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Sumitomo Corporation Capital Europe PLC
(incorporated with limited liability in England under the Companies Act 1985)

Sumitomo Corporation Capital Netherlands B.V.
(incorporated with limited liability under the laws of The Netherlands and having its statutory domicile in Amsterdam)

U.S.\$2,000,000,000
Euro Medium Term Notes
Due from one month to 10 years from date of issue

This supplemental offering circular ("**Supplemental Offering Circular**") is supplemental to, and should be read in conjunction with, and is issued to update and amend the offering circular (the "**Original Offering Circular**"), dated 31st August, 1994 relating to the U.S.\$2,000,000,000 Programme for the issue of Euro Medium Term Notes (the "**Programme**") of Sumitomo Corporation Capital Europe PLC ("**SCCE**") and Sumitomo Corporation Capital Netherlands B.V. ("**SCCN**") (together, the "**Issuers**" and each in relation to Notes issued by it, an "**Issuer**"). With the exception of page 11 of this Supplemental Offering Circular the Original Offering Circular together with this Supplemental Offering Circular, comprise listing particulars for the issue of Notes by SCCE, and with the exception of page 10 of this Supplemental Offering Circular, the Original Offering Circular together with this Supplemental Offering Circular comprise listing particulars for the issue of Notes by SCCN under such Programme during the period of 12 months from the date of this Supplemental Offering Circular in compliance with the listing rules made under Part IV of the Financial Services Act 1986. This Supplemental Offering Circular supersedes any supplemental offering circular dated before it.

A copy of such listing particulars has been delivered for registration to the Registrar of Companies in England and Wales as required under Section 149 of the Financial Services Act 1986.

Application has been made to the London Stock Exchange Limited (the "**London Stock Exchange**") for any Notes to be issued under the Programme within 12 months from the publication of this Supplemental Offering Circular, which are agreed at the time of issue to be so listed, to be admitted to the Official List and application will be made in certain circumstances to list French Franc Notes on the Paris Stock Exchange.

For the sole purpose of listing Notes on the SBF Bourse de Paris (the "**Paris Stock Exchange**"), the Original Offering Circular and this Supplemental Offering Circular have been submitted to the clearance procedures of the *Commission des Opérations du Bourse* (the "**COB**"). The Original Offering Circular and this Supplemental Offering Circular have been registered by the COB under visa No.94-461 and No.P97-316 on 29th August, 1994 and on 25th September, 1997 respectively.

Daiwa Europe Limited
J.P. Morgan Securities Ltd.
Sumitomo Trust International plc

Dealers

Goldman Sachs International
Société Générale
SBC Warburg
A Division of Swiss Bank Corporation

Arranger of Programme (other than for issues of Deutsche Mark Notes and French Franc Notes)
Goldman Sachs International
Arranger for issues of Deutsche Mark Notes
Goldman, Sachs & Co. oHG
Arranger for issues of French Franc Notes
Société Générale

The date of this Supplemental Offering Circular is 30th September, 1997.

The listing particulars are given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by the London Stock Exchange for the purpose of giving information with regard to each Issuer, Sumitomo Corporation (the "Parent") and its subsidiaries and the Notes. Each Issuer accepts responsibility for all the information contained in its listing particulars. To the best of the knowledge and belief of each Issuer (each of which has taken all reasonable care to ensure that such is the case), the information contained in its listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information. The Parent accepts responsibility for the information contained in the listing particulars. To the best of the knowledge and belief of the Parent (which has taken all reasonable care to ensure that such is the case), the information contained in the listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Issuer will, during the continuance of the Programme, prepare further listing particulars relating to the Programme as and when required by the London Stock Exchange or pursuant to the Financial Services Act 1986.

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SUPPLEMENTAL PROGRAMME INFORMATION

Previous Amendments

The following amendments were incorporated into the Offering Circular by means of a supplemental offering circular dated 30th August, 1995 and were effective as of that date:-

1 Change in Dealers

With effect from 19th July, 1995, S. G. Warburg Securities Ltd. ceased to be a dealer under the Programme.

Accordingly, the references to S. G. Warburg Securities on the first page and to S. G. Warburg Securities Ltd. in the section entitled "Summary of the Programme" on page 5 following the heading "Dealers" and on page 51 and 59 of the Original Offering Circular were deleted and all references in the Original Offering Circular to "Dealers" were construed as references to the Dealers excluding S. G. Warburg Securities Ltd.

2 Amendments relating to Notes denominated in Yen

In the section entitled "Summary of the Programme" following the heading "Maturities" on page 6 of the Original Offering Circular, the words "(i) Notes denominated or payable in or linked to yen will have an original maturity of not less than one year," were deleted, and the subsequent sub-clauses were renumbered accordingly.

In the section entitled "Summary of the Programme" following the heading "Denominations" on page 8 of the Original Offering Circular, the words ", Notes denominated in yen will be in minimum denominations of ¥1,000,000" were deleted.

3 Amendments to the definition of "ECU"

Conditions 4(c)(iv) and 6(h) as set out in the Terms and Conditions of the Notes on pages 9 to 23 of the Offering Circular were amended as follows (the references to pages being to those in the Original Offering Circular):-

- 1 In line 4 of Condition 4(c)(iv), "EC" was deleted and replaced with "European Communities ("EC")".
- 2 Condition 6(h)(i) on page 18 was deleted and replaced with the following:-

"(i) Definition of the ECU

The ECU for the purpose of any Notes denominated or payable in ECU ("ECU") is the same as the ECU that is from time to time used as the unit of account of the EC and which is as at the date of issue hereof composed of specified amounts of the currencies of twelve of the member countries of the European Union as shown below.

Pursuant to Council Regulation (EC) No. 3320/94 of 22nd December, 1994 the composition of the ECU is as follows:-

0.6242	German mark	0.130	Luxembourg franc
0.08784	Pound sterling	0.1976	Danish Krone
1.332	French francs	0.008552	Irish pound
151.8	Italian lire	1.440	Greek drachmas

0.2198	Dutch guilder	6.885	Spanish pesetas
3.301	Belgian francs	1.393	Portuguese escudos

Changes to the ECU may be made by the EC, in which event the ECU will change accordingly."

- 3 Condition 6(h)(iv) on page 19 shall be amended as follows:-

The second sentence shall read: "The component currencies of the ECU for this purpose (the "**Components**") shall be currency amounts which were components of the ECU when the ECU was most recently used as the unit of account of the EC".

4 Cedel Bank, société anonyme

All references in the Original Offering Circular to "Cedel, société anonyme" were deleted and replaced by "Cedel Bank, société anonyme".

5 Amendments to Summary of Provisions relating to the Notes while in Global Form

On page 24 of the Original Offering Circular, the second sentence of the paragraph entitled "(1) Exchange" was amended so that it reads as follows:-

Each permanent Global Note is exchangeable in whole or (in the case of Partly-paid Notes or if the permanent Global Note is held by or on behalf of Euroclear and/or Cedel and the rules of Euroclear and Cedel then permit), in part at the request of the holder (i) if so provided in the permanent Global Note, (ii) if a permanent Global Note is held on behalf of Euroclear or Cedel and either of such clearing systems is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory, or otherwise) or announces its decision permanently to cease business or in fact does so or (iii) if an Event of Default occurs in relation to the Notes represented thereby, for definitive Notes by such holder giving notice to the Fiscal Agent, or by the relevant Issuer giving notice to the Fiscal Agent and the Noteholders of its intention to exchange such permanent Global Note for definitive Notes (in any such case, at the cost and expense of the relevant Issuer), in each case on or after the Exchange Date (as defined below) specified in the notice.

The first full paragraph on page 25 was deleted and replaced by the following two paragraphs:-

"Exchange Date" means a day falling not less than 60 days, or in the case of exchange following the giving of a notice of an Event of Default 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (ii) above, in the cities in which Euroclear and Cedel are located.

If, for any actual or alleged reason which would not have been applicable had there been no exchange of a permanent Global Note (or part of such payment Global Note) or in any other circumstances whatsoever, the relevant Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any definitive Notes, then any right or remedy relating in any way to the obligation(s) in question may be exercised or pursued on the basis of such permanent Global Note despite its stated cancellation after its exchange in full, as an alternative, or in addition, to the definitive Notes (with the Coupons, Receipts or Talons appertaining to them, as appropriate). With this exception, upon exchange in full and cancellation of such permanent Global Note for definitive Notes, such permanent Global Note shall become void."

The paragraph on page 25 following the heading "(6) *Purchase and Cancellation*" was deleted and replaced by the following paragraph:-

"Cancellation of any Note surrendered for constellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note on its presentation to or to the order of the Fiscal Agent for endorsement in the relevant schedule of such global Note, whereupon the principal amount thereof shall be reduced for all purposes by the amounts so called and endorsed."

The following amendments were incorporated into the Offering Circular by means of a supplemental offering circular dated 7th October, 1996 and were effective as of that date:-

1 Amendment to definition of Cedel Bank, société anonyme

All references in the Offering Circular to "Cedel" were deleted and replaced by "Cedel Bank".

2 London Stock Exchange

All references in the Offering Circular to "The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited" were deleted and replaced by "the London Stock Exchange Limited".

3 Definition of ECU

Condition 6(h)(i) on page 18 of the Original Offering Circular, as amended by the supplemental offering circular dated 30th August, 1995, was deleted and replaced with the following:-

"(i) Definition of the ECU

The ECU in which the Notes are denominated is the same as the ECU ("ECU") that is from time to time used as the unit of account of the EC. Changes to the ECU may be made by the EC in which event the ECU will change accordingly."

A new Condition 6(h)(ix) was added after Condition 6(h)(viii) on page 20 of the Original Offering Circular as follows:-

"(ix) Payments

From the start of the third stage of European monetary union all payments in respect of the Notes will be payable in Euro at the rate then established in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union. Conditions 6(h)(ii) and (iii) will not result in payment in a component currency in such circumstances."

New Amendments

The following amendments to the Offering Circular will be effective from the date of this Supplemental Offering Circular:-

1 Amendments to the Summary of the Programme

The section entitled "Dealers" on page 5 of the Original Offering Circular shall be amended by deleting the fourth paragraph and replacing it with the following:-

"Only credit institutions and investment firms incorporated in a Member State of the European Union which are authorised to lead-manage bond issues denominated in the currency of that Member State may act as Dealers in respect of a private placement and lead managers in respect of public offers (within the meaning of the rules and regulations issued by the *Comité des Emissions*) of French Franc Notes."

The section entitled "French Franc Notes" on page 6 of the Original Offering Circular shall be deleted and replaced with the following:-

"The Arranger for issues of French Franc Notes, the Dealers and the Issuers undertake, in relation to issues of French Franc Notes whether issued by way of public offer or by private placement, to comply with the rules and regulations relating to the Euro-French Franc market from time to time issued by the *Comité des Emissions*. Under current regulations, private placements are construed as issues of Notes placed on a firm basis with a small number of pre-determined investors not resident in France. Each issue of index-linked French Franc Notes must be made in compliance with the *Principes Généraux* published from time to time by the COB and the *Conseil des Bourses de Valeurs* ("CBV") or any successor authority."

The section entitled "Maturities" on page 6 of the Original Offering Circular shall be amended by deleting subsection (iii) and renumbering subsection (iv) accordingly

The section entitled "Variable Coupon Amount Notes" of page 7 of the Original Offering Circular shall be amended by adding the following paragraph at the end of the section:-

"At the date of this Offering Circular, each issue of index-linked Notes denominated in French Francs must be made in compliance with the *Principes Généraux* of the COB and the CBV or any successor authority."

The section entitled "Variable Redemption Amount Notes" on page 7 of the Original Offering Circular shall be amended by:-

deleting the first sentence of the third paragraph and replacing it with the following:-

"At the date of this Offering Circular, each issue of index-linked Notes denominated in French Francs or in any other currency but directly or indirectly linked to the French Franc must be made in compliance with the *Principes Généraux* of the COB and the CBV or any successor authority."

adding the following paragraph at the end of the section:-

"Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be

redeemed until the third anniversary of their date of issue and are to be listed on the London Stock Exchange."

The section entitled "Denominations" on page 8 of the Original Offering Circular shall be amended by deleting the text immediately after the words "Pricing Supplement, save that," and replacing it with the following:-

"unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom will have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their date of issue and are to be listed on the London Stock Exchange"

The section entitled "Listing" on page 8 of the Original Offering Circular shall be amended by the deletion of the second sentence and its replacement by the following:-

"As specified in the relevant Pricing Supplement a Series of Notes may not be listed on the London Stock Exchange or any other stock exchange except that, in the case of French Franc Notes, listing is recommended to be made on the Paris Stock Exchange where (i) French Franc Notes are, or are intended to be, listed on any other stock exchange, or (ii) such French Franc Notes are, or are intended to be distributed as a public offer (within the meaning of the rules and regulations relating to the Euro-French Franc market from time to time issued by the *Comité des Emissions*)."

2 Amendments to United Kingdom Selling Restrictions

The Plan of Distribution on page 51 of the Original Offering Circular shall be amended by deleting the eight paragraph and replacing it with the following:-

"Each Dealer agrees that (i) it has not offered or sold and shall not offer or sell (a) any Notes (other than Notes with a maturity of less than one year or a minimum denomination of at least ECU 40,000 or its equivalent in other currencies), in respect of which admission to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") is to be sought, to persons in the United Kingdom prior to admission of such Notes to such listing or (b) prior to the date six months after their date of issue, any Notes having a maturity of one year or more, in respect of which admission to such listing is not to be sought, to persons in the United Kingdom, in each case, 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 or, in the case of Notes in respect of which admission to such listing is to be sought, the Act; (ii) it has complied with and shall comply with all applicable provisions of the Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and shall only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document that consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on."

3 Amendments to Terms and Conditions

Condition 4 ("Interest and Other Calculations") on page 10 of the Original Offering Circular shall be amended by deleting condition 4(c)(iii) and replacing it with the following:-

"if paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, and either the Relevant Currency is not ECU or the Relevant Currency is ECU and the third stage of European monetary union has started (in which event, references to the Relevant Currency shall mean the Euro), subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is ECU, in Brussels, Frankfurt, London, Luxembourg or Paris as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);"

SUMITOMO CORPORATION CAPITAL EUROPE PLC

Capitalisation

The following table based on the audited accounts of SCCE as at 31st March, 1997 sets forth the consolidated capitalisation of SCCE as at 31st March, 1997:-

	(U.S.\$ thousands)
Debt falling due within one year:	
Euro-commercial Paper	198,541
Euro medium-term notes	253,506
Short-term loan	259,657
Long-term loan	158,051
Total short-term debt	869,755
Debt falling due after more than one year:	
Euro medium-term notes	1,131,209
Long-term loan	232,508
Total long-term debt	1,363,717
Shareholders' equity:	
Authorised:	
15,000,000 ordinary shares of £1 each	
150,000,000 ordinary shares of \$1 each	
Allotted and fully paid:	
5,765,856 ordinary shares of £1 each	11,382
125,000,000 ordinary shares of \$1 each	125,000
	136,382
Profit and loss account	3,034
Total shareholders' equity	139,416

Note:-

There has been no material change in the consolidated capitalisation of SCCE since 31st March, 1997 except that at 31st July, 1997, the balance of debt falling due within one year had increased to U.S.\$1,304,898 thousand. The balance of debt falling due after more than one year at 31st July, 1997 was U.S.\$1,248,805 thousand.

Management

The Board of Directors has the ultimate responsibility for the administration of the affairs of SCCE. The Directors of SCCE are Yosuke Kitagawa (Chairman) and Fumiaki Iwase (Managing Director). The registered address and business address of the members of the Board of Directors of SCCE is Sumitomo Corporation Capital Europe plc, 5th Floor, Vintners' Place, 68 Upper Thames Street, London EC4V 3BJ. Yosuke Kitagawa is a full time officer of Sumitomo Corporation in Japan.

SUMITOMO CORPORATION CAPITAL NETHERLANDS B.V.

Capitalisation

The following table based on the audited accounts of SCCN as at 31st March, 1997 sets forth the capitalisation of SCCN as at 31st March, 1997:-

	(U.S.\$ thousands)
Short-term liabilities:	
Group companies	221,616
Euro medium-term notes	102,518
Other loans	1,444
Total short-term liabilities	325,578
Long-term liabilities:	
Euro medium-term notes	652,501
Loans from group companies	147,324
Other loans	85,184
Total long-term liabilities	885,009
Shareholders' equity:	
Share capital paid up and called up	30,000
Currency translation differences	(4,214)
Retained earnings	114
Total shareholders' equity	25,900

Note:-

There has been no material change in the capitalisation of SCCN since 31st March, 1997.

