fleetlease for its principal vehicle contract hire business. The activities of the Issuer and its subsidiaries can be split into five principal areas:

Retail credit – a division of the Issuer which trades under the name Nova Retail Finance providing point of sale credit facilities for purchases by customers of high street retailers of furniture, electrical goods, jewellery and other similar products. Facilities offered include interest free credit, interest bearing credit and low cost credit. The facilities are tied to specific purchases and sold only through approved retailers at point of sale. The business has recently entered the health market and is planning to develop a direct personal loan capability.

Business credit – a division of the Issuer which trades under the name Nova Business Finance and provides finance, either directly or via vendor relationships, to business customers in the public and private sectors. The finance is provided for the purchase of specific products and services including computers, business equipment, plant and machinery, materials handling equipment, cars and commercial vehicles. The business of HILE was transferred to Nova Business Finance during 2002 and HILE is in the process of being liquidated.

Contract hire and fleet management – a service provided through Fleetlease which was acquired by the Issuer in 1991. Fleetlease itself acquired TVR in September 2001 and TVR operates a light and heavy commercial vehicle fleet. Fleetlease currently provides vehicle management solutions for organisations which require a flexible contract hire or fleet management service and provides personal leasing for corporate and individual customers. Fleetlease also retails used cars which have reached the end of their contracts.

Insurance – HCI, a Dublin based company which was acquired by the Issuer in March 1995, acts as a direct insurer, predominantly for extended warranty, payment protection and GAP insurance. Also it previously accepted reinsurance business from companies worldwide, although mainly from Japan. The reinsurance business written by HCI was transferred in October 2001 to a new reinsurance company HCR, which continues to seek reinsurance opportunities.

Credit Management – a service provided through CSN, which was acquired by the Issuer in April 2000. CSN specialises in commercial and consumer debt collection and credit management services including credit control, arrears management, trace, litigation, credit information and consultancy.

Capitalisation⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾

The following table shows the consolidated audited capitalisation and indebtedness of the Issuer and its subsidiaries as at 31 March 2002:

	31 March 2002 £'000
Share Capital and Reserves	
Authorised – 80,000,000 ordinary shares of 25p each:	
Issued and fully paid – 42,452,215 ordinary shares of 25p each	10,613
Share premium account	15,235
Retained profit carried forward	22,643
	<u>48,491</u>
Long-Term Debt	
Euro medium term notes ⁽¹⁾	290,323
	<u>290,323</u>
Short-Term Debt	
Bank loans, overdrafts and acceptances ⁽²⁾	26,348
Euro medium term notes ⁽¹⁾	184,901
Commercial paper outstanding	182,987
	<u>394,236</u>

Notes:

- (1) On 31 March 2002, £475,224,000 of Euro Notes were outstanding; of this amount £290,323 fell due after more than one year.
- (2) Bank loans, overdrafts and acceptances were unsecured and unguaranteed.
- (3) As at 31 March 2002 there were no material contingent liabilities or guarantees.
- (4) All indebtedness of the Issuer is unsecured.
- (5) All indebtedness of the Issuer is unguaranteed, other than the euro medium term notes and commercial paper programmes, in respect of which £658,211,000 is guaranteed by Hitachi Capital Corporation.
- (6) On 23 May 2002 the group concluded a £200 million securitisation programme.
- (7) Other than as disclosed above, there has been no material change in the capitalisation, indebtedness, contingent liabilities or guarantees of the Issuer and its subsidiaries since 31 March 2002.

Directors

The Board of Directors currently comprises seven members:

Name	Title	Other principal activities
Y Ohtani	Non-executive Chairman	Holds other posts within Hitachi Capital Corporation group companies
A. W. Jukes	Non-executive Vice-Chairman	Executive director of Halifax Asset Finance Ltd and Lex Vehicle Leasing (Holdings) Ltd
D. G. Anthony	Chief Executive	
N. Hirasawa	Managing Director	
B. A. Iversen	Finance Director	
J. S. Srubbings	Non-executive Director	Non-executive director of UTi Worldwide Inc.
Y. Aritoshi	Non-executive Director	Holds other posts within Hitachi Capital Corporation group companies

The business address of the Directors is Hitachi Credit (U.K.) PLC, Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW.

Summary Financial Information

The following information was extracted without material adjustment from the audited financial statements of the Issuer for the year ended 31 March 2002.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	2002 £'000	2001 £'000
Turnover	140,668	134,807
Cost of sales	99,510	100,175
Gross profit	41,158	34,632
Administrative expenses	31,266	26,549
Profit on ordinary activities before taxation	9,892	8,083
Profit on sale of business	550	—
Profit on ordinary activities before taxation	10,442	8,083
Tax on profit on ordinary activities	3,158	801
Profit on ordinary activities after taxation	7,284	7,282
Dividend – paid	1,100	1,100
– proposed	2,281	2,281
Retained profit for the year	3,903	3,901
Earnings per share	17.2p	17.2p

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2002

	2002 £'000	2001 £'000
FIXED ASSETS		
Intangible assets	2,685	608
Tangible assets	203,888	161,915
Investment	—	5,971
CURRENT ASSETS		
DEBTORS		
Recoverable within one year	279,558	279,490
Recoverable after more than one year	281,155	280,623
	560,713	560,113
Cash at bank and in hand	8,136	17,227
	568,849	577,340
Creditors: amounts falling due within one year	433,095	493,617
NET CURRENT ASSETS	135,754	83,723
TOTAL ASSETS LESS CURRENT LIABILITIES	342,327	252,217
Creditors: amounts falling due after more than one year	290,323	204,426
Provisions for liabilities and charges	3,513	3,203
NET ASSETS	48,491	44,588
CAPITAL AND RESERVES		
Called up share capital	10,613	10,613
Share premium account	15,235	15,235
Profit and loss account	22,643	18,740
SHAREHOLDERS' FUNDS	48,491	44,588

Hitachi Capital Corporation

General

The Guarantor is a leasing and consumer credit company which was established by Hitachi Ltd. to provide consumer finance for sales of its products. Since it was established, the Guarantor has diversified the types of finance and the credit granted and has developed a substantial leasing business. Following its merger with Hitachi Leasing Limited on 1 October 2000, approximately 50 per cent. of the issued share capital of the Guarantor is owned by Hitachi Ltd. As at 1 October 2000, the Guarantor changed its name from Hitachi Credit Corporation to Hitachi Capital Corporation. As a result of the merger with Hitachi Leasing, the total amount of assets leased by the Guarantor makes it the largest leasing company in Japan.

The Guarantor operates in two distinct business sectors in Japan: consumer finance and commercial leasing. The consumer finance industry involves not only banks but also consumer credit companies specialising in consumer finance, including companies (such as the Guarantor) established by manufacturers of consumer electrical and electronics products. The Guarantor's activities cover the entire spectrum of the Japanese consumer finance industry.

The Guarantor enters into arrangements with retailers ("Contracted Retailers") whereby its credit and leasing facilities are available at their outlets. Contracted Retailers include electrical appliance shops and stores, car dealers, department stores and office equipment suppliers. In addition, the Guarantor, in many cases, enters into arrangements with manufacturers (or their sales companies) of the products financed by it; this has enabled its credit and leasing facilities to become available at a large number of the outlets dealing with such products. The Guarantor maintains such arrangements with major Hitachi Group (as defined below) companies and many other companies, including leading manufacturers of automobiles and office equipment. In addition, the Guarantor provides its financial services to employees of the Guarantor's corporate clients.

The Guarantor operates five businesses: leasing business, retail business, card business, securitisation business and outsourcing business.

The Guarantor has its head office in Tokyo and has 15 executive offices and 86 regional offices throughout Japan.

The shares of the Guarantor are listed on the First Section of the Tokyo Stock Exchange. It is the first listed consumer credit company in Japan which has been established by a manufacturer.

The Guarantor is one of the major listed subsidiaries of the Hitachi Group, which consists of Hitachi Ltd. and approximately 1,170 subsidiaries and affiliates (the "Hitachi Group"). The Hitachi Group is a major enterprise group in Japan.

The Guarantor, together with its consolidated subsidiaries, are referred to in this Offering Circular as the "Group".

Summary Financial Data

Set out below is certain financial information in respect of the Group for the periods or as at the dates indicated:

	Year ended/as at 31 March	
	2002	2001
	(millions of Yen)	
Volume of business	1,738,105	1,595,151
Revenues	126,018	109,794
Expenses	108,222	83,778
Income before income taxes and minority interests	17,796	26,016
Net Income	9,017	14,728
Total Assets	2,078,630	2,045,438
Total stockholders' equity	227,759	223,140

Notes:

1. This information has been extracted without material adjustment from the audited financial statements for the relevant year.
2. On 1 October 2000, the operations of Hitachi Credit and Hitachi Leasing were combined with the merger. Figures for the second half of the year ended 31 March 2001 are for Hitachi Capital Corporation.
3. The volume of business figures in fiscal years prior to the year ended 31 March 2002 have been revised to reflect the adoption of a new securitisation scheme that is not included in the volume of business.
4. Figures for the volume of business do not include intersegment eliminations.