Management

The Board of Directors has the ultimate responsibility for the administration of the affairs of SCCN. The Directors of SCCN are Yosuke Kitagawa (Chairman) and Yoshisuke Tanaka (President). The business address of the Board of Managing Directors of SCCN is Sumitomo Corporation Capital Netherlands B.V., Strawinskylaan 643 C, 1077 XX Amsterdam, The Netherlands. Yosuke Kitagawa is a full time officer of Sumitomo Corporation in Japan.

SUMITOMO CORPORATION

Sumitomo Corporation (together with its consolidated subsidiaries, "Sumitomo") is one of the world's largest general trading companies.

Sumitomo's net sales (gross trading volume) amounted to ¥13,435 billion (U.S.\$108 billion) for the year ended 31st March, 1997.

Sumitomo's trading activities involve a broad range of goods and commodities, including metals and minerals, chemicals and fuels, foodstuffs, textiles and other products. Such products are obtained from and supplied to a diverse group of suppliers and customers throughout the world.

Approximately 56.4 per cent. of Sumitomo's gross trading volume for the year ended 31st March, 1997 was represented by domestic transactions in Japan, and approximately 16.1 per cent. and 14.9 per cent. were imports to and exports from Japan, respectively. Offshore trading for such period accounted for approximately 12.6 per cent. of gross trading volume.

The Parent's registered head office is located at 5-33, Kitahama 4-chome, Chuo-ku, Osaka 541, its Tokyo head office is located at 2-2, Hitotsubashi 1-chome, Chiyoda-ku, Tokyo 100 and its other major domestic offices are located in Nagoya and other major cities. Major overseas offices of Sumitomo are located in New York, London, Düsseldorf, Singapore and Sydney. On 31st March, 1997, Sumitomo maintained over 200 offices in 89 countries employing over 8,800 people.

On 31st March, 1997, the Parent had 220 subsidiaries (companies in which the Parent holds, directly or indirectly, more than 50 per cent. of the issued share capital) in Japan, of which 162 were consolidated; it had 307 overseas subsidiaries, of which 274 were consolidated; and it had 288 associated companies (companies in which the Parent holds, directly or indirectly, not less than 20 per cent. and not more than 50 per cent. of the issued share capital) in Japan and overseas. On the same date, 217 associated companies were accounted for by the equity method. Investments in unconsolidated subsidiaries and associated companies recorded by the cost method have no material impact on the consolidated financial statements in aggregate.

Summary Financial Information

The following table sets out a summary of certain consolidated financial information relating to Sumitomo as at and for the years ended 31st March, 1995, 1996 and 1997:-

	1995	1996	1997	1997 ⁽¹⁾
		(yen millions)		(U.S.\$ millions)
Gross Trading Volume (Net Sales) ⁽²⁾	¥13,716,889	¥13,710,759	13,435,451	108,350
Net Income	7,273	20,318	-145,615	-1,174
Total Assets	5,121,858	5,378,769	5,396,962	43,524
Shareholders' Equity	701,294	714,869	558,264	4,502

Note:-

(1) The U.S. dollar amounts of 1997 have been translated from Japanese yen amounts at the rate of ¥124 = U.S.\$1.

(2) Effective from 1st April, 1996, accounting for precious metal dealing has been changed, from recording transaction amounts as net sales and cost of sales to recording trading profits as net sales. This is because of the growth in the amounts involved in precious metal dealing and their relation to gross trading profit becoming correspondingly much less significant. Due to this change, net sales of 1995 and 1996 have been restated.

UNAUTHORISED COPPER TRADING

Loss Amount and Causes

In June 1996, Sumitomo Corporation announced that it had incurred losses as a result of unauthorised copper transactions. Sumitomo Corporation has recorded the losses amounting to U.S.\$2.6 billion in the fiscal year ended 31st March, 1997.

The loss of U.S.\$2.6 billion resulted from off-book and unauthorised trading in copper futures, forwards, options and other derivative transactions by the former General Manager of the Nonferrous Metals Department. This unauthorised, off-booking trading was conducted over a period of more than 10 years, beginning in 1985. Throughout this period, the copper trading losses continued to accumulate, increasing during the 1990s. As of 5th June, 1996 when the former General Manager of the Nonferrous Metals Department confessed to his unauthorised transactions, the cumulative determinate losses from them amounted to U.S.\$1.4 billion. In addition to these determinate losses, the former General Manager of the Nonferrous Metals Department left behind a large volume of unliquidated positions which involved a loss of an indeterminate amount. Liquidating these positions resulted in a further U.S.\$1.2 billion loss, bringing the total loss to U.S.\$2.6 billion.

Ongoing Lawsuits and Investigations by Authorities

Sumitomo Corporation has filed a criminal complaint against the former General Manager of the Nonferrous Metals Department alleging private-document forgery and fraud in connection with his attempts to conceal the losses. He has since been indicted and is currently on trial in Tokyo District Court.

In Japan, a shareholder derivative action has been commenced against five former directors of Sumitomo Corporation. The complaint asserts claims against the five former directors for alleged breach of their fiduciary duties in connection with their supervision of the former General Manager of the Nonferrous Metals Department. Sumitomo Corporation is not a party to this lawsuit.

In the United States, a number of class action lawsuits have been commenced. In New York, four separate class actions against Sumitomo Corporation, its U.S. subsidiary and other defendants have been filed and consolidated in the Federal district court. The complaint asserts claims against Sumitomo Corporation and its U.S. subsidiary, among others, for alleged manipulation of the price of copper futures contracts in violation of the Commodity Exchange Act. A separate class action filed in New York asserts claims against Sumitomo Corporation and its U.S. subsidiaries, among others, for alleged manipulation of the price of copper futures contracts in violation of the Commodity Exchange Act and for alleged monopolisation of the COMEX copper futures and options markets in violation of the Sherman Act. In California, two class action lawsuits have been filed against Sumitomo Corporation and other defendants in state court for alleged violation of state anti-monopoly laws. Sumitomo Corporation believes it has a number of valid defenses to these actions and intends to vigorously defend itself in these matters.

In addition, regulatory and law enforcement authorities in the United States and United Kingdom are presently conducting investigations into various trading and business activities in the copper market, including the trading and business activities of Sumitomo Corporation and certain of its subsidiaries. Sumitomo Corporation is fully cooperating with the authorities in these investigations.

Sumitomo Corporation cannot determine at this time whether these investigations or lawsuits will have a material adverse effect on the financial position or operating results of Sumitomo Corporation.

Sumitomo Corporation's Response

Sumitomo Corporation has taken the following steps in response to the unauthorised copper trading:

1 *Liquidating Positions*

Sumitomo Corporation has liquidated the positions that existed as of June 1996. This deliberate process was undertaken in consultation with the concerned authorities and with the assistance of international investment bankers. As a result of these efforts, Sumitomo Corporation was able to limit its losses to the amount given above.

2 *Cooperation with U.S. and U.K. Authorities*

As already stated, Sumitomo Corporation is cooperating with the investigations being conducted by the regulatory and law enforcement authorities in the U.S. and the U.K. As part of this ongoing effort, Sumitomo Corporation has retained lawyers and accountants to represent Sumitomo Corporation in these investigations.

3 *Administrative Improvements and Other Measures*

Sumitomo Corporation has already instituted the following administrative measures:

- mandatory rotation of personnel involved in commodity futures trading;
- consolidation of paperwork relating to trading in market commodities and financial products under a Treasury Administrative Department that is independent of those involved in such trading; and
- establishment of a Market Risk Controlling Department to undertake risk management in relation to market-type trading.

Sumitomo Corporation's examination of its internal administrative systems is ongoing.

In June 1996, Sumitomo Corporation engaged a leading U.S. law firm and an accounting firm to assist Sumitomo Corporation in its investigation into the unauthorised copper trading transactions in order to advise Sumitomo Corporation on how best to cooperate with the regulatory and law enforcement agencies in their investigations of the incident in the U.S. and the U.K. and to aid Sumitomo Corporation in its defense in pending and anticipated litigation in the U.S., Japan, and elsewhere. Investigations may continue for some time since the unauthorised transactions were off-book, not documented, complex, and multisteped.

Rating

After the June 1996 announcement regarding the unauthorised copper trading losses, Moody's Investors Service ("Moody's") lowered its senior debt rating of Sumitomo Corporation and its rated subsidiaries from Aa3 to A2 and Standard and Poor's lowered its short term debt rating from A-1+ to A-1. Moody's reaffirmed its short term rating of P-1 and Japan Bond Research Institute left its long-term rating of AA and short term rating of A-1+ unchanged.

As of the date of this Supplemental Offering Circular, this Programme is rated A2 by Moody's.

UNITED KINGDOM TAXATION

Previous Amendments

The following amendments were incorporated into the Offering Circular by means of a supplemental offering circular dated 30th August, 1995 and were effective as of that date:-

The section entitled "United Kingdom Taxation" set out on pages 48 and 49 in the Original Offering Circular shall be expanded as follows:-

On page 48, under the heading "Notes issued by SCCE" the following shall be inserted as a new paragraph at the end of section 2:-

"The Finance Act 1995 contains provisions which provide that from April 1996 interest on the Notes received without deduction or withholding will not be chargeable to UK tax in the hands of a holder of a Note who is not resident for tax purposes in the UK unless that holder of a Note carries on a trade, profession or vocation in the UK through a UK branch or agency in connection with which the interest is received to which the Notes are attributable. There are certain exemptions for interest received by certain categories of agent (such as some brokers and investment managers)".

On page 49, under the heading "All Notes", the following shall be inserted at the end as section 8.

"8. The United Kingdom Government has recently announced proposals which would radically reform the taxation of returns from securities, such as the Notes. However, the proposed reforms do not extend to withholding tax. In particular, the United Kingdom Government has confirmed that withholding tax will not be levied on changes in the value of securities."

The following amendments were incorporated into the Offering Circular by means of a supplemental offering circular dated 7th October, 1996 and were effective as of that date:-

The section entitled "United Kingdom Taxation" set out on pages 48 to 49 in the Original Offering Circular shall be deleted and replaced by the following:-

The following is a summary of the United Kingdom withholding tax treatment of payments on the Notes at the date of this Offering Circular. It is not exhaustive as it only deals with United Kingdom withholding tax. It deals only with the position of persons who are the absolute beneficial owners of the Notes and Coupons and may not apply to certain classes of persons such as dealers. Prospective holders of Notes should be aware that the particular terms of issue of any Notes, as specified in the relevant Pricing Supplement, may affect the treatment of that series of Notes. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Notes Issued by SCCE

- 1 The Notes are in bearer form and will therefore constitute "quoted Eurobonds" provided that they carry a right to interest and are and remain quoted on a recognised stock exchange (the London Stock Exchange is so recognised). Accordingly, while the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax where:-

- (a) the person by or through whom the payment is made is not in the United Kingdom; or
- (b) the payment is made by or through a person who is in the United Kingdom and:-

- (i) the person who is the beneficial owner of the Notes and is entitled to the interest is not resident in the United Kingdom for tax purposes; or
- (ii) the Notes and the associated Coupons are held in a "recognised clearing system" (Cedel Bank and Euroclear have each been designated as a "recognised clearing system"),

and a declaration to that effect in the form required by law has been given to the person by or through whom the payment is made, or the Inland Revenue has issued a notice to the person by or through whom the payment is made.

Interest on Notes having a maturity of less than one year (which are not, as a result of any arrangements, effectively rendered part of a borrowing for a total term in excess of one year, despite having a maturity date of less than one year) may also be paid without deduction for or on account of United Kingdom income tax. In all other cases interest on the Notes will be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty.

- 2 The interest on the Notes has a United Kingdom source and accordingly will be chargeable to United Kingdom income tax by direct assessment. Interest received without deduction or withholding will not be assessed to United Kingdom tax in the hands of a holder of the Notes who is not resident for tax purposes in the United Kingdom, unless that holder 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 such Notes are attributable.
- 3 Where interest has been paid under deduction of United Kingdom income tax, holders of Notes who are 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.
- 4 Holders of Notes should note that the provisions relating to additional amounts referred to in "Taxation" above would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to the United Kingdom tax on income. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

Notes issues by SCCN

- 5 Payments of interest made by a United Kingdom paying agent on the Notes issued by SCCN will, subject to such relief as may be available under the provisions of any applicable double taxation treaty, be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent) unless:-
 - (i) the Notes are held in a "recognised clearing system" (for which, see above);
 - (ii) the person beneficially entitled to the interest and the related Notes is not resident in the United Kingdom or is specified by regulations;
 - (iii) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, inter alia, none of the beneficiaries of the trust is resident in the United Kingdom); or
 - (iv) the person beneficially entitled to the interest is eligible under specified provisions for relief from United Kingdom tax in respect of the interest; or
 - (v) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

All Notes

6 Where a United Kingdom person acts as a collecting agent, i.e. either:-

- (a) acts as custodian of the Notes and receives interest on the Notes, or directs that interest on the Notes be paid to another person, or consents to such payment; or
- (b) collects or secures payment of, or receives interest on, the Notes for a Noteholder or a person entitled to receive interest (except by means of clearing a cheque or arranging for the clearing of a cheque),

the collecting agent will be required to withhold on account of United Kingdom income tax at the lower rate (currently 20%) unless:-

- (i) the relevant Notes are held in a "recognised clearing system" and the collecting agent pays or accounts for the interest directly or indirectly to the clearing system and, if required by regulations, a declaration in a form required by law has been given by the clearing system of its depositary; or
- (ii) the relevant Notes are held in a "recognised clearing system" for which the collecting agent is a depositary; or
- (iii) the person beneficially entitled to the interest and the related Notes is either not resident in the United Kingdom or is specified by regulations; or
- (iv) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, inter alia, none of the beneficiaries of the trust is resident in the United Kingdom); or
- (v) the person beneficially entitled to the interest is eligible under specified provisions for relief from United Kingdom tax in respect of the interest: or
- (vi) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

In the case of each of the above exceptions, conditions imposed by further regulations may have to be satisfied for the relevant exception to be available.

7 If the Notes are issued at a discount or redeemable at a premium no United Kingdom withholding tax would apply to any premium or discount so long as it does not constitute yearly interest for tax purposes.

New Amendments

The following amendments to the Offering Circular will be effective from the date of this Supplemental Offering Circular:-

The second paragraph in section 2 of page 48 of the Original Offering Circular as amended by a supplemental offering circular dated 30th August, 1995 entitled "Notes issued by SCCE" shall be deleted.

The section on page 49 of the Original Offering Circular as amended by a supplemental offering circular dated 30th August, 1995 entitled "All Notes" shall be amended as follows:-

- (a) Section 8 shall be deleted and replaced by the following:-

"Holders of Notes which are companies within the charge to United Kingdom corporation tax may be subject to United Kingdom corporation tax on their holding, disposal or redemption of Notes. The nature of the tax charge will depend on the terms of the Notes in question and the particular circumstances of the relevant Noteholders. In particular, Noteholders within the charge to United Kingdom corporation tax should have regard to the provisions of the 'loan relationship' legislation contained in the Finance Act 1996, the chargeable gains legislation and the legislation applicable to foreign exchange gains and losses contained in the Finance Act 1993."

(b) The following shall be inserted as section 9:-

"Holders of Notes who are individuals or trustees and who are resident or ordinarily resident in the United Kingdom or who carry out a trade in the United Kingdom through a branch or agency to which the Notes are attributable may be subject to United Kingdom income or capital gains tax on their holding, disposal or redemption of Notes. The nature of the tax charge will depend on the terms and conditions of the Notes in question and the particular circumstances of the relevant Noteholder. In particular, such Noteholders should have regard to the capital gains tax legislation, the "accrued income scheme" and the relevant discounted securities legislation."

NETHERLANDS TAXATION

The following amendments are incorporated into the Offering Circular:-

The section entitled "Netherlands Taxation" set out on page 50 in the Original Offering Circular shall be deleted and replaced with the following:-

"SCCN and SCCE have been advised that under the existing laws of The Netherlands:-

- (a) All payments under the Notes (which for the purpose of this section, includes Notes in definitive and global form) and Coupons can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein:
- (b) A holder of a Note or Coupon who derives income from a Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon will not be subject to Dutch taxation on income or capital gains unless:-
 - (i) the holder is, or is deemed to be, resident in The Netherlands; or
 - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands; or
 - (iii) the holder has, directly or indirectly, a substantial interest or a deemed substantial interest in the Issuer and such interest or the Notes or Coupons do not form part of the assets of an enterprise; or
 - (iv) if the holder is an individual not having a substantial interest or a deemed substantial interest in the Issuer, any of certain connected persons has a substantial interest in the Issuer and such interest or the Notes or Coupons do not form part of the assets of an enterprise.
- (c) Dutch net wealth tax will not be levied on a holder of a Note or Coupon unless such holder is an individual and:-
 - (i) the holder is, or is deemed to be, resident in The Netherlands; or
 - (ii) such Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;
- (d) Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note or Coupon by way of gift, or on the death of a holder, unless:-
 - (i) the holder is, or is deemed to be, resident in The Netherlands; or
 - (ii) the transfer is construed as a gift or as an inheritance made by or on behalf of a person who is, at the time of the gift on death, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
 - (iii) such Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;

- (e) There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees and contributions for the registration with the Trade Register of the Chamber of Commerce payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of a Note or Coupon or the performance of SCCN's and SCCE's obligations under such Note or Coupon;"
- (f) There is no Dutch value added tax payable in respect of payments in consideration for the issue of a Note or Coupon or in respect of the payment of interest or principal under such Note or Coupon or the transfer of a Note or Coupon; and
- (g) The holder of a Note or Coupon will not become resident or deemed to be resident, or otherwise subject to taxation in The Netherlands by reason only of the holding of a Note or Coupon or the execution, performance and/or enforcement of the Notes, Coupons, the Agency Agreement, the Keep Well Agreements, the Deed Polls, the Distribution Agreement or the Deed of Covenant."