Type of Business

The following table sets forth the distribution of the volume of business of the Group by type of business during the periods indicated:

	Year ended/as at 31 March	
	2002	2001
	(per cent.)	
Leasing Business	37	28
Retail Business	51	58
Other Businesses	12	14
	<u>100</u>	<u>100</u>

The Businesses of the Guarantor

The Hitachi Group's core provider of financial services, the Guarantor extends a diverse line of services to corporate and public-sector clients (B2B), their employees (B2E) and consumers (B2C). Activities are divided into five businesses. In each, the objective is to make constant refinements in specialised skills while building even closer bonds with other businesses and members of the worldwide Hitachi Capital Group. Pooling resources in this manner leads to still more services, thus catering to a steadily growing array of customer needs.

Leasing Business

Following the October 2000 merger that formed the Guarantor, leasing operations were realigned as a much broader business targeting primarily large companies and public-sector customers. Activities include finance leases, operating leases, rentals and related services. With a particular focus on the IT market, the leasing business devises new products as well as quality customised services to match customers' needs.

In fiscal 2002, the year ended 31 March 2002, results were affected by a decline in capital expenditures at semiconductor manufacturing equipment and other negative factors. However, the merger caused leasing volume to increase 44.0 per cent. to ¥635,936 million (US\$4,781 million).

Retail Business

The retail business incorporates financing for purchases by consumers and leases and loans extended to middle-market, midsize and small companies. To provide the best platforms for long-term growth in strategic market sectors, three independent operating units have been established: the Automobile Business Development Dept. for automobile financing; the Housing Business Development Dept. for housing and home appliances financing; and the Business Equipment Development Dept. for office and manufacturing equipment financing. In January 2002, the Tokyo areas sales division was reorganised as the Shutoken Company. Within this company, three regional head offices were set up for automobiles, business equipment and consumer products. These actions speed decision-making, allowing retail operations to respond more quickly to market trends. In March 2002, the Guarantor purchased 90 per cent. of the equity of Sekisui Leasing Co., Ltd., from Sekisui Chemical Co., Ltd. The Guarantor plans to draw on its expertise in financial services to spur more growth at Sekisui Leasing. This acquisition also creates an alliance with Sekisui Chemical under which the Guarantor will provide a variety of financial services to this partner's group companies and employees.

In fiscal 2002, the year ended 31 March 2002, retail volume decreased 4.3 per cent. to ¥895,312 million (US\$6,732 million). Housing-related volume increased, but lacklustre consumer spending in Japan caused financing for automobiles and office equipment to fall.

In the six month period ended 30 September 2002 the retail business has continued to experience subdued trading conditions in both the automotive and office equipment sectors. As a consequence, business volumes have dropped by 9.6 per cent. giving rise to falls in income before tax of 31.3 per cent. and a net income decline of 33.6 per cent. compared to the six month period ending 30 September 2001.

Card Business

The card business is engaged in a variety of card-related services. In addition to conventional credit cards, the Guarantor issues multi-functional IC cards, debit cards, e-money, prepaid cards and other forms of making purchases. These services address the needs of both individuals and companies. Growth in the card business is taking many forms. In September 2001, the card business enlarged its IC card lineup by participating in the Mondex electronic cash system. In the same month, the company began accepting applications for its ETC Auto Card, a contact-free prepaid card used mainly for highway tolls. In October, the NOVA Corporate

VISA Card made its debut in accordance with an alliance with Million Card Service Co., Ltd., now UFJ Card Co., Ltd. As of 31 March 2002, there were about 499,000 the Guarantor issued cards in force, about 461,000 of which carry a Hitachi Capital brand. There were 254,000 NOVA cards, including 117,000 IC cards for Hitachi Group employees, and 181,000 P+ cards.

In fiscal 2002, the year ended 31 March 2002, card business volume increased 3.0 per cent. to ¥33,963 million (US\$255 million).

Securitisation Business

In this business, the Guarantor utilises a variety of securitisation schemes to assist customers procure funds and improve their financial positions. Another theme is the development and provision of new types of securitisation and insurance methods. The Guarantor liquidised lease assets and receivables and trade receivables to streamline clients' balance sheets by quickly transforming these obligations into liquid assets.

While much progress has been made during the year, a decline in high-volume customers caused volume to fall 5.3 per cent. to ¥50,594 million (US\$380 million).

Outsourcing Business

Companies rely on the Guarantor for a variety of assistance in outsourcing work to cut their personnel expenses and boost efficiency of specific tasks, such as bill collection. Through payment, collection and other services, other companies can benefit from the Guarantor's expertise in clerical tasks and ability to perform functions that are highly specialised to create a sound base for future growth. The capital of subsidiary Hitachi Triple Win Corp., the primary provider of outsourcing services, was doubled to ¥700 million in July 2001. This increased the Guarantor's ownership to 57.1 per cent.

In fiscal 2002, the year ended 31 March 2002, the volume of business decreased 6.6 per cent. to ¥129,893 million (US\$977 million) mainly because of a decline in payment and collection services provided for Hitachi Group companies.

Subsidiaries and Affiliates

As the date hereof, the Guarantor had 21 subsidiaries (being companies in which the Guarantor holds more than 50 per cent. of the issued share capital) and two affiliates (being companies in which the Guarantor holds not less than 20 per cent. and not more than 50 per cent. of the issued share capital). Eleven of the subsidiaries were incorporated overseas.

Directors and Statutory Auditors

The Directors and Statutory Auditors of the Guarantor are as follows:

Name	Position
Masayoshi Hanabusa	Chairman and Representative Director
Kaichi Murata	President and Representative Director
Yoshitaka Aritoshi	Vice President and Director
Yoshifumi Ishida	Senior Executive Managing Director
Yasuo Ikari	Executive Managing Director
Kimio Yokoyama	Executive Managing Director
Masahisa Okuhara	Executive Managing Director
Yosei Yamato	Executive Managing Director
Takashi Furukawa	Executive Managing Director
Takaaki Kubota	Executive Managing Director
Kazuo Sato	Director
Atsushi Washida	Standing Statutory Auditor
Koichi Hayashi	Standing Statutory Auditor
Yoshiki Yagi	Statutory Auditor
Kazuhiro Tachibana	Statutory Auditor

All the Directors of the Guarantor, except Mr Kazuo Sato, Director of Hitachi Ltd., are engaged in the business of the Guarantor on a full-time basis.

The business address of the Guarantor's Directors and Statutory Auditors is 15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-8712.

Capitalisation⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾

The following table shows the consolidated audited capitalisation and indebtedness of the Group at 31 March 2002:

	(millions of yen)
Short-term debt:	
Short-term bank loans bearing interest weighted average interest rate on short-term bank loans outstanding at 31 March 2002 was 2.9% ⁽¹⁾	47,855
Commercial paper	65,604
Current portion of long-term debt	201,342
Total short-term debt	<u>314,821</u>
Long-term debt⁽²⁾	
Unsecured convertible bonds payable in Japanese yen, due September 2004, interest 1.8%	9,148
Unsecured bonds payable in Japanese yen, due from January 2003 to September 2011, interest from 1.33 to 4.15%	230,000
Notes in U.S. dollars, due July 2002, interest 6.625%	22,820
Unsecured bonds payable in Japanese yen (for specific institutional investors), due from March 2005 to December 2010, interest from 1.32 to 1.98%	70,000
Unsecured bonds payable in euro yen, due from March 2003 to June 2004, interest LIBOR plus 0 b.p.-5 b.p.	—
Unsecured bonds payable in Japanese yen (for specific institutional investors), due from January 2004 to January 2006, interest from 1.5 to 2.24%	18,500
Medium-term notes payable issued by Hitachi Credit America Corp., in U.S. dollars, due from June 2002 to August 2004, interest BBA LIBOR plus 25 b.p.-44 b.p.	31,314
Medium-term notes payable issued by Hitachi Credit (U.K.) PLC, in euro-yen due from August 2002 to December 2006, interest LIBOR plus 10 b.p.-29 b.p.	90,231
Medium-term notes payable issued by Hitachi Leasing (Singapore) Pte, Ltd, in S.P. dollars due April 2002, interest 6 months, SOR plus 90 b.p.	1,084
Loans from banks and other financial institutions:	
Unsecured, maturing 2002-2015 and thereafter ⁽³⁾	479,784
	<u>952,881</u>
Less current portion	<u>201,342</u>
	<u>751,539</u>
Stockholders' equity:	
Authorised – 280,000,000 shares;	
Issued 134,190,884 shares in 2002	
and 134,191,626 shares in 2001	9,460
Capital surplus	45,449
Retained earnings	172,780
Net unrealised holding gain on securities in investments	354
Foreign currency translation adjustments	(282)
	<u>227,761</u>
Less cost of 742 shares in 2002	
and 318 shares in 2001 of treasury stock	(2)
Total stockholders' equity	<u>227,759</u>
	<u>2,078,630</u>