PLAN OF DISTRIBUTION

The following amendments are incorporated into the Offering Circular:-

The Plan of Distribution set out on pages 51 and 54 in the Original Offering Circular shall be amended as follows:-

The eighth paragraph, on page 51 (following on to page 52), shall be deleted and replaced by the following paragraph:-

"Each Dealer agrees that (i) it has not offered or sold and shall not offer or sell (a) any Notes (other than Notes with a maturity of less than one year or a minimum denomination of at least ECU 40,000 or its equivalent in other currencies), in respect of which admission to listing in accordance with Part IV of the Financial Services Act 1986 (the "**Act**") is to be sought, to persons in the United Kingdom prior to admission of such Notes to such listing or (b) prior to the date six months after their date of issue, any Notes having a maturity of one year or more, in respect of which admission to such listing is not to be sought, to persons in the United Kingdom, in each case, 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 or, in the case of Notes in respect of which admission to such listing is to be sought, the Act; (ii) it has complied with and shall comply with all applicable provisions of the Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and shall only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document that consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on."

The ninth paragraph, on page 52, shall be deleted and replaced by the following paragraph:-

"The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes 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 other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan."

The tenth, eleventh and twelfth paragraphs on pages 52 to 54 of the Original Offering Circular shall be deleted and replaced by the following paragraphs:-

"Notes issued by SCCN (including rights representing an interest in any Global Note) in denominations less than NLG 1,000,000 (or the equivalent thereof in any other currencies) or less than U.S.\$500,000 may not be offered, sold, transferred or delivered, directly or indirectly, to anyone anywhere in the world other than to banks, investment banks, pension funds, insurance companies, securities firms, investment institutions, central governments, large international and supranational organisations and other comparable entities, including, *inter alia*, treasuries and finance companies or large enterprises, which trade or invest in securities in the conduct of a business or profession."

"In addition each Dealer acknowledges and agrees that (unless the Notes issued by SCCN form part of a Series comprising only Notes with a denomination of NLG 100,000 or more (or the equivalent in any other currency)):-

- (a) it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of Notes is publicly announced that the offer is exclusively made to the said entities; and
- (b) a copy of any offering circular or prospectus (including the Relevant Pricing Supplement) must be submitted to the Securities Board of The Netherlands ("*Stichting Toezicht Effectenverkeer*", hereinafter "STE") before the issue date.

Each Dealer has severally represented and agreed with the Issuers and each further Dealer appointed under the Programme will be required to represent and agree with the Issuers that any Notes issued by SCCE under the Programme (including rights representing an interest in a Note in global form) that are offered, as part of their initial distribution or by way of re-offering, in The Netherlands, unless such Notes have been (or will most likely be) admitted to the official listing of the AEX Stock Exchange shall, in order to comply with The Netherlands Securities Market Supervision Act 1995 ("*Wet toezicht effectenverkeer 1995*", hereinafter the "Netherlands Securities Act"):-

- (i) only be issued and offered in the event that such Notes have been admitted to the official listing on a stock exchange in another state which is a party to the Treaty on a European Economic Area and the Information Memorandum has been approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC and the STE has, where necessary, confirmed the availability of mutual recognition in respect of such documents; or
- (ii) only be issued and offered in the event that the Information Memorandum has been approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority of another state which is a party to the Treaty on a European Economic Area as referred to in Article 20 of EC Directive 89/298/EEC in connection with a public offering of such Notes and the STE has, where necessary, confirmed the availability of mutual recognition in respect of these documents; or
- (iii) only be offered in The Netherlands if such Notes have a denomination of at least NLG 100,000 (or the equivalent in any other currency); or
- (iv) not be offered, transferred or sold, whether directly or indirectly, to any individual or legal entity as part of their initial distribution or by way of re-offering in The Netherlands other than to individuals or legal entities, who or which trade or invest in securities in the conduct of a business or profession (which includes banks, investment banks, securities firms, insurance companies, pension funds, investment institution, central governments, large international and supranational organisations and treasuries and finance companies of large enterprises), in which case:-
 - (a) it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of Notes is publicly announced that the offer is exclusively made to the said individuals or legal entities; and
 - (b) a copy of any offering circular or prospectus (including the relevant Pricing Supplement) must be submitted to the STE before the issue date; or

- (v) (for syndicated Series or Tranches of Notes) only be issued and offered if the following criteria are met:-

- (a) the Notes are subscribed for and placed by a syndicate of which at least two members are domiciled in different states that are a party to the Treaty on a European Economic Area;
- (b) 60 per cent. or more of the issue is placed by syndicate members which are situated in one or more states other than the United Kingdom; and
- (c) investors may only acquire the Notes being offered through the intermediary of a bank or other financial institution;

provided that each relevant Dealer has further represented and agreed that it has not publicly promoted and shall not publicly promote the offer or sale of such Notes by conducting a generalised advertising or cold-calling campaign anywhere in the world; or

- (vi) only be issued and offered if any other exemption from the prohibition contained in article 3 paragraph 1 of the Netherlands Securities Act applies and the requirements of such exemption are fully complied with; or
- (vii) only be issued and offered if the STE has, upon request, granted an (individual) dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.

Provided that in case of either (i) or (ii) above:-

- (a) SCCE and the relevant Dealer or Dealers procure that any advertisement or document in which a forthcoming offering of Notes is publicly announced will be submitted to the STE prior to publication thereof and will mention the respective dates on which the Information Memorandum and the relevant Pricing Supplement will be or were published and will be or were made available (or has been published and made available) for inspection at the registered office of SCCE and at the office of the Fiscal Agent; and
- (b) each Dealer severally represents and agrees that prior to the submission of the Information Memorandum (with the approval of the competent authorities) and the relevant Pricing Supplement to the STE and the publication thereof in accordance with (a) above:-
 - (i) it has not offered, transferred or sold any Notes and will not, directly or indirectly, offer, transfer or sell any Notes with a denomination of less than NLG 100,000 (or the equivalent in another currency) in The Netherlands, except to individuals or legal entities as referred to in (iv) above; and
 - (ii) either it has not distributed and will not distribute any offering or promotional materials in respect of the Notes or it has complied and will comply with the conditions under (iv)(a) and (b) above;

and each invitation telex and Pricing Supplement in respect of such Notes will set forth the restrictions under (i) and (ii) above.

In addition and without prejudice to the restrictions set out under I. and II. above, Zero Coupon Notes (as defined below) in definitive form issued by either SCCN or SCCE may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the

mediation of either the relevant Issuer or an admitted institution of the Amsterdam Exchanges nv in accordance with the Dutch Savings Certificates Act (*Wet inzake Spaarbewijzen*) of 21st May, 1985. Such restrictions do not apply (a) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (b) to the transfer and acceptance of such Zero Coupon Notes if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) are issued outside The Netherlands and are not distributed within, from or into The Netherlands in the course of initial distribution or immediately thereafter. For purposes of this paragraph "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever."

The following amendments were incorporated into the Offering Circular by means of a supplemental offering circular dated 7th October, 1996 and were effective as at that date:-

The Plan of Distribution set out on pages 51 to 54 of the Original Offering Circular, as amended by a supplemental offering circular dated 30th August, 1995, shall be amended as follows:-

The eighth paragraph on page 51 (following on to page 52), shall be amended by deleting the words "the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995" and replacing them with "the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996".

GENERAL INFORMATION

- 1 It is expected that the listing of the Programme on the London Stock Exchange will be granted on 1st October, 1997, subject only to the issue of a temporary Global Note in respect of each identifiable tranche of Notes. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, Notes may be issued pursuant to the Programme which will not be listed on the London Stock Exchange or any other stock exchange.
- 2 Except as disclosed herein, neither of the Issuers nor the Parent is involved in any legal or arbitration actions, suits or proceedings (including any such actions, suits or proceedings which are pending or threatened of which either of the Issuers or the Parent is aware) which may have or have had during the 12 months prior to the date hereof, individually or in the aggregate, a significant effect on the financial position of either of the Issuers or the Parent.
- 3 Except as disclosed herein, there has been no significant change in the financial or trading position, and no material adverse change in the financial position or prospects, of either of the Issuers or of the Parent and its consolidated subsidiaries taken as a whole, since 31st March, 1997.
- 4 In connection with any application to list Notes on the Paris Stock Exchange, a legal notice relating to the issue of such Notes will be published in the *Bulletin des annonces légales obligatoires* and a French translation of the Articles of Association of the relevant Issuer will be deposited with the *Grèffe du Tribunal de Commerce de Paris* prior to such listing. The Pricing Supplement applicable to such issue shall be submitted to the approval of the COB and the SBF Bourse de Paris, or any successor authority.
- 5 Deloitte & Touche, chartered accountants, have audited, and rendered unqualified reports on, the accounts of SCCE for the three years ended 31st March, 1997. Deloitte & Touche, registered accountants, have audited and rendered unqualified reports on, the accounts of SCCN for the three years ended 31st March, 1997.
- 6 The French Franc Arranger, the Dealers and the Issuers will, in relation to issues of French Franc Notes, whether issued by way of public offer or private placement, comply with the rules and regulations of the *Comité des Emissions* from time to time relating to the *Marché de l'Euro-Franc*. Under current applicable regulations, "private placements" shall be construed as issues of Notes placed on a firm basis with a small number of pre-determined investors not resident in France. Each issue of Notes directly or indirectly linked to the French franc must be made in compliance with the *Principes Généraux* published from time to time by the COB and CBV or any successor authority.
- 7 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom and which are issued pursuant to an exempt transaction under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case, as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under section 4 of the Banking Act 1987. The Issuer is not an authorised institution or a European authorised institution (as such terms are defined in the Regulations) and repayment of the principal and payment of any interest or premium in connection with such Notes will not be guaranteed.

In relation to any Notes which are issued pursuant to an exempt transaction under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4)(a) or (b) of the Regulations:

- (i) the Issuer confirms that, as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (ii) the Issuer confirms that, it will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes by the time when such Notes are so admitted; and
- (iii) the Issuer confirms that, as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4)(a) or (b) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of such Notes as they fall due.

In relation to Notes which are to be exempt transactions under regulation 13(3) of the Regulations and fall within regulation 13(4)(b) of the Regulations, the Issuer confirms that, as at the date hereof, it has complied and will continue to comply with its obligations under the Regulations to lodge all relevant information (as defined in the Regulations) in relation to any such Notes with the London Stock Exchange.

- 8 From the date hereof and for so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the specified offices of the Paying Agents and at the registered office of each of the Issuers, and the last four documents listed below (documents (vi) to (ix)) shall be available for delivery:-

- (i) Agency Agreement and the Supplemental Agency Agreement dated 30th September, 1997;
- (ii) Distribution Agreement and the Supplemental Distribution Agreement dated 30th September, 1997;
- (iii) Deed of Covenant;
- (iv) Keep Well Agreements and the Deed Polls;
- (v) Memorandum and Articles of Association of SCCE and English translations of the Articles of Association of SCCN and the Articles of Incorporation of the Parent;
- (vi) the annual report and audited accounts in English (consolidated where appropriate) for each of the Issuers and the Parent for the last two years for which they have been published and the most recent published interim accounts in English (if any) of each of them;
- (vii) each Pricing Supplement for Notes which are listed on the London Stock Exchange, the Paris Stock Exchange or any other stock exchange;
- (viii) the Offering Circular and this Supplemental Offering Circular; and

(ix) a copy of the subscription agreement for syndicated issues which are listed on the London Stock Exchange.

- 9 Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "**Treaty**"), the currency composition of the ECU may not be changed. The Treaty contemplates that European monetary union will occur in three stages the second of which began on 1st January, 1994 with the entry into force of the Treaty on European Union. The Treaty provides that at the start of the third stage of European monetary union, the value of the ECU as against the currencies of the member states participating in the third stage, will be irrevocably fixed and the ECU will become a currency in its own right. In contemplation of that third stage, the European Council meeting in Madrid on 16th December, 1995 decided that the name of that currency will be the Euro and that in accordance with the Treaty substitution of the Euro for the ECU will be at the rate of one Euro for one ECU. From the start of the third stage of European monetary union, all payments in respect of the Notes denominated in ECU will be payable in Euro at the rate then established in accordance with the Treaty.

PARIS LISTING INFORMATION

Personnes qui assument la responsabilité du document dénommé "Supplemental Offering Circular"

Aux noms des émetteurs

A notre connaissance, les données du présent document dénommé "Supplemental Offering Circular" sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Sumitomo Corporation Capital Europe plc
Mr Fumiaki Iwase
Directeur Général

Sumitomo Corporation Capital Netherlands B.V.
Mr Yoshisuke Tanaka
Directeur et Président

Au nom de la banque présentatrice

A la connaissance de la banque présentatrice, les données du présent document dénommé "Supplemental Offering Circular" sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Daniel Sfez
Directeur des Marchés Obligataires et Dérivés
Société Générale

Commission des Opérations de Bourse

En vue de la cotation à Paris de titres éventuellement émis dans le cadre de ce Programme et par application des articles 6 et 7 de l'ordonnance No. 67-833 du 28 septembre 1967 telle que modifiée, la Commission des Opérations de Bourse a enregistré le document dénommé "Original Offering Circular" sous le numéro d'enregistrement No. 94-461 du 29 août 1994 et le présent document dénommé "Supplemental Offering Circular" sous le numéro d'enregistrement No. P97-316 en date du 25 Septembre 1997.

La notice légale préalable à la cotation éventuelle à Paris de tout titre émis dans le cadre de ce Programme sera publiée au Bulletin des annonces légales obligatoires.

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Tour Société Générale
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ARRANGER

(other than for issues of Deutsche Mark Notes and French Franc Notes)

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London EC4A 2BB

DEUTSCHE MARK ARRANGER

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FRENCH FRANC ARRANGER

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92987 Paris - La Defense Cedex

FISCAL AGENT, PRINCIPAL PAYING AGENT and CALCULATION AGENT

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PAYING AGENT

Morgan Guaranty Trust Company of New York,
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Sumitomo Corporation Capital Europe plc
(Incorporated with limited liability in England under the Companies Act 1985 (No. 1974199))

Sumitomo Corporation Capital Netherlands B.V.
(Incorporated with limited liability under the laws of The Netherlands and having its statutory domicile in Amsterdam)

U.S.\$2,000,000,000

Euro-Medium Term Notes

Due from one month to 10 years from date of issue

Under the Euro-Medium Term Note Programme described in this Offering Circular (the "Programme"), Sumitomo Corporation Capital Europe plc ("SCCE") and Sumitomo Corporation Capital Netherlands B.V. ("SCCN") (together the "Issuers" and each, in relation to Notes issued by it, an "Issuer") may issue from time to time Euro-Medium Term Notes (the "Notes"), subject to compliance with all relevant laws, regulations and directives. The Notes are not guaranteed by Sumitomo Corporation (the "Parent") but each Issuer has the benefit of a Keep Well Agreement (together, the "Keep Well Agreements") entered into between it and the Parent and the holders of Notes will have the benefit of deed polls (the "Deed Polls") executed by each Issuer and the Parent all as more fully described herein. The Notes will have maturities from one month to 10 years and their maximum principal amount outstanding will not, when taken together with the principal amount of notes outstanding under the Euro-Medium Term Note Programme of Sumitomo Corporation Overseas Capital Limited, at any time exceed U.S.\$2,000,000,000 (or its equivalent in other currencies).

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange") for Notes which are issued within 12 months of this Offering Circular to be admitted to the Official List and application will be made in certain circumstances to list French Franc Notes (as defined below) on the Paris Stock Exchange. The Issuers may agree with the Dealers to issue Notes which are not intended to be listed on the London Stock Exchange or on the Paris Stock Exchange (or any other stock exchange). The relevant Pricing Supplement (as defined on page 3) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the London Stock Exchange or the Paris Stock Exchange (or any other stock exchange).