Notes:

- (1) Short-term bank loans were unsecured.
- (2) On 30 May 2002, the Guarantor issued ¥10,000 million 0.70% unsecured bonds due May 2007. On 27 September 2002, the Guarantor issued ¥10,000 million 0.52% unsecured bonds due September 2007.
- (3) The weighted average interest rate on long-term loans from banks and other financial institutions outstanding at 31 March 2002 was 2.3%.
- (4) The principal amounts of bonds and notes denominated in foreign currencies were translated into yen at the exchange rates prevailing as at 31 March 2002.
- (5) As at 31 March 2002, the maximum number of additional shares of the Guarantor which would have been issued upon full conversion of outstanding convertible bonds was 5,547,604.
- (6) As at 31 March 2002, the Group had contingent liabilities for guarantees of bank loans on behalf of customers amounting to ¥686,339 million.
- (7) All indebtedness of the Guarantor is unsecured.
- (8) All indebtedness of the Guarantor is unguaranteed.
- (9) Save as referred to above, there has been no material change in the consolidated capitalisation, indebtedness, contingent liabilities or guarantees of the Group since 31 March 2002.

Taxation

The following is a general guide only. Noteholders who are in any doubt as to their tax position should consult their own professional advisers.

UNITED KINGDOM

The following is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to the withholding of tax from interest on the Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers or persons connected with the Issuer). It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or may be unsure as to their tax position should seek their own professional advice.

1. Under current legislation, for so long as the Notes carry a right to interest and continue to be listed on a recognised stock exchange within the meaning of Section 841 of the Income and Corporation Taxes Act 1988 (the London Stock Exchange is currently a recognised stock exchange for this purpose), the Notes will constitute quoted Eurobonds within the meaning of Section 349(4) of the Income and Corporation Taxes Act 1988 (as amended by Section 111 of the Finance Act 2000). Accordingly, payments of interest on the Notes may be made on or after 1 April 2001 without withholding or deduction for or on account of United Kingdom income tax. No additional requirements would apply.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days.

In all other cases tax would, subject to any relief available under any applicable double taxation convention, have to be withheld at the rate set out in paragraph 3 below, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available under any applicable double taxation convention.

Noteholders who are individuals may wish to note that the Inland Revenue has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. The Inland Revenue will also have power to obtain information from any person in the United Kingdom who, after 5 April 2002, pays amounts payable on the redemption of Notes which are relevant discounted securities for the purposes of the Finance Act 1996 to or receives such amounts for the benefit of an individual. Such information may include the name and address of the beneficial owner of the amount payable on redemption. However, Inland Revenue published practice indicates that the Inland Revenue will not exercise its power where such amounts are paid on or before 5 April 2003. Any information obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of other jurisdictions.

2. Interest on the Notes constitutes United Kingdom source income for United Kingdom tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been received under deduction of United Kingdom income tax, a Noteholder who is not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Noteholders should note that the provisions relating to additional amounts referred to in "Terms and Conditions of the Notes – Taxation" above, would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to United Kingdom tax on income. However, exemption from or reduction of such United Kingdom tax liability might be available pursuant to an applicable double taxation treaty.

3. Where United Kingdom tax is required to be withheld the rate is the lower rate of income tax (currently 20 per cent.).
4. **Proposed EU Savings Directive**
On 13 December 2001 the Council of the European Union published a revised draft directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments. The terms of the draft directive will not apply, for a limited period of seven years from 1 January 2004, to:
 - (i) negotiable debt securities issued before 1 March 2001;
 - (ii) negotiable debt securities issued after 1 March 2001 but before 1 March 2002, which are fungible with securities within (i) above; or
 - (iii) negotiable debt securities issued before 1 March 2002 where the original prospectus was approved by the relevant competent authority (or by the responsible authority if approved in a non-EU Member State) before 1 March 2001.

The proposed directive is not yet final, and may be subject to further amendment.

JAPAN

The payment of principal and interest in respect of the Notes issued by the Issuer to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax payable by way of withholding. Payment by the Guarantor under the Guarantee to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax payable by way of withholding. Furthermore, none of such payments will be subject to any other Japanese income or corporation tax, unless such non-resident or non-Japanese corporation has a permanent establishment in Japan and the payment is attributable to the business of such non-resident or non-Japanese corporation carried on in Japan through such permanent establishment.