Copies of this document, which comprises listing particulars relating to SCCE and listing particulars relating to SCCN approved by the London Stock Exchange in relation to Notes to be issued during the period of 12 months from the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986.

Notes denominated in French Francs or in any other currency but directly or indirectly linked to the French Franc ("French Franc Notes") will comply with the rules and regulations relating to the "Marché de l'Euro-franc" from time to time of the *Comité des Emissions*. For the sole purpose of listing French Franc Notes on the Paris Stock Exchange, this Offering Circular has been submitted to the clearance procedures of the *Commission des Opérations de Bourse* (the "COB") and has been registered by the COB under visa no. 94-461 on 29th August, 1994.

Each Tranche of Notes will initially be represented by a temporary Global Note which will be deposited (a) in the case of a Tranche intended to be cleared through Euroclear and/or Cedel, on the issue date with a common depositary on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel, société anonyme ("Cedel") and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear or Cedel or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under "Summary of Provisions Relating to the Notes while in Global Form". Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Pricing Supplement, for definitive Notes after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for definitive Notes in bearer form as described under "Summary of Provisions Relating to the Notes while in Global Form".

The Programme has been rated Aa3 by Moody's Investors Service, Inc.

Dealers

Daiwa Europe Limited

J.P. Morgan Securities Ltd.

Sumitomo Trust International plc

S.G. Warburg Securities

Goldman Sachs International

Société Générale

Swiss Bank Corporation

Arranger of Programme (other than for issues of Deutsche Mark Notes and French Franc Notes)
Goldman Sachs International

Arranger for issues of Deutsche Mark Notes
Goldman, Sachs & Co. oHG

Arranger for issues of French Franc Notes
Société Générale

The date of this Offering Circular is 31st August, 1994

This Offering Circular (not including any Pricing Supplement), with the exception of the information contained in the section entitled "Sumitomo Corporation Capital Netherlands B.V." on pages 37 to 44 of this document, comprises listing particulars in relation to SCCE and, with the exception of the information contained in the section entitled "Sumitomo Corporation Capital Europe plc" on pages 27 to 36 of this document, comprises listing particulars in relation to SCCN, given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by the London Stock Exchange for the purpose of giving information with regard to each Issuer, the Parent and its subsidiaries and the Notes. Each Issuer accepts responsibility for the information contained in its listing particulars and the Parent accepts responsibility for the information contained in the listing particulars. To the best of the knowledge and belief of each Issuer (each of which has taken all reasonable care to ensure that such is the case), the information contained in its listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of the knowledge and belief of the Parent (which has taken all reasonable care to ensure that such is the case), the information contained in the listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either Issuer, the Parent or any of the Dealers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuers, or the Dealers to subscribe for or purchase, any Notes.

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

The distribution of this Offering Circular and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuers and the Dealers to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see "Plan of Distribution".

None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of either of the Issuers during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

In connection with any Series (as defined below), one of the Dealers will act as a stabilising agent (the "Stabilising Agent"). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "this issue" are to each Series in relation to which a Stabilising Agent is appointed.

In connection with this issue, the Stabilising Agent may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such transactions shall be carried out in accordance with all applicable laws and regulations.

In this Offering Circular, references to "U.S. dollars" and "U.S.\$" are to United States dollars, references to "yen" and "¥" are to the lawful currency of Japan, references to "FRF" and "French Francs" are to the lawful currency of the Republic of France, references to "DM" and "Deutsche Marks"

are to the lawful currency of Germany, references to "DFI." and "NLG" are to the lawful currency of The Netherlands, and references to "£" and "pounds" are to the lawful currency of the United Kingdom.

ISSUE OF NOTES

Notes will be issued on a continuous basis in series (each a "Series") having one or more issue dates and (except in respect of the first payment of interest) on terms otherwise identical, the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on different issue dates. The specific terms of each Tranche (which will be supplemented where necessary, with supplemental terms and conditions and, save in respect of the issue date, the issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in a pricing supplement to this Offering Circular (a "Pricing Supplement") which will contain the information described under "General Information".

This Offering Circular should be read and construed in conjunction with any relevant Pricing Supplement and all documents incorporated herein by reference (see "Documents Incorporated by Reference") provided that such documents incorporated herein by reference shall not form part of the listing particulars issued in compliance with listing rules made under Section 142 of the Financial Services Act 1986.

DOCUMENTS INCORPORATED BY REFERENCE

With respect to any issue of Notes, the most recently available audited annual financial statements and the interim financial statements of each Issuer (if prepared) and the audited annual consolidated financial statements contained in the most recently available Annual Report of the Parent shall be deemed to be incorporated herein by reference provided, however, that (i) no such accounts shall form a part of the listing particulars issued in compliance with the listing rules made under Section 142 of the Financial Services Act 1986; and (ii) any statement contained herein or in such most recently published annual or interim accounts shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any subsequent such annual or interim accounts modifies or supersedes such statement (provided, however, that any such deemed modifying or superseding statements contained in any such annual or interim accounts shall also not form part of the listing particulars issued in compliance with the listing rules made under Section 142 of the Financial Services Act 1986). For Paris Stock Exchange purposes, the most recently published audited annual financial statements and the interim financial statements of each Issuer and the consolidated audited annual financial statements of the Parent must be attached to the relevant Pricing Supplement and submitted to the clearance procedures of the COB. Copies of such documents will be available from the office of each of the Paying Agents set out at the end of this Offering Circular.

This Offering Circular, together with each Pricing Supplement issued in respect of each Tranche of Notes, may only be used in connection with the offer, sale and listing of Notes in an aggregate principal amount, when taken together with the aggregate principal amount of notes outstanding for the time being under the Euro-Medium Term Note Programme of Sumitomo Corporation Overseas Capital Limited, of not more than U.S.\$2,000,000,000 (or its equivalent in other currencies) outstanding at any time. References herein to "Offering Circular" shall include any relevant Pricing Supplement.

SUPPLEMENTARY LISTING PARTICULARS

Each of the Issuers has given undertakings to the Dealers generally and in connection with the listing of the Notes on the London Stock Exchange to the effect that if, after preparation of the listing particulars for submission to the London Stock Exchange and so long as any Notes are outstanding, there is a significant change affecting any matter contained in the listing particulars or a significant new matter arises, the inclusion of information in respect of which would have been required to be mentioned in the listing particulars if it had arisen at the time of their preparation, whose inclusion was required by Section 146 of the Financial Services Act 1986 or by the listing rules made by the London Stock Exchange under that Act ("Listing Rules") or by the London Stock Exchange, the Issuers shall publish supplementary listing particulars as required by the London Stock Exchange and Section 147 of the Financial Services Act 1986 and shall supply to each Dealer such number of copies of the supplementary listing particulars as such Dealer may reasonably request. Each of the Issuers has also undertaken to the COB that while Notes are outstanding and listed on the Paris Stock Exchange any such change shall be notified to the COB and published in accordance with its rules.

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SUMMARY OF THE PROGRAMME

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

Issuers	Sumitomo Corporation Capital Europe plc Sumitomo Corporation Capital Netherlands B.V.
Keep Well Provider	Sumitomo Corporation
Keep Well Agreement	See "Relationship of the Issuers with the Parent"
Description	Continuously Offered Euro-Medium Term Note Programme
Arranger (other than for issues of Notes denominated or payable in Deutsche Marks ("Deutsche Mark Notes") and French Franc Notes)	Goldman Sachs International
Arranger for issues of Deutsche Mark Notes	Goldman, Sachs & Co. oHG
Arranger for issues of French Franc Notes	Société Générale
Currencies	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Canadian dollars, Australian dollars, New Zealand dollars, ECU, Japanese yen, French Francs, Deutsche Marks, Dutch guilders, Italian lire, Swiss francs, Sterling or in such other currencies as the Issuers and the Dealers so agree.</p> <p>Notes may not be issued in Sterling unless the relevant Issuer has net assets (as defined in Section 264(2) of the Companies Act 1985) of at least £25 million.</p>
Dealers	<p>Daiwa Europe Limited, Goldman Sachs International, J.P. Morgan Securities Ltd., Société Générale, Sumitomo Trust International plc, Swiss Bank Corporation and S.G.Warburg Securities Ltd.</p> <p>The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>The Issuers have reserved the right to sell Notes directly on their own behalf to certain purchasers which are not Permanent Dealers.</p> <p>Only French credit institutions (which expression shall include French subsidiaries of foreign banks) may act as Dealers with respect to issues of French Franc Notes (except for issues of French Franc Notes on a syndicated basis, which must be lead managed by a credit institution authorised to act as lead manager of Euro-French Franc debt instrument issues).</p>

Any issue of Deutsche Mark Notes will take place in compliance with the guidelines of the German Central Bank regarding the issuance of Deutsche Mark denominated debt securities. In particular, only credit institutions domiciled in Germany (which expression shall include German branches of foreign banks) may act as Dealers with respect to such Notes (except for issues of Deutsche Mark Notes on a syndicated basis where only the lead manager need be a credit institution domiciled in Germany).

Any issue of Notes denominated in Swiss francs will be effected in compliance with, or pursuant to an exemption from, the relevant regulations of the Swiss National Bank. Under the current guidelines of the Swiss National Bank, subject to certain exceptions, authorisation from the Swiss National Bank must be obtained before carrying out the transaction.

Fiscal Agent	Morgan Guaranty Trust Company of New York, London office
Size	The aggregate principal amount of Notes outstanding at any one time, when taken together with the aggregate principal amount of notes outstanding at such time under the Euro-Medium Term Note Programme of Sumitomo Corporation Overseas Capital Limited, shall not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies not being a composite currency other than ECU calculated at the date of issue).
French Franc Notes	The French Franc Arranger, the Dealers and the Issuers undertake, in relation to issues of French Franc Notes whether issued by way of public offer or by private placement, to comply with the rules and regulations relating to the Euro-French Franc market from time to time issued by the <i>Comité des Emissions</i> . Under current regulations, private placements are construed as issues of Notes placed on a firm basis with a small number of pre-determined non-French resident investors. Each issue of index-linked French Franc Notes must be made in compliance with the <i>Principes Généraux</i> set by the COB and the <i>Conseil des Bourses de Valeurs</i> ("CBV").
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 10 years. Unless otherwise permitted by then current laws, regulations and directives, (i) Notes denominated or payable in or linked to yen will have an original maturity of not less than one year, (ii) Notes denominated in Deutsche Marks will have a maturity of not less than two years, (iii) Notes denominated in Sterling will have a maturity of more than one year and not more than five years and (iv) Notes denominated in French Francs or in any other currency but directly or indirectly linked to the French Franc will have a maturity of not less than one year, and may not contain any put or call option entitling the relevant issuer or the Noteholders to redeem or require redemption of such Notes on or prior to the first anniversary of their issue.
Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Method of Issue	The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size. Further Notes may be issued as part of an existing Series.

Fixed Interest Rate Notes	Fixed interest will be payable in arrear on such date or dates in each year as are specified on the Note and in the relevant Pricing Supplement and at maturity.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR (or such other rate as may be specified on the Note and in the relevant Pricing Supplement) as adjusted for any applicable margin.
Zero Coupon Notes	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Variable Coupon Amount Notes	The Pricing Supplement issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement. The issue of index-linked Deutsche Mark Notes will be in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers.
Variable Redemption Amount Notes	<p>The Pricing Supplement issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. The issue of index-linked Deutsche Mark Notes will be in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers.</p> <p>In the event of the suspension of the calculation of the index by the relevant stock or other exchange or third party, or if the basis of the calculation is changed, then the index shall be calculated by an independent calculation agent, on the same basis, and subject to the same conditions and controls, as applied to the initial calculating party, in relation to the use of the relevant index for all other purposes. Calculations determined on the basis of the relevant index shall, in the absence of manifest error, be binding on all parties. The calculation agent will be designated in the relevant Pricing Supplement, or its name will be published in accordance with Condition 13 of Terms and Conditions of the Notes.</p> <p>At the date of this Offering Circular, each issue of index-linked Notes denominated in French Francs or in any other currency but directly or indirectly linked to the French Franc must be made in compliance with the Regulations of the COB and the CBV. At the date of this Offering Circular, the Deutsche Bundesbank does not approve of the issue of commodity-linked Deutsche Mark Notes.</p>
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional

dual currency Notes, Partly-paid Notes and any other type of Note which the Issuers and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Form of Notes	Each Tranche of Notes will initially be represented by a temporary Global Note which will be deposited on the issue date with a common depositary on behalf of Euroclear and Cedel or otherwise delivered as agreed between the relevant Issuer and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under "Summary of Provisions Relating to the Notes while in Global Form". Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Pricing Supplement, for definitive Notes after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for definitive Notes in bearer form as described under "Summary of Provisions Relating to the Notes while in Global Form".
Denominations	Definitive Notes will be in such denominations as may be specified on the Note and in the relevant Pricing Supplement, save that, unless otherwise permitted by then current laws, regulations and directives, Notes denominated in yen will be in minimum denominations of ¥1,000,000 and Notes denominated in Sterling will be in minimum denominations of £100,000.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders and, if so, the terms applicable to such redemption.
Early Redemption	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuers prior to maturity only for tax reasons.
Listing	Each Series will either be unlisted or listed on the London Stock Exchange and/or the Paris Stock Exchange and/or such other stock exchange as is specified in the relevant Pricing Supplement. In the case of French Franc Notes, listing is required to be made on the Paris Stock Exchange where (i) French Franc Notes are, or are intended to be, listed on any other stock exchange, or (ii) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the regulations relating to the Euro-French Franc market from time to time issued by the <i>Comité des Emissions</i>).
Status of Notes	The Notes will constitute direct, unconditional and unsecured obligations of the Issuers ranking <i>pari passu</i> with all other unsecured indebtedness of the Issuers, subject to customary exceptions.
Negative Pledge	As described in "Terms and Conditions of the Notes — Negative Pledge".
Withholding Tax	All payments of principal and interest will be made without deduction for or on account of withholding taxes in the United Kingdom (in the case of SCCE) and The Netherlands (in the case of SCCN), subject to customary exceptions.
Governing Law	English

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be applicable to the Global Notes (subject as provided in "Summary of Provisions relating to the Notes while in Global Form") and the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series, and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant series being shown on the relevant Notes and in the relevant Pricing Supplement:—

The issue by [Sumitomo Corporation Capital Europe plc]/[Sumitomo Corporation Capital Netherlands B.V.] (the "Issuer") of all Notes issued from time to time was authorised by a decision of the Board of [Managing]* Directors of the Issuer dated [29th]* [26th]** August, 1994. The Notes in both global and definitive form will be issued pursuant to an agency agreement dated 31st August, 1994 (the "Agency Agreement") and made between Sumitomo Corporation Capital Europe plc, Sumitomo Corporation Capital Netherlands B.V., Morgan Guaranty Trust Company of New York, London office as fiscal agent and principal paying agent (the "Fiscal Agent") and Morgan Guaranty Trust Company of New York, Brussels office, as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "Paying Agents"). The initial Calculation Agent (if any) is specified on this Note. The Noteholders (as defined below), the holders of interest coupons (the "Coupons") appertaining to interest bearing definitive Notes and, where applicable, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the instalment receipts (the "Receipts") (the "Receiptholders") appertaining to the payment of principal by instalments are bound by and are deemed to have notice of all of the provisions of the Agency Agreement, copies of which will be available for inspection at the specified offices of the Paying Agents.

1. Form and Denomination

The Notes are serially numbered and in bearer form in the denomination of the Denomination(s) specified on this Note.

The Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these conditions are not applicable. Any Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached. Title to the Notes, Receipts, Coupons and Talons will pass by delivery. In these conditions, "Notes" means those notes which form a single series with this Note, "Noteholder" means the bearer of any Note and the Receipts relating to it, "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon and capitalised terms have the meanings given to them on the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer and the Fiscal Agent shall be entitled to treat the holder of any Note, Receipt, Coupon or Talon as the absolute owner thereof for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of the holder.

2. Status

The Notes, Receipts and any Coupons are (subject to Condition 3) direct and unsecured obligations of the Issuer ranking *pari passu*, and rateably without any preference among themselves and, save for obligations preferred by mandatory provisions of law and subject to Condition 3 rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

* Square bracketed provision will only appear on Notes issued by SCCN.

** Square bracketed provision will only appear on Notes issued by SCCE.

3. Negative Pledge

- (a) The Issuer will not, so long as any Note, Receipt or Coupon remains outstanding (as defined in the Agency Agreement), create any mortgage, charge, pledge or other security interest upon the whole or any part of its property or assets, present or future, to secure any Indebtedness issued or guaranteed by it without at the same time securing the Notes, the Receipts and the Coupons equally and rateably with such Indebtedness or the guarantees thereof, as the case may be.
- (b) For the purposes of this Condition, the expression "Indebtedness" means any indebtedness in the form of or represented by bonds, notes, debentures or other similar securities.

4. Interest and Other Calculations

(a) Interest Rate and Accrual:

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(b) Business Day Convention:

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) Interest Rate on Floating Rate Notes:

If the Interest Rate is specified as being Floating Rate, it will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of the relevant Interest Accrual Period in accordance with the following:—

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:—
 - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the

Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

- (iii) if paragraph (ii) above applies, the Relevant Currency is not ECU and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which five leading banks in the principal financial centre of the country of the Relevant Currency (the "Principal Financial Centre") selected by the Calculation Agent are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting, in the Principal Financial Centre, except that, if fewer than two of the banks in the Principal Financial Centre so selected by the Calculation Agent are quoting as aforesaid, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);
- (iv) if paragraph (ii) above applies, the Relevant Currency is ECU and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Calculation Agent shall, in respect of each of the then component currencies of the ECU (provided that, if the ECU is not then used as the unit of account of the EC nor as the currency of the European Union, the component currencies of the ECU shall be those provided for in Condition 6(h)), determine an Interest Rate (each a "Component Rate") for such component in accordance with paragraphs (ii) and (iii) above as if such component was the Relevant Currency (and without any adjustment in accordance with paragraph (v) below) and, provided that Component Rates for component currencies representing in aggregate 95 per cent. (determined as provided below) of one ECU are determined on the Interest Determination Date and subject as provided below, the Interest Rate shall be the arithmetic mean of the Component Rates, weighted in the manner provided below, as determined by the Calculation Agent;
- (v) if paragraph (iv) above applies and the Calculation Agent is unable to determine the Interest Rate for an Interest Period in accordance with that paragraph, the Interest Rate for such Interest Accrual Period shall be the Interest Rate in effect for the last preceding Interest Accrual Period to which paragraph (i) or (ii) above shall have applied (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) Interest Rate on Zero Coupon Notes:

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(d)).

(e) Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers, Rounding and ECU Weighting:

- (i) If any Interest Rate is expressed to be as adjusted by a Margin or Rate Multiplier, such adjustment shall be made by adding (if a positive number) or subtracting the absolute value (if a negative number) of any Margin specified on the Notes or multiplying by any Rate Multiplier specified on the Notes, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified on the Notes, then such Interest Rate, Instalment Amount or Redemption Amount shall in no event exceed the maximum or be less than the minimum.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means, with respect to any currency other than ECU, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to ECU, means 0.01 ECU.
- (iv) For the purposes of this Condition 4, the weighting to be given to a Relevant Currency or the percentage which it bears to one ECU shall be determined by the Calculation Agent by reference to the proportion that the amount of such Relevant Currency included in one ECU bears to one ECU and calculated on the basis of the U.S. dollar equivalent of each of the Relevant Currencies as at or about the Relevant Time on the Interest Determination Date in question. Such U.S. dollar equivalent shall be determined by the Fiscal Agent in the manner provided under Condition 6(h), except that for the purposes of this Condition 4, (i) any reference therein to a Day of Valuation shall be deemed to refer to the Interest Determination Date in question, (ii) all decisions or choices to be made by the Fiscal Agent thereunder shall be made by the Calculation Agent, and (iii) if the ECU is being used as the unit of account of the EC or as the currency of the European Union on such Interest Determination Date, the components of the ECU shall be the currency amounts that are components of the ECU on such date.

(f) Calculations:

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount is specified in respect of such period, in which case the amount of interest payable in respect of such Note, or such period will equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts:

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will determine the Interest Rate and calculate the amount of interest payable (the "Interest Amounts") in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, the Noteholders and, if the Notes are listed on a stock exchange and the rules of that exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as

previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount and Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer, the Fiscal Agent, all relevant Noteholders and Couponholders and any stock exchange on which the Notes are from time to time listed.

(h) Definitions:

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:—

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year (whether or not constituting an Interest Period, the “Calculation Period”):—

- (i) if “30/360” is specified hereon, the number of days in the Calculation 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);
- (ii) if “Actual/365” is specified hereon, the actual number of days in the Calculation Period divided by 365 or (in the case of an Interest Payment Date falling in a leap year) 366;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360; and
- (iv) in the case of a period comprising one or more complete years, a number equal to such number of complete years.

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“Interest Accrual Period” means the period beginning on the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Commencement Date” means the date of issue of the Notes (the “Issue Date”) or such other date as may be specified in the Pricing Supplement.

“Interest Determination Date” means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is specified, the day falling two Relevant Business Days prior to the first day of such Interest Accrual Period or to the relevant Interest Payment Date.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“Interest Rate” means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, in the Pricing Supplement.

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service (“Reuters”) and the Dow Jones Telerate Service (“Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Reference Banks" means, the institutions specified as such on the Notes or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the Benchmark.

"Relevant Business Day" means:—

- (i) in the case of a specified currency other than ECU, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the financial centre(s) specified for the relevant purpose; and/or
- (ii) in the case of ECU, a day which is not designated as an ECU Non-Settlement Day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day on which payments in ECU shall not be made.

"Relevant Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre.

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period.

(i) Calculation Agent and Reference Banks:

The Issuer will use reasonable endeavours to procure that there shall at all times be four Reference Banks with offices in the Relevant Financial Centre and a Calculation Agent if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. For the purpose of any determination or calculation in respect of the Notes, the Calculation Agent shall act as an independent expert and not as an agent of the Issuer.

5. Redemption and Purchase

(a) Final Redemption:

Unless previously redeemed or purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(e) or (f), each

Note will be redeemed at its Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date specified on each Note.

(b) Redemption for Taxation Reasons:

If the Issuer determines that, as a result of any change in, amendment of, or judicial decision relating to, the laws of England (in the case of Notes issued by SCCE) or the laws of The Netherlands (in the case of Notes issued by SCCN) or any change in the official application of any such law, on the occasion of the next payment due in respect of the Notes the Issuer would be required to pay additional amounts as provided in Condition 7, then the Issuer may, at its option, on any Interest Payment Date or, if so specified on the Notes, at any time redeem the Notes, as a whole but not in part, upon not less than 35 days' nor more than 65 days' irrevocable notice to the Noteholders in accordance with Condition 13, at their Redemption Amount, together with interest accrued thereon to the date fixed for redemption; provided that the Issuer determines, in its reasonable business judgement, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to the Issuer not including substitution of the obligor under the Notes.

(c) Purchases:

The Issuer or any of its subsidiaries may at any time purchase or otherwise acquire Notes at any price in the open market or otherwise. The Issuer or any such subsidiary may, at its option, retain such Notes for its own account or resell or cancel (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) or otherwise deal with them at its discretion. Notes purchased or otherwise acquired, while held by or on behalf of the Issuer or any of its subsidiaries, any parent company or any other subsidiaries of any such parent company shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders.

(d) Early Redemption of Zero Coupon Notes:

- (i) The amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 6 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such Note together with any interest which may accrue in accordance with Condition 4(d).

(e) Redemption at the Option of the Issuer and Exercise of Issuer's Options:

If so provided on the Notes, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period, redeem, or exercise any Issuer's option in relation to, all or, if so

provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together, if applicable, with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(f) Redemption at the Option of Noteholders and Exercise of Noteholders' Options:

If so provided on this Note, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together, if applicable, with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option which may be set out on this Note the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent within the Noteholders' Option Period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) Redemption by Instalments:

Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified on the Notes) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) Cancellation:

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries, any parent company, or any other subsidiaries of any such parent company may be surrendered to the Fiscal Agent for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. Payments and Talons

(a) Payments on Notes:

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holders, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; Provided that (i) in the case of sterling, the cheque shall be drawn on a town clearing branch of a bank in the City of London, (ii) in the case of ECU, the transfer may be to an ECU account with a bank in London, Luxembourg, Paris or Brussels and (iii) in the case of Japanese yen, the transfer will be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

(b) Payments in the United States:

Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall 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 of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the reasonable opinion of the Issuer, adverse tax consequence to the Issuer.

(c) Payments subject to laws etc.:

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the holders of any Notes, Coupons or Receipts in respect of such payments.

(d) Appointment of Agents:

The Issuer will reserve the right to terminate the appointment of the Fiscal Agent or any Paying Agent and appoint a substitute Fiscal Agent and/or appoint additional or other Paying Agents (either generally or in respect of a particular Series of Notes) provided that it will, so long as any of the Notes remains outstanding, maintain (i) a Fiscal Agent; and/or (ii) a Paying Agent having a specified office in a continental European city. In addition, so long as any Notes are listed on the London Stock Exchange, the Issuer will maintain a paying agent in London and, so long as any Notes are listed on the Paris Stock Exchange, the Issuer will maintain a Paying Agent in Paris. In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (b) above. Notice of changes in the Fiscal Agent or the Paying Agents or their specified offices will be given to the Noteholders in accordance with Condition 13.

(e) Unmatured Coupons and Receipts and unexchanged Talons:

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) If the relative Notes so provide, upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of such Note is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(f) Talons:

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

(g) Non-Business Days:

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Business Day Jurisdictions" on the Note and:—

- (i) (in the case of a payment in a currency other than ECU) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in ECU) on which banks are open for business and carrying out transactions in ECU in the jurisdiction in which the ECU account specified by the payee is located.

(h) ECU Notes:

(i) Composition of the ECU

Subject to the provisions of this Condition 6(h) and sub-paragraphs (ii) to (viii) below, the composition of the ECU in which the Notes are denominated ("ECU") is the same as the composition of the ECU that is from time to time used as the unit of account of the European Communities ("EC") and which is as at the date of issue hereof composed of specified amounts of the currencies of the member countries of the European Union as shown below.

Pursuant to Council Regulation (EEC) No. 1971/89 of 19th June, 1989, the EC ECU has been determined to be the sum of the following components:—

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

Changes as to the nature or composition of the ECU may be made by the EC, in which event the ECU will change accordingly.

(ii) Choice of component currencies for future payments

With respect to each due date for the payment of principal, interest or other amounts in respect of Notes denominated in ECU on which the ECU is neither used as the unit of account of the EC nor used as the currency of the European Union, the Fiscal Agent shall, without liability on its part and without having regard to the interests of individual Noteholders, choose a component currency of the ECU (the

"chosen currency") in which all payments on that due date with respect to such Notes and Coupons shall be made. Notice of the chosen currency selected by the Fiscal Agent shall, where practicable, be published in accordance with Condition 13 by the Fiscal Agent. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this Condition 6(h), as of the fourth Relevant Business Day prior to the date on which such payment is due.

(iii) Choice of component currency for payments already due

On the first Relevant Business Day on which the ECU is neither used as the unit of account of the EC nor used as the currency of the European Union, the Fiscal Agent shall, without liability on its part and without having regard to the interests of individual Noteholders, choose a component currency of the ECU (the "chosen currency") in which all payments with respect to Notes and Coupons having a due date prior thereto but not yet presented for payment are to be made. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this Condition 6(h), as of such first Relevant Business Day.

(iv) Determination of equivalent in component currency

The equivalent of the ECU in the relevant chosen currency as of any date (the "Day of Valuation") shall be determined on the following basis by the Fiscal Agent. The component currencies of the ECU for this purpose (the "Components") shall be the currency amounts which were components of the ECU when the ECU was most recently used as the unit of account of the EC or as the currency of the European Union. The equivalent of the ECU in the chosen currency shall be calculated by, first, aggregating the U.S. dollar equivalents of the Components, and then, using the rate used for determining the U.S. dollar equivalent of the Component in the chosen currency as set out below, calculating the equivalent in the chosen currency of such aggregate amount in U.S. dollars.

(v) U.S. dollar equivalent of component currencies

The U.S. dollar equivalent of each of the Components shall be determined by the Fiscal Agent on the basis of the middle spot delivery quotations prevailing at 2.30 p.m. (Luxembourg time) on the Day of Valuation, as obtained by the Fiscal Agent from one or more leading banks, as selected by the Fiscal Agent (following consultation, if practicable, with the Issuer), in the country of issue of the Component in question.

(vi) No direct quotation for component currency

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

(vii) Determinations made by the Fiscal Agent

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

(viii) Dual Currency Notes

The Pricing Supplement issued in respect of each Tranche of dual currency Notes shall specify the currency in which each payment in respect of the relevant Notes shall be made, the terms relating to any option relating to the currency in which any payment is to be made and the basis for calculating the amount of any relevant payment.

7. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of [the United Kingdom/The Netherlands]* or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts receivable by the holders of the Notes, the Receipts and the Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes, Receipts or (as the case may be) Coupons 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:—

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with [the United Kingdom/The Netherlands]* otherwise than merely by the holding of any Note, Receipt or Coupon or by the receipt of principal and interest in respect thereof; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment at the expiry of such period of 30 days.

As used in these Conditions, the "Relevant Date" means the date on which such payment first becomes due, but if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 4 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts which may be payable under this Condition.

8. Prescription

Claims against the Issuer for the payment of principal, premium (if any), Redemption Amount, Amortised Face Amount and Interest Amount in respect of the Notes shall be prescribed unless made within 10 years (in the case of principal, premium, Redemption Amount and Amortised Face Amount) and 5 years (in the case of Interest Amount) from the due date for payment.

*References to the United Kingdom will appear on Notes issued by SCCE. References to The Netherlands will appear on Notes issued by SCCN.

9. Events of Default

If one or more of the following events ("Events of Default") shall have occurred and be continuing, that is to say:—

- (a) if the Issuer shall fail to pay any principal, premium, interest or any other payment due on any of the Notes for a period of 14 days after it becomes due; or
- (b) if the Issuer shall fail duly to perform or observe any other term, covenant or agreement contained in the Notes for a period of 30 days after the date on which written notice of such failure, requiring the Issuer to remedy the same, shall first have been given to the Fiscal Agent by the holder of any Note at the time outstanding; or
- (c) if any event of default, as defined in any indenture or instrument which evidences that, or under which, the Issuer has outstanding at the time that such event of default occurs indebtedness for borrowed money of U.S.\$5,000,000 (or the equivalent thereof in any other currency or currencies) or more, shall happen and be continuing and such indebtedness shall have been accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration shall not have been stayed, rescinded or annulled within 10 days of the date on which written notice of such default shall first have been given to the Fiscal Agent by the holder of any Note, or if any such indebtedness shall have reached its final maturity (or the expiration of any applicable grace period) and not have been paid, or if the Issuer shall fail to pay, when properly called upon to do so, any guarantee in respect of any such indebtedness for borrowed money of any person; or
- (d) if a decree or order by a court having jurisdiction shall have been entered adjudging the Issuer bankrupt or insolvent, or approving a petition seeking reorganisation of the Issuer under any applicable bankruptcy or reorganisation law, and such decree or order shall have continued undischarged and unstayed for a period of 60 days, or if a decree or order of a court having jurisdiction for the appointment of [an administrator, administrative receiver,]* a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the property, or for the winding-up or liquidation of the affairs, of the Issuer shall have been entered, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or
- (e) if the Issuer shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of bankruptcy proceedings against it, or shall file a petition or answer or consent seeking reorganisation or arrangement under any applicable bankruptcy or reorganisation law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due (within the meaning of [Section 123 of the Insolvency Act 1986]* [Section 1 of the Bankruptcy Act of The Netherlands]**) , [or if the Issuer applies for a *surséance van betaling* (within the meaning of the Bankruptcy Act of The Netherlands)]** or corporate action shall be taken by the Issuer in furtherance of any of the aforesaid purposes; or
- (f) if the keep well agreement (the "Keep Well Agreement") dated 11th August, 1994, as from time to time modified or amended, between the Issuer and Sumitomo Corporation (the "Parent") is not (or is claimed by either party not to be) in full force and effect or the Keep Well Agreement is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon any Noteholder or Couponholder, or the Issuer waives, or fails to take all reasonable steps to exercise, any of its rights under the Keep Well Agreement or the Parent fails to perform or observe any obligation on its part under the Keep Well Agreement so as to affect materially and adversely the interests of any Noteholder or Couponholder;

*Square bracketed provision will only appear on Notes issued by SCCE.

**Square bracketed provision will only appear on Notes issued by SCCN.

then in each and every such case the Redemption Amount of such Note together with accrued interest to the date of payment shall, at the option of, and upon written notice in English to, the Fiscal Agent by the then holder thereof, become immediately due and payable upon the seventh day after the date on which such written notice is received by the Fiscal Agent unless within such seven days all Events of Default in respect of the Notes shall have been cured.