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes. Gains derived from the sales in Japan of Notes by a non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan are in general not subject to Japanese income or corporation taxes. Japanese general inheritance and gift taxes at progressive rates may be payable by an individual, wherever resident, who has acquired Notes as legatee, heir or donee. No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

Subscription and Sale

The Programme Dealers have, in an amended and restated dealer agreement (the "Dealer Agreement") dated 29 October 2002, agreed with the Issuer and the Guarantor a basis upon which the Programme Dealers or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Dealer Agreement, the Issuer has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any further update of the Programme and the issue of Notes under the Programme. The Issuer may also agree to issue Notes to persons other than the Programme Dealers ("Issue Dealers") on, and subject to, the terms of the Dealer Agreement.

UNITED STATES

The Notes have not been and will not be registered under 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.

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 of 1986 and regulations thereunder.

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance 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. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

UNITED KINGDOM

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to Notes which have a maturity of one year or more and which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the "FSMA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the FSMA;
- (ii) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances

Subscription and Sale

which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

- (iii) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (iv) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (v) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

JAPAN

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will only offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (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 re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance, with the Securities and Exchange Law and any other applicable laws and regulations of Japan.

GENERAL

Each Programme Dealer has agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor nor any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantor or any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

General Information

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a temporary global Note or a permanent global Note, as the case may be, initially representing the Notes of such Tranche. The listing of the Programme in respect of Notes is expected to be granted on or before 1 November 2002.

Authorisation

The establishment of the Programme, the issue of Notes under the Programme and (in the case of the Guarantor) the giving of the original guarantee and the giving of the Guarantee have been duly authorised by a resolution of the Board of Directors of the Issuer dated 27 March 1996 and resolutions of the Board of Directors of the Guarantor dated 27 March 1996, 25 September 1998. The increases in the aggregate nominal amount of the Programme have been duly authorised by resolutions of the Board of Directors of the Guarantor dated 25 September 1998 and 30 September 1999. Amendments to the Programme have been duly authorised by resolutions of the Board of Directors of the Issuer dated 15 September 1997, 16 October 1998, 21 October 1999, 23 March 2001 and 23 October 2002.

Documents Available

From the date of this document and for so long as any Notes issued under the Programme remain outstanding, copies of the following documents will, when published, be available (free of charge) from the registered office of the Issuer and from the specified office of the Paying Agent in London:

- (i) the constitutional documents of the Issuer and the Guarantor (together with an English translation);
- (ii) the audited consolidated annual financial statements of the Issuer for the two most recent financial years (currently the two financial years ended 31 March 2002) and the most recent publicly available unaudited consolidated interim financial statements (if any) of the Issuer;
- (iii) the most recently published audited consolidated annual financial statements of the Guarantor for the three most recent financial years (currently the three financial years ended 31 March 2002) and the most recent publicly available unaudited consolidated interim financial statements of the Guarantor, in each case in English;
- (iv) the Dealer Agreement, the Agency Agreement, the Deed of Covenant, the Guarantee and the Schedule of Forms containing the forms of the temporary and permanent global Notes, the definitive Notes, the Receipts, the Coupons and the Talons from time to time issuable under the Programme;
- (v) a copy of these Listing Particulars;
- (vi) any future Listing Particulars, supplementary listing particulars and supplements including Pricing Supplements (save that a Pricing Supplement in connection with Notes not listed on any stock exchange will only be available for inspection by a holder of such Note and such holder must produce evidence of identity satisfactory to the Agent) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate common code and ISIN for each Tranche allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiaries or the Guarantor or the Group since 31 March 2002, and there has been no material adverse change in the financial position or prospects of the Issuer or the Issuer and its subsidiaries or the Guarantor or the Group since the date of the last financial year end of the Issuer or the Guarantor as the case may be.

Litigation

There are no, nor have there been any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer, the Issuer and its subsidiaries, the Guarantor and the Group.

Auditors

The auditors of the Issuer are KPMG Audit Plc (Chartered Accountants and Registered Auditor), who have audited the Issuer's financial statements without qualification, for each of the financial years ended 31 March 2000, 2001 and 2002.

The auditors of the Guarantor are Shin Nihon & Co. (formerly known as Century Ota Showa & Co.) (Registered Auditor), who have audited the Guarantor's financial statements, without qualification, for each of the financial years ended 31 March 2000, 2001 and 2002.

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