10. Meeting of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the modification of these Conditions. Any such modifications may be made if sanctioned by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders. The quorum for any meeting convened to consider an Extraordinary Resolution will be persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of Notes held or represented, unless the business of such meeting includes the consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of any of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount, of any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if there is shown on the face of this Note a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Minimum Interest Rate and/or such Maximum Interest Rate, (v) to change any method of calculating the Redemption Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) which are required by any relevant Pricing Supplement or Conditions to be passed at a meeting to which the special quorum provisions apply, in which case the necessary quorum will be two or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one quarter in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement is capable of amendment by the parties thereto, without the consent of Noteholders or Couponholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable and which does not, in the reasonable opinion of such parties, adversely affect the interests of the Noteholders or Couponholders.

11. Replacement of Notes, Receipts, Coupons and Talons

If a Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (except for the Issue Price and the First Interest Payment Date) and so that the same shall be consolidated and form a single series with the outstanding securities of any series (including the Notes), and references in these Conditions to "Notes" shall be construed accordingly.

13. Notices

Notices to Noteholders will be valid if published in a leading London daily newspaper (which is expected to be the *Financial Times*) and, so long as the relevant Notes are listed on the Paris Stock Exchange, in a daily newspaper with general circulation in Paris (which is expected to be *L'Agence Economique et Financière*). Notices will be deemed to have been given on the date of the first or only publication. If publication in any of such newspapers is not practicable, notice will be validly given if published in an English language newspaper with general circulation in Europe and, so long as the Notes are listed on the Paris Stock Exchange and that exchange so requires, in a French language newspaper with general circulation in Europe. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the Noteholders in accordance with this Condition.

14. Governing Law [and Jurisdiction]*

[(a) Governing Law:]*

The Notes, the Receipts, the Coupons and the Talons are governed by and shall be construed in accordance with English law.

[(b) Jurisdiction:]

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, Receipts, Coupons and Talons and accordingly any legal action or proceedings arising out of or in connection with the Notes, Receipts, Coupons and Talons ("Proceedings") may be brought in such courts. SCCN irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground that the Proceedings have been brought in an inconvenient forum or otherwise. This submission is made for the benefit of each of the Noteholders and Couponholders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any court of competent jurisdiction preclude any of them from taking Proceedings in any other court of competent jurisdiction (whether concurrently or not).

(c) Service of Process:

SCCN appoints the Managing Director of Sumitomo Corporation Capital Europe plc (being at the date hereof at 8th floor, City Tower, 40 Basinghall Street, London EC2V 5DE) as its agent in England to receive service of process in any Proceedings commenced in England.]*

*Square bracketed provisions will only appear on Notes issued by SCCN.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Tranche of Notes will initially be represented by a temporary Global Note in bearer form without Coupons, Receipts or a Talon attached. The relevant Global Note will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Tranche intended to be cleared through the Euroclear system ("Euroclear") and/or Cedel, société anonyme ("Cedel") with a common depositary (the "Common Depositary") for Euroclear and for Cedel, or (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear or Cedel or delivered outside a clearing system, as otherwise agreed between the Issuer and the relevant Dealer, on or about the issue date of the relevant Notes. No interest will be payable in respect of a temporary Global Note, except as provided below. Upon deposit of the temporary Global Note(s) with the Common Depositary, Euroclear or Cedel will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid and, in the case of Notes held through *Société Interprofessionnelle pour la Compensation des Valeurs Mobilières* ("SICOVAM"), the "*intermédiaires financiers habilités*" (French banks or brokers authorised to maintain securities accounts on behalf of their clients (each an "Approved Intermediary") who are entitled to such Notes according to the records of SICOVAM) will likewise credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Euroclear or Cedel or such Approved Intermediary as the holder of a Note represented by a Global Note deposited with the Common Depositary must look solely to Euroclear or Cedel or such Approved Intermediary (as the case may be) for his share of each payment made by the Issuers to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Cedel or SICOVAM (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuers will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:—

- (1) **Exchange:** Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for definitive Notes (as described in the next paragraph) after the date falling 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Each permanent Global Note is exchangeable in whole at the request and cost and expense of the holder (or, (i) if so provided in a permanent Global Note, (ii) if a permanent Global Note is held on behalf of Euroclear or Cedel and either of such clearing systems is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (iii) if an event of default occurs in relation to the Notes represented thereby, at the expense of the relevant Issuers) for definitive Notes in bearer form by such holder giving notice to the Fiscal Agent, or by such Issuer giving notice to the Fiscal Agent and the Noteholders of their intention to exchange (at the option and expense of such Issuer) such permanent Global Note for definitive Notes in bearer form, in each case on or after the Exchange Date specified in the notice.

On or after any Exchange Date (as defined below) the holder of a permanent Global Note may surrender such permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any permanent Global Note, or the part thereof to be exchanged, the relevant Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in bearer form (if appropriate, having attached to them all Coupons and a Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially

in the form set out in Schedule 2 to the Agency Agreement. On exchange in full of each permanent Global Note, such Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Notes.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the cities in which each relevant clearing system is located.

- (2) *Payments:* No payment falling due more than 40 days after the issue date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for definitive Notes is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after its issue date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement (or such other form as the Issuer may approve). All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payments fall to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.
- (3) *Notices:* So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Paris Stock Exchange and the rules of that exchange so require, notices in respect of such Notes shall also be published in a daily newspaper having general circulation in Paris (which is expected to be *L'Agence Economique et Financière*).
- (4) *Prescription:* Claims against the Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).
- (5) *Meetings:* The holder of a permanent Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum denomination of Notes for which such Global Note may be exchanged.
- (6) *Purchase and Cancellation:* Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.
- (7) *Default:* Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the principal amount of such Global Note which is becoming due and repayable. Following the giving of a notice of an event of default by or through a common depositary for Euroclear and Cedel, the holder of a Global Note may elect that the Global Note becomes void as to a specified portion and that the persons entitled to such portion as accountholders with a clearing system acquire direct enforcement rights against the relevant Issuer under the terms of a Deed of Covenant executed by each of the Issuers on 31st August, 1994.
- (8) *Issuer's Option:* No drawing of Notes will be required under Condition 5(e) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a Global Note. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any series, the rights of accountholders with Euroclear,

Cedel or SICOVAM (as the case may be) in respect of the Notes will be governed by the standard procedures of Euroclear, Cedel or SICOVAM (as the case may be).

- (9) *Noteholders' Option:* Any Noteholders' option may be exercised by the holder of a Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limits specified in the Conditions.
- (10) *Partly-paid Notes:* The provisions relating to Partly-paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer will be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

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

SUMITOMO CORPORATION CAPITAL EUROPE PLC

General

SCCE was incorporated under the laws of England and Wales on 30th December, 1985 as a private company limited by shares with the name Sumicorp Finance Limited. It was re-registered as a public limited company, changing its name to Sumitomo Corporation Capital Europe plc, on 4th August, 1992. Its registered office is at 8th Floor, City Tower, 40 Basinghall Street, London EC2V 5DE.

SCCE was incorporated as and remains a wholly owned subsidiary of Sumitomo Corporation. Its main operations are raising funds in the capital markets for financing the business activities of Sumitomo Corporation's overseas subsidiaries and engaging in other financial activities.

The Board of Directors has the ultimate responsibility for the administration of the affairs of SCCE. The Directors of SCCE are Takehiko Adachi (Chairman), Shinji Matsui (Managing Director) and Fumiaki Iwase. The business address of the members of the Board of Directors of SCCE is Sumitomo Corporation Capital Europe plc, 8th Floor, City Tower, 40 Basinghall Street, London EC2V 5DE.

Capitalisation

The following table sets forth the capitalisation of SCCE as at 31st March, 1994:

	(\$'000)
Short-term debt:	
Euro-commercial paper	131,000
Total short-term debt	131,000
Shareholders' equity:	
Called up share capital ⁽²⁾	11,382
Profit and loss account	474
Total shareholders' equity	11,856

Notes:—

- (1) There has been no material change in the capitalisation of SCCE since 31st March, 1994, except that, at 31st July, 1994, the balance of short-term debt comprising Euro-commercial paper had increased to U.S.\$392,191,000.
- (2) See Note 13 to the Accounts on page 35 of this Offering Circular for details of the share capital of SCCE.

SUMITOMO CORPORATION CAPITAL EUROPE PLC

REPORT OF THE AUDITORS

The following is the full text of the report of the auditors (as amended to reflect the page numbers on which the items actually appear in this Offering Circular) which was issued with the financial statements for the year ended 31st March, 1994 which have been extracted from Sumitomo Corporation Capital Europe plc's Report and Financial Statements 1994.

We have audited the financial statements on pages 29 to 36 which have been prepared under the accounting policies set out on page 33.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March, 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.
Chartered Accountants and
Registered Auditors

22nd June, 1994

SUMITOMO CORPORATION CAPITAL EUROPE PLC

PROFIT AND LOSS ACCOUNT

Year ended 31st March, 1994

		1994	1993	1992
	Note	\$	\$	\$
Turnover	1, 2, 5	7,564,283	6,580,615	3,017,818
Cost of sales	4	(4,484,322)	(3,424,547)	(4,305)
Gross profit		3,079,961	3,156,068	3,013,513
Administrative expenses		(2,491,647)	(2,670,960)	(2,663,684)
Profit on ordinary activities before taxation . .	5	588,314	485,108	349,829
Tax on profit on ordinary activities	6	(192,528)	(144,792)	(115,696)
Profit on ordinary activities after taxation for the financial year		395,786	340,316	234,133
Dividends paid	7	(500,000)	—	(394,800)
(Loss)/profit (appropriated from)/transferred to reserves		(104,214)	340,316	(160,667)
Retained profit brought forward		578,521	238,205	398,872
Retained profit carried forward		474,307	578,521	238,205

There are no recognised gains or losses for the current financial year and preceding financial year other than the profits attributable to the members stated above.

All activities of the business are continuing.

SUMITOMO CORPORATION CAPITAL EUROPE PLC

BALANCE SHEET

31st March, 1994

	Note	1994		1993	
		\$	\$	\$	\$
Fixed Assets					
Tangible assets	8		52,827		62,126
Current assets					
Debtors	9	1,484,259		2,006,117	
Loans and securities	10	99,790,073		181,583,500	
Cash at bank and in hand		41,921,049		40,287,765	
		143,195,381		223,877,382	
Creditors: amounts falling due					
within one year	11	(131,392,101)		(211,979,187)	
Net current assets			11,803,280		11,898,195
Total assets less current liabilities			11,856,107		11,960,321
Capital and reserves					
Called up share capital	13	11,381,800		11,381,800	
Profit and loss account		474,307		578,521	
		11,856,107		11,960,321	

These financial statements were approved by the Board of Directors on 22nd June, 1994.

Signed on behalf of the Board of Directors.

S Matsui
Director

SUMITOMO CORPORATION CAPITAL EUROPE PLC

CASH FLOW STATEMENT

Year ended 31st March, 1994

	Note	1994		1993	
		\$	\$	\$	\$
Net cash inflow/(outflow) from operating activities	1	82,783,529		(181,781,139)	
Returns on investments and servicing of finance					
Dividends paid		(500,000)		—	
Net cash outflow from returns on investments and servicing of finance		(500,000)		—	
Taxation:					
Corporation tax paid (including advance corporation tax)		(144,792)		(21,176)	
Investing activities:					
Payments to acquire tangible fixed assets		(5,453)		—	
Net cash outflow from investing activities		(5,453)		—	
Net cash inflow/(outflow) before financing		82,133,284		(181,802,315)	
Financing:					
Issue of ordinary share capital		—	10,000,000		
Net (redemption)/issue of commercial paper	4	(80,500,000)	211,500,000		
Net cash (outflow)/inflow from financing		(80,500,000)		221,500,000	
Increase in cash and cash equivalents	2,3	1,633,284		39,697,685	

SUMITOMO CORPORATION CAPITAL EUROPE PLC

NOTES TO THE CASH FLOW STATEMENT

Year ended 31st March, 1994

1. Reconciliation of profit on ordinary activities before taxation to net cash inflow/(outflow) from operating activities

	1994	1993
	\$	\$
Profit on ordinary activities before taxation	588,314	485,108
Depreciation charges	14,752	28,886
Decrease/(increase) in debtors	521,858	(974,045)
Decrease/(increase) in current asset loans and securities	81,793,427	(181,583,500)
(Decrease)/increase in creditors	(134,822)	262,412
Net cash inflow/(outflow) from operating activities	<u>82,783,529</u>	<u>(181,781,139)</u>

2. Analysis of changes in cash and cash equivalents during the year

	\$
Balance at 1st April, 1993	40,287,765
Net cash inflow	<u>1,633,284</u>
Balance at 31st March, 1994	<u>41,921,049</u>

3. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994	1993	Change in year
	\$	\$	\$
Cash at bank, on deposit and in hand	<u>41,921,049</u>	<u>40,287,765</u>	<u>1,633,284</u>

4. Analysis of changes in financing during the year

	Commercial paper \$
Balance at 1st April, 1993	211,500,000
Cash outflows from financing	<u>(80,500,000)</u>
Balance at 31st March, 1994	<u>131,000,000</u>

SUMITOMO CORPORATION CAPITAL EUROPE PLC

NOTES TO THE ACCOUNTS

Year ended 31st March, 1994

1. Accounting Policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Currency

During the year ended 31st March, 1993 the reporting currency was changed from sterling to United States Dollars, following the commencement of dealing in dollar denominated marketable securities and other investments. Allotted and fully paid share capital is converted into United States Dollars at the rate of exchange ruling at 27th August, 1992, being the date of redesignation of the accounting records in the United States Dollars.

Turnover

Turnover represents amounts billed to group customers (excluding VAT) in respect of services provided during the year together with interest income, net profits on disposal of current asset investments and other gains arising from the companies ordinary trading activities.

Foreign currencies

Assets, liabilities, revenues and costs denominated in currencies other than United States Dollars are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year end rates of exchange. All exchange differences thus arising are reported as part of the profit and loss for the year.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	over the period of the lease
Office fixtures, fittings and equipment	over 3 to 5 years

Securities

Current asset securities are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at anticipated tax rates on timing differences which arise due to the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets held under finance leases are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the fair value of the leased assets is treated as a finance charge which is amortised in equal annual amounts over the period of the lease.

Rental costs under operating leases are charged to the profit and loss account as payments fall due.

2. Turnover

	1994	1993
	\$	\$
Service fees receivable	2,517,000	2,773,256
Interest receivable and similar income:		
Bank deposit and similar interest receivable from current asset securities	2,375,952	1,396,048
Interest receivable from fellow group companies	2,671,331	2,411,311
	<u>7,564,283</u>	<u>6,580,615</u>

3. Information regarding Directors and Employees

The directors of the company are employees of a fellow group company. Emoluments calculated for disclosure purposes under the Companies Act 1985 are as follows:

	1994 \$	1993 \$
Directors' emoluments	570,470	399,615
	No.	No.
Scale of directors' remuneration:		
£ 0 – £ 5,000	2	4
£ 95,001 – £100,000	—	1
£165,001 – £170,000	1	—
£170,001 – £175,000	—	1
£215,001 – £220,000	1	—
	\$	\$
Emoluments of the highest paid director	320,637	256,829
Emoluments of the Chairman	—	—
	\$	\$
Employee costs during the year (including directors):		
Wages and salaries	1,410,730	1,194,671
Social security costs	129,078	123,358
	1,539,808	1,318,029
	No.	No.
Average number of persons employed (including directors):		
Administration	9	9

4. Cost of Sales

	1994 \$	1993 \$
Cost of sales represents interest payable and similar charges as follows:		
Interest payable on commercial paper	4,484,322	3,424,547

5. Turnover and Profit on Ordinary Activities before Taxation

A geographical analysis of turnover and profit before taxation is not given because the directors consider that to do so would be seriously prejudicial to the interests of the company.

	1994 \$	1993 \$
Profit on ordinary activities before taxation is after charging:		
Auditors' remuneration		
– audit fee	6,538	6,558
– non audit	39,572	62,627
Rental of leasehold property	241,289	242,004
Depreciation and other amounts written off tangible fixed assets	14,752	28,886
Loss on exchange translation	51,366	380,671

6. Tax on Profit on Ordinary Activities

	1994 \$	1993 \$
UK corporation tax at 33% (1993 – 33%) based on the profit for the year	192,528	144,792

7. Dividends

	1994 \$	1993 \$
Dividend paid (1993 – nil)	500,000	—

8. Tangible Fixed Assets

	Leasehold improvements \$	Fixtures, fittings and equipment \$	Total \$
Cost			
At 1st April, 1993	81,813	279,468	361,281
Additions	—	5,453	5,453
At 31st March, 1994	81,813	284,921	366,734
Accumulated depreciation			
At 1st April, 1993	36,558	262,597	299,155
Charge for the year	5,455	9,297	14,752
At 31st March, 1994	42,013	271,894	313,907
Net book value			
At 31st March, 1994	39,800	13,027	52,827
At 31st March, 1993	45,255	16,871	62,126

9. Debtors

	1994 \$	1993 \$
Amounts owed by group companies	721,000	657,000
Other debtors	8,289	42,494
Prepayments and accrued income	754,970	1,306,623
	1,484,259	2,006,117

10. Loans and Securities held as Current Assets

	1994 \$	1993 \$
Loans to fellow group companies	58,020,743	119,048,616
Other securities (unlisted)	41,769,330	62,534,884
	99,790,073	181,583,500

11. Creditors: Amounts falling due within one year

	1994 \$	1993 \$
Commercial paper	131,000,000	211,500,000
Taxation	227,409	175,887
Accruals and deferred income	164,692	303,300
	131,392,101	211,979,187

12. Provisions for Liabilities and Charges

Deferred taxation

There are no potential amounts of deferred taxation as at 31st March, 1994 or 31st March, 1993.

13. Called Up Share Capital

	1994 £	1993 £
Authorised:		
15,000,000 ordinary shares of £1 each	15,000,000	15,000,000
	\$	\$
Allotted and fully paid:		
5,765,856 ordinary shares of £1 each	11,381,800	11,381,800

14. Reconciliation of movements in Shareholders' Funds

	1994	1993
	\$	\$
Profit attributable to shareholders of the company	395,786	340,316
Dividends	(500,000)	—
	(104,214)	340,316
Share capital subscribed	—	10,000,000
Net (reduction)/addition to shareholders' funds	(104,214)	10,340,316
Opening shareholders' funds	11,960,321	1,620,005
Closing shareholders' funds	11,856,107	11,960,321

15. Ultimate parent company

The ultimate parent company is Sumitomo Corporation, a company incorporated in Japan.

The group accounts for Sumitomo Corporation are available at 2-2, Hitotsubashi 1-chome, Chiyoda-ku, Tokyo, Japan.

16. Operating lease commitments

At 31st March, 1994 the company was committed to making the following payments during the next year in respect of operating leases:

	Leasehold property \$
Leases which expire:	
After 5 years	241,289

SUMITOMO CORPORATION CAPITAL NETHERLANDS B.V.

General

SCCN was incorporated under the laws of The Netherlands on 5th October, 1987 as a private company with limited liability with the name SumiClear Europe B.V. The name was changed to Sumitomo Corporation Capital Netherlands B.V. on 27th July, 1994. Its registered office is at Strawinskyalaan 643 C, 1077 XX Amsterdam, The Netherlands and it is registered with the Amsterdam Chamber of Commerce under number 196.128.

SCCN was incorporated as and remains a wholly owned subsidiary of Sumitomo Corporation. Its main operations are raising funds in the capital markets for portfolio investment in marketable securities and financing the business activities of Sumitomo Corporation's overseas subsidiaries.

The Board of Managing Directors has the ultimate responsibility for the administration of the affairs of SCCN. The Directors of SCCN, both with the title of Managing Director, are Takehiko Adachi and Akihiro Kohara. The business address of the members of the Board of Managing Directors of SCCN is Sumitomo Corporation Capital Netherlands B.V., Strawinskyalaan 643 C, 1077 XX Amsterdam, The Netherlands.

Capitalisation

The following table sets forth the capitalisation of SCCN as at 31st March, 1994:

	(Dfl. thousands)
Short-term liabilities:	
Group company	18,085
Other	90
Total short-term liabilities	18,175
Shareholders' equity:	
Share capital paid up and called up ⁽²⁾	1,000
Retained earnings	261
Total shareholders' equity	1,261

Notes:—

(1) There has been no material change in the capitalisation of SCCN since 31st March, 1994.

(2) The authorised share capital of SCCN is Dfl.2,500,000 of which Dfl.1,000,000 represents its issued share capital. The nominal value of each share is Dfl.1,000. The issued shares are fully-paid common shares.

SUMITOMO CORPORATION CAPITAL NETHERLANDS B.V.

REPORT OF THE AUDITORS

The following is the full text of the report of the auditors (as amended to reflect the page numbers on which the items actually appear in this Offering Circular) which was issued with the financial statements for the year ended 31st March, 1994, which have been extracted from Sumitomo Corporation Capital Netherlands B.V.'s Annual Report for the year ended 31st March, 1994.

We have audited the financial statements of SumiClear Europe B.V., Amsterdam for the year ended 31st March, 1994.

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands.

In our opinion, these financial statements give a true and fair view of the financial position of the company as at 31st March, 1994 and of the result for the year then ended and also comply with the other Dutch legal requirements for financial statements.

Amsterdam, 28th April, 1994

Deloitte & Touche

Drs. H. H. Weulen Kranenberg RA

SUMITOMO CORPORATION
BALANCE SHEET
(after appropriation)

	31st March, 1994	31st March, 1993
	Dfl.	Dfl.
ASSETS		
Fixed assets		
Tangible fixed assets	50.181	84.931
Financial fixed assets:		
Loans to Group companies.	3.445.000	0
Current assets		
Group company	15.328.250	9.725.709
Receivables, including prepayments.	57.141	88.597
Cash.	557.790	396.708
	<u>19.438.362</u>	<u>10.295.945</u>

Amsterdam, 28th April, 1994

The Board of Managing Directors:

T. Adachi

A. Kohara

NETHERLANDS B.V.

1st March, 1994

(for the year)

	31st March, 1994		31st March, 1993	
	Dfl.		Dfl.	
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES				
Shareholders' equity:				
Share capital paid up and called up		1.000.000		1.000.000
Retained earnings		260.739		165.867
.....		<u>1.260.739</u>		<u>1.165.867</u>
Government grants account		2.835		5.646
Short-term liabilities:				
Group company.	18.085.351		8.993.200	
Taxes.	50.418		90.313	
Accrued expenses	39.019	18.174.788	40.919	9.124.432
		<u>19.438.362</u>		<u>10.295.945</u>

SUMITOMO CORPORATION CAPITAL NETHERLANDS B.V.

PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 1994

	01.04.93/31.03.94	01.04.92/31.03.93	01.04.91/31.03.92
	Dfl.	Dfl.	Dfl.
Operating income:			
Interest income:			
Loans to group companies	1.844.148	25.810	0
Other	28.294 1.872.442	26.826 52.636	29.249 29.249
Interest expenses and similar charges:			
Loans from group companies	1.800.124	25.430	0
Other	2.542 1.802.666	741 26.171	1.708 1.708
Margin	69.776	26.465	27.541
Commission from group company	1.386.159	1.391.509	1.261.105
Operating expenses:			
Salaries and social security premiums . .	877.247	798.795	690.711
Information and communication expenses	149.916	142.974	128.532
Rental expenses	115.065	105.191	97.722
Depreciation tangible fixed assets	31.939	77.725	79.093
Other operating expenses	125.273 (1.299.440)	157.260 (1.281.945)	159.335 (1.155.393)
Profit before taxation	156.495	136.029	133.253
Corporate income tax	61.623	52.010	50.474
Net profit for the year	94.872	84.019	82.779

NOTES TO THE FINANCIAL STATEMENTS

General

SumiClear Europe B.V. was established and registered at Amsterdam on 5th October, 1987 as a 100 per cent. subsidiary of Sumitomo Corporation.

General Accounting Principles

The financial statements have been prepared using the historical cost convention.

If not indicated otherwise, the amounts of the financial statements are stated at face value.

Assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on balance sheet date.

Transactions in foreign currencies are translated into Dutch currency using the exchange rates prevailing on the date of transaction and dealt with in the profit and loss account.

Principles for Valuation of Assets and Liabilities and for Determination of Financial Results

Assets and liabilities:

Tangible fixed assets:

Tangible fixed assets are valued at cost less depreciation (calculation on the basis of the straight-line method) over the estimated useful lives of the relevant assets, namely:

Leasehold improvement:	20 per cent.
Furniture and fixtures:	5-20 per cent.
Leased assets:	100 per cent./lease period (in years)
Machinery and equipment:	20 per cent.

In the year of acquisition or disposal the depreciation is calculated proportionally.

Government grants account

Investment premiums receivable are deferred to the government grants account.

Amounts are taken to income (credited to the item "depreciation" in the profit and loss account) based upon the lives of the relevant assets.

Profit and loss account

Revenue and costs are recognised as they are earned or incurred and are recorded in the financial statements of the period to which they relate.

Notes to the Individual Items of the Balance Sheet, Profit and Loss Account and Other Notes

Balance Sheet

Shareholders' equity Dfl. 1.260.739

Movements for the year:

	Share capital paid up and called up	Retained earnings	Total
	Dfl.	Dfl.	Dfl.
Balance as at 31st March, 1993	1.000.000	165.867	1.165.867
Result 1993/1994	0	94.872	94.872
Balance as at 31st March, 1994	1.000.000	260.739	1.260.739

Group companies Dfl. 18.085.351

Amount	Term	Interest rate	
		Per cent.	Dfl.
DEM 11.700.000	28.03.94-28.04.94	5,9000	13.143.780
ESB 350.000.000	29.12.93-28.06.94	8,8250	4.823.000
Interest on loans			118.571
			18.085.351

Profit and Loss Account**Salaries and social security premiums Dfl. 877.247**

	1993/1994	1992/1993
	Dfl.	Dfl.
Salaries	858.278	767.454
Social security	18.969	31.341
	877.247	798.795

According to the guidelines issued by the Netherlands Council for Annual Reporting the transfer allowance ('overhevelingstoaslag') should be regarded as salary.

Other Notes**Average number of employees**

During the financial year 1993/1994 the average number of employees employed by the company was four (1992/1993: four).

RELATIONSHIP OF THE ISSUERS WITH THE PARENT

Keep Well Agreements

Each Issuer has entered into a separate Keep Well Agreement with the Parent dated 11th August, 1994 (each a "Keep Well Agreement"). The following is a summary of certain of the terms of the Keep Well Agreements and is qualified in its entirety by the provisions of the Keep Well Agreements, copies of which are available for inspection as stated in "General Information".

- (i) The Parent will own directly or indirectly all of the Issuer's outstanding capital stock, so long as the Issuer has any debt or any foreign exchange, swap or other derivative transactions (each a "Transaction") outstanding and will not pledge, grant a security interest in or encumber any of such capital stock.
- (ii) The Parent will cause the Issuer and its subsidiaries, if any, to have a consolidated tangible net worth (as defined in the Keep Well Agreement) on the Issuer's most recent balance sheet, of at least U.S.\$50,000.
- (iii) If the Issuer determines at any time that it will not have available to it cash or other liquid assets sufficient to meet its payment obligations in respect of its debt obligations or other borrowings then or subsequently to mature or in respect of any Transactions, and that it shall have no unused commitments available under its credit facilities with lenders other than the Parent, then the Issuer will promptly notify the Parent of the shortfall and the Parent will make available to the Issuer before the due date of the relevant payment obligations funds sufficient to enable the Issuer to meet such payment obligations in full as they fall due.
- (iv) Any and all funds provided by the Parent to the Issuer shall be either by way of subscription for and payment of non-redeemable share capital of the Issuer, or by way of loan which is effectively subordinated on a winding-up of the Issuer to all of the creditors of the Issuer other than the Parent.

It should be noted that the performance by the Parent of its obligations under (ii), (iii) and (iv) above will be subject, on each occasion, to a notification requirement to the Ministry of Finance of Japan.

The Keep Well Agreements are not, and should not be regarded as equivalent to, guarantees by the Parent of the payment of any indebtedness, liability or obligation of the Issuers. The only parties to each Keep Well Agreement are the Parent and the relevant Issuer. The holders of any indebtedness, liability or obligation of the Issuers are not parties to the Keep Well Agreements and will not be entitled to enforce their provisions. Consequently, the Parent will not, by virtue of the Keep Well Agreements, have any obligation or liability to the holder of any such indebtedness, liability or obligation and the Keep Well Agreements will not be enforceable against the Parent by anyone other than the relevant Issuer (which could include an administrator, a liquidator or a receiver acting on behalf of SCCE, or a liquidator or an administrator in the event of a bankruptcy ("faillissement"), or, as the case may be, moratorium ("surséance van betalen") or winding-up ("ontbinding") of SCCN under Netherlands law).

In the event of a breach by the relevant Issuer of its payment obligations under the Notes and such indebtedness remaining unpaid, an aggrieved Noteholder, in appropriate circumstances, would be able to petition, or support an existing petition, to the competent court of England for the winding-up of SCCE or, unless such proceedings had already been commenced by another creditor of SCCN, to file as a creditor of SCCN a petition in the competent court of The Netherlands for the bankruptcy ("faillissement") of SCCN, with a view to the liquidator (appointed by the court) pursuing SCCN's rights under the relevant Keep Well Agreement against the Parent. The granting of a winding-up order in England would be at the discretion of the court. The granting of a bankruptcy ("faillissement") order in The Netherlands would be in the discretion of the court and might be delayed by the grant of a moratorium ("surséance van betalen") order, in which event SCCN's rights against the Parent would be exercisable by the court-appointed administrator and the directors of SCCN jointly. However, in the event of an English winding-up order being made, a liquidator would be appointed, whose duties, under

English law, would include realising SCCE's assets for the benefit of its creditors by seeking to enforce, on behalf of SCCE, obligations and debts owed to it, including obligations of the Parent under the relevant Keep Well Agreement, if that Keep Well Agreement had not been terminated prior to the winding-up. Subject to applicable laws relating to creditors' rights, the Keep Well Agreement upon which the liquidator's action for enforcement would be based would be in the form existing at that time which would include any variation or amendment effected prior to the winding-up.

Each of the Keep Well Agreements provides that it may be modified, amended or terminated only by the written agreement of the Parent and the relevant Issuer provided, however, that no such modification, amendment or termination shall have any adverse effect upon the holder of any debt obligations or other borrowings of the relevant Issuer, or upon any counterparty under any Transaction, outstanding on the date such modification or amendment becomes effective. Condition 9 of the Notes provides that any modification, amendment or termination of the relevant Keep Well Agreement may constitute an event of default under the Notes if it would have a material adverse effect upon any Noteholder or Couponholder; in addition it may amount to an event of default under the Notes if the Issuer waives or fails to take all reasonable steps to exercise, any of its rights under the Keep Well Agreement or the Parent fails to perform or observe any obligation on its part under the Keep Well Agreement so as to affect materially and adversely the interests of any Noteholder or Couponholder.

The parties to each of the Keep Well Agreements have agreed to notify each statistical rating agency that has issued a rating in respect of the relevant Issuer or any of its debt obligations at least 30 days prior to any modification or amendment to, or termination of, the relevant Keep Well Agreement taking effect.

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

Deed Polls

Separate Deed Polls dated 11th August, 1994 (the "Deed Polls") have been entered into by the Parent and SCCE and by the Parent and SCCN for the benefit of the persons (the "Beneficiaries") from time to time the holders of, or beneficially entitled to, any debt obligation or other borrowing (the "Debt") of the relevant Issuer, or counterparties under any Transactions from time to time outstanding (together, the "Obligations"). Each of the Parent and the relevant Issuer has covenanted in each Deed Poll that:—

- (i) the Keep Well Agreement will be modified, amended or terminated only by the written agreement of the Parent and the Issuer and provided that no such modification, amendment or termination shall be made if it shall or may have any adverse effect upon any Beneficiary;
- (ii) the Parent and the Issuer shall not amend, vary, terminate or suspend the Deed Poll or either of their obligations under it until six years after all Obligations have ceased to be outstanding and for so long thereafter as any claim made against the Parent or the Issuer by any Beneficiary shall not have been finally adjudicated, settled or discharged; and
- (iii) each of the Parent and the Issuer will fully and promptly perform its obligations and exercise its rights under the Keep Well Agreement and, in the case of the Issuer, will exercise its right to enforce performance of the terms of the Keep Well Agreement by the Parent.

Each Beneficiary shall be entitled severally to enforce the obligations of the Parent and the relevant Issuer contained in the relevant Deed Poll.

SUMITOMO CORPORATION

Sumitomo Corporation (together with its consolidated subsidiaries, "Sumitomo") is one of the world's largest general trading companies.

Sumitomo's net sales (gross trading volume) amounted to ¥17,000 billion (U.S. \$165,051 million) for the year ended 31st March, 1994.

Sumitomo's trading activities involve a broad range of goods and commodities, including metals and minerals, chemicals and fuels, foodstuffs, textiles and other products. Such products are obtained from and supplied to a diverse group of suppliers and customers throughout the world.

Approximately 47 per cent. of Sumitomo's gross trading volume for the year ended 31st March, 1994 was represented by domestic transactions in Japan, and approximately 13 per cent. and 14 per cent. were imports to and exports from Japan, respectively. Offshore trading for such period accounted for approximately 26 per cent. of gross trading volume.

The Parent's registered head office is located at 5-33, Kitahama 4-chome, Chuo-ku, Osaka 541, its Tokyo head office is located at 2-2, Hitotsubashi 1-chome, Chiyoda-ku, Tokyo 100 and its other major domestic offices are located in Nagoya. Major overseas offices of Sumitomo are located in New York, London, Düsseldorf, Singapore and Sydney. On 31st March, 1994, Sumitomo maintained more than 45 offices and other facilities in Japan with 6,578 employees and approximately 150 offices and other facilities employing approximately 2,600 people in 86 other countries.

On 31st March, 1994, the Parent had 162 subsidiaries (companies in which the Parent holds, directly or indirectly, more than 50 per cent. of the issued share capital) in Japan, of which 120 were consolidated; it had 187 overseas subsidiaries, of which 170 were consolidated; and it had 234 associated companies (companies in which the Parent holds, directly or indirectly, not less than 20 per cent. and not more than 50 per cent. of the issued share capital) in Japan and overseas. On the same date, 170 associated companies were accounted for by the equity method.

Summary Financial Information

The following table sets out a summary of certain consolidated financial information relating to Sumitomo as at and for the years ended 31st March, 1993 and 1994:—

	Year ended and as at 31st March,	
	1994	1993
	(U.S.\$ thousand)	
Gross Trading Volume	165,051,427	175,019,184
Net Income	70,922	198,757
Total Assets	48,637,311	52,258,379
Shareholders' Equity	6,845,641	6,902,981

Note:—

The U.S. dollar amounts have been translated from Japanese yen amounts at the rate of Y103 = U.S.\$1, the approximate rate of exchange prevailing on 31st March, 1994.

UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding tax treatment of payments on the Notes at the date of this Offering Circular. It is not exhaustive as it only deals with United Kingdom withholding tax. It deals only with the position of persons who are the absolute beneficial owners of the Notes and Coupons and may not apply to certain classes of persons such as dealers. Prospective holders of Notes should be aware that the particular terms of issue of any Notes, as specified in the relevant Pricing Supplement, may affect the treatment of that series of Notes. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Notes issued by SCCE

1. The Notes are in bearer form and will therefore constitute "quoted Eurobonds" provided that they carry a right to interest and are and remain quoted on a recognised stock exchange (the London Stock Exchange is so recognised). Accordingly, while the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax where:—

- (a) the person by or through whom the payment is made is not in the United Kingdom; or
- (b) the payment is made by or through a person who is in the United Kingdom and:—
 - (i) it is proved, on a claim in that behalf made to the Inland Revenue, that the person who is the beneficial owner of the Notes and is entitled to the interest (or, if different, the person whose income the interest is deemed to be for United Kingdom tax purposes) is not resident in the United Kingdom for tax purposes; or
 - (ii) the Notes and the associated Coupons are held in a "recognised clearing system" (Cedel and Euroclear have each been designated as a "recognised clearing system").

Interest on Notes having a maturity of less than one year may also be paid without deduction for or on account of United Kingdom income tax. In all other cases interest on the Notes will be paid under deduction of United Kingdom income tax at the basic rate (currently 25 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty.

2. The interest on the Notes has a United Kingdom source and accordingly will be chargeable to income tax by direct assessment, even if the interest is paid without withholding or deduction. However, based on Inland Revenue Extra-Statutory Concession ESC B13 the interest will not be assessed to United Kingdom tax in the hands of holders of Notes who are not regarded as resident in the United Kingdom for the whole of the relevant year of assessment, except where such persons:—

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

3. Where interest has been paid under deduction of United Kingdom income tax, holders of Notes who are 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.

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

Notes issued by SCCN

5. Payments of interest on the Notes issued by SCCN may be made without withholding or deduction for or on account of United Kingdom income tax where:—

- (a) the person by or through whom the payment is made is not in the United Kingdom; or
- (b) the payment is made by or through a person who is in the United Kingdom and:—
 - (i) it is proved, on a claim in that behalf made to the Inland Revenue, that the person who is the beneficial owner of the Notes and is entitled to the interest (or, if different, the person whose income the interest is deemed to be for United Kingdom tax purposes) is not resident in the United Kingdom for tax purposes; or
 - (ii) the Notes and the associated Coupons are held in a “recognised clearing system” (described above).

All Notes

6. A collecting agent in the United Kingdom obtaining payment of interest (whether in the United Kingdom or elsewhere) on behalf of a holder of Notes where either:—

- (a) payment was not made by or entrusted to any person in the United Kingdom; or
- (b) the Notes are held in a “recognised clearing system” (see above),

or realising in the United Kingdom any interest on behalf of a holder of a Note or Coupon must withhold or deduct United Kingdom income tax at the basic rate unless it is proved, on a claim in that behalf made to the Inland Revenue (and, in the case of quoted Eurobonds, made in advance) to the satisfaction of the Inland Revenue, that the person who is the beneficial owner of the Notes and entitled to the interest is not resident in the United Kingdom for tax purposes (and the interest is not deemed under the provisions of the United Kingdom tax legislation to be that of some other person).

7. If the Notes are issued at a discount or redeemable at a premium they may constitute deep discount securities or deep gain securities for United Kingdom tax purposes, depending on their terms of issue. An effect of this is that Notes issued under a particular prospectus may, in certain circumstances, alter the tax treatment of the Notes previously issued. No United Kingdom withholding tax would apply to any premium or discount in such circumstances. If any element of premium were to be treated as interest, payments thereof would be subject to the rules regarding United Kingdom withholding tax as outlined above.

NETHERLANDS TAXATION

SCCN and SCCE have been advised that under the existing laws of The Netherlands:—

(a) All payments under the Notes (which for the purpose of this section, includes Notes in definitive and global form) and Coupons can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein;

(b) A holder of a Note or Coupon who derives income from a Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon will not be subject to Dutch taxation on income or capital gains unless:—

- (i) the holder is, or is deemed to be, resident in The Netherlands; or
- (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or permanent representative in The Netherlands; or
- (iii) the holder has, directly or indirectly, a substantial interest or a deemed substantial interest in the share capital of the Issuer and such interest does not form part of the assets of an enterprise;

(c) Dutch net wealth tax will not be levied on a holder of a Note or Coupon unless such holder is an individual and:—

- (i) the holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) such Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;

(d) Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note or Coupon by way of gift or on the death of a holder unless:—

- (i) the holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as a gift made by or on behalf of a person who is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (iii) such Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;

(e) There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees, payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Note or Coupon or the performance of SCCN's and SCCE's obligations under the Note or Coupon;

(f) There is no Dutch value added tax payable in respect of payments in consideration for the issue of a Note or Coupon or in respect of the payment of interest or principal under the Note or Coupon or the transfer of the Note or Coupon; and

(g) The holder of a Note or Coupon will not become resident or deemed to be resident, or otherwise subject to taxation in The Netherlands by reason only of the holding of a Note or Coupon or the execution, performance and/or enforcement of the Notes, Coupons, the Agency Agreement, the Keep Well Agreements, the Deed Polls, the Distribution Agreement or the Deed of Covenant.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a Distribution Agreement dated 31st August, 1994 (the "Distribution Agreement") between the Issuers, Daiwa Europe Limited, Goldman Sachs International, J.P. Morgan Securities Ltd., Société Générale, Sumitomo Trust International plc, Swiss Bank Corporation and S.G. Warburg Securities Ltd. and Goldman, Sachs & Co. oHG, the Notes will be offered on a continuing basis by the Issuers to the Permanent Dealers. However, the Issuers have reserved the right to sell Notes directly on their own behalf to purchasers which are not Permanent Dealers provided that such sales are upon the terms of the Distribution Agreement. Such Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuers, through the Dealers, acting as agents of the Issuers. The Distribution Agreement also provides for Notes to be issued in Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuers will pay each relevant Dealer a commission of from 0.15 per cent. to 0.60 per cent. of the principal amount of the Notes, depending upon maturity in respect of Notes subscribed or procured for subscription by it. The Issuers have agreed to reimburse the Dealers for their reasonable expenses incurred in connection with the establishment of the offering contemplated hereby and the Dealers' activity in connection with such offering. In respect of a Syndicated Issue, the commission will be stated in the Pricing Supplement.

The Issuers have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement may be terminated in relation to all the Dealers or any of them by the Issuers or, in relation to itself and the Issuers only, by any Dealer, at any time on giving not less than 10 business days' notice.

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

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

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the issue date of such Tranche as determined, and certified to the Issuers, by the Fiscal Agent or, in the case of Notes issued on a syndicated basis, the Lead Manager only in accordance with Rule 903 of Regulation S under the Securities Act, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each of the Dealers has agreed that (i) it has not offered or sold and will not, for so long as Part III of the Companies Act 1985 remains in force in relation to the Notes, offer or sell in the United Kingdom (or elsewhere, in the case of Notes issued by SCCE) by means of any document, any Notes prior to an application for listing of the Notes being made in accordance with Part IV of the Financial Services Act 1986, other than (in the case of Notes issued by SCCE, only if such Notes have an original maturity of five years or less) to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent (except, in the case of either Issuer, in circumstances which do not constitute an offer to the public within the meaning of the Companies Act 1985), (ii) it has complied and will comply

with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, (iii) it has only issued or passed on, and will only issue or pass on, in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document received by it in connection with the issue of the Notes, other than any document which consists of or any part of listing particulars, supplementary listing particulars or any document required or permitted to be published by listing rules under Part IV of the Financial Services Act 1986, to a person who is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988 or is a person to whom the document may otherwise lawfully be issued or passed on, and (iv) once the provisions of law which shall replace Part III of the Companies Act 1985 in relation to offers of securities have come into force, it will not make any offer to the public (within the meaning of those provisions) of the Notes in circumstances which would require (for the avoidance of any contravention of those provisions) a prospectus to have been delivered to the Registrar of Companies in England and Wales.

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that in connection with Notes denominated in yen or in respect of which amounts may be payable in yen it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan or to others for re-offering or resale directly or indirectly in Japan or to a resident of Japan prior to the date which is 90 days (or 180 days in the case of Dual Currency Notes) after the issue of such Notes and thereafter it will only offer or sell such Notes in Japan or to a resident of Japan in compliance with the Securities and Exchange Law and other relevant laws of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) in respect of Notes issued by SCCN (with the exception of those having a denomination of at least NLG1,000,000 (or the equivalent thereof in other currencies) or U.S.\$500,000) that it has not, directly or indirectly, offered, sold, transferred or delivered and will not, directly or indirectly, offer, sell, transfer or deliver any Notes (including rights representing an interest in a Global Note) to any person or entity anywhere in the world other than to entities which trade or invest in securities in the conduct of a business or profession (which includes banks, investment banks, pension funds, insurance companies, securities firms, investment institutions, central governments, large international and supranational organisations and treasuries and finance companies of large enterprises). In addition, each Dealer has acknowledged and agreed that it must be made clear upon making any offering of Notes issued by SCCN and from any documents or advertisements in which a forthcoming offer of Notes issued by SCCN is publicly announced that the offer is exclusively made to such entities.

Each Dealer has further represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that any Notes issued under the Programme by SCCE (including rights representing an interest in a Global Note) which are offered, as part of their initial distribution or by way of re-offering, in The Netherlands shall, in order to comply with The Netherlands Securities Market Supervision Act ("*Wet toezicht effectenverkeer*", hereinafter the "**Netherlands Securities Act**"):

- (i) only be issued and offered in the event that such Notes have been or will most likely be admitted to the official listing on (a) a recognised stock exchange in The Netherlands or (b) a stock exchange in another EC Member State and, in the latter case, the Offering Circular has been approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC and the Securities Board of The Netherlands ("*Stichting Toezicht Effectenverkeer*", hereinafter the "**STE**") has confirmed the availability of mutual recognition in respect of such documents; provided that the first issue of such Notes takes place no later than six months from the date of the approval by the competent authority; or

- (ii) only be issued and offered in the event that the Offering Circular has been approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority of another EC Member State as referred to in Article 20 of EC Directive 89/298/EEC in connection with a public offering of such Notes and the STE has confirmed the availability of mutual recognition in respect of these documents; provided that the first issue of such Notes takes place no later than six months from the date of the approval of the competent authority; or
- (iii) only be issued and offered if forming part of a Series comprising only Notes with a denomination of at least NLG 100,000 (or the equivalent in any other currency); or
- (iv) not be offered, sold, transferred or delivered, whether directly or indirectly, to any individual or legal entity situated in The Netherlands, other than to individuals or legal entities who or which trade or invest in securities in the conduct of a business or profession (which includes banks, investment banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations and treasuries and finance companies of large enterprises), in which case it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of Notes is publicly announced that the offer is exclusively made to the said individuals or legal entities; or
- (v) (for syndicated Series or Tranches of Notes) only be issued and offered if the following criteria are met:—
 - (a) the Notes are subscribed for and placed by a syndicate of which at least two members are domiciled in different EC Member States;
 - (b) 60 per cent. or more of the issue is placed by syndicate members which are situated in one or more states other than the United Kingdom; and
 - (c) investors may only acquire the Notes being offered through the intermediary of a bank or other financial institution;
 provided that each Relevant Dealer has further represented and agreed that it has not publicly promoted and shall not publicly promote the offer or sale of such Notes by conducting a generalised advertising or cold-calling campaign within or outside The Netherlands; or
- (vi) only be issued and offered if any other exemption from the prohibition contained in article 3 paragraph 1 of The Netherlands Securities Act applies and the requirements of such exemption are fully complied with; or
- (vii) only be issued and offered if the STE has, upon request, granted an (individual) dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.

Provided that in the case of (i) and (ii) above:—

- (a) the Relevant Issuer and the Relevant Dealer or Dealers procure that any advertisement or document in which a forthcoming offering of Notes is publicly announced will be submitted to the STE prior to publication thereof and will mention the fact that the Offering Circular will be published and will be made available for inspection at the registered office of the Relevant Issuer and at the office of the Fiscal Agent; and
- (b) each Dealer represents and agrees that prior to the submission of the Offering Circular (with the approval of the competent authorities) and the relevant Pricing Supplement to the STE:—
 - (i) unless any Series of Notes comprises only Notes with a denomination of no less than NLG 100,000 (or the equivalent in another currency), it has not offered, transferred or sold any Notes and will not, directly or indirectly, offer, transfer or sell any Notes with a denomination

of less than NLG 100,000 (or the equivalent in another currency), except to individuals or legal entities as referred to in (iv) above; and

- (ii) either it has not distributed and will not distribute any offering or promotional materials in respect of the Notes or it has complied and will comply with the conditions under (iv) above;

and each invitation telex and Pricing Supplement in respect of such Notes will set forth the restrictions under (i) and (ii) above.

In addition to the above, Zero Coupon Notes in definitive form issued by SCCN or SCCE may only be transferred and accepted through the mediation of either the Relevant Issuer or a member of the Amsterdam Stock Exchange (*Vereniging voor de Effectenhandel*) in accordance with the Dutch Savings Certificates Act (*Wet inzake Spaarbewijzen*) of 21st May, 1985. Such restrictions do not apply (a) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (b) to the transfer and acceptance of Zero Coupon Notes in definitive form within The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Notes in global form) are issued outside The Netherlands and are not distributed within The Netherlands in the course of initial distribution or immediately thereafter. For the purposes of this paragraph, "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Relevant Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

Each Dealer has represented and agreed that the Notes are being issued outside the Republic of France and that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that it has not distributed and will not distribute or cause to be distributed to the public in the Republic of France this Offering Circular or any other offering material relating to the Notes.

Each Dealer has represented and agreed that it has only offered, and will only offer, Notes in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act of 13th December, 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the offer and sale of the Notes.

Selling restrictions may be modified by the agreement of the Issuers and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Each of the Dealers and the Issuers has agreed, save for the submission of this Offering Circular (approved by the London Stock Exchange) to the STE and otherwise as indicated in Exhibit D to the Distribution Agreement, not to take any action in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any amendment or supplement thereto issued in connection with the offering of any of the Notes or any other offering material, in any country or jurisdiction where action for that purpose is required. Each of the Dealers has agreed to comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular or any amendment or supplement thereto or any other offering material.

GENERAL INFORMATION

1. The listing of the Notes on the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Programme on the London Stock Exchange will be granted on or before 2nd September, 1994. It is expected that each Tranche which is to be admitted to the Official List will be admitted separately as and when issued subject to the issue of a temporary Global Note. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the fifth working day after the day of the transaction. However, Notes may be issued pursuant to the Programme which will not be listed on the London Stock Exchange or any other stock exchange.
2. The issue of Notes was authorised by a resolution of the Board of Directors of SCCE dated 26th August, 1994 and a resolution of the Board of Managing Directors of SCCN dated 29th August, 1994.
3. Except as disclosed herein, there has been no significant change in the financial or trading position, and no material adverse change in the financial position or prospects, of either of the Issuers or of the Parent and its consolidated subsidiaries taken as a whole, since 31st March, 1994.
4. Neither of the Issuers nor the Parent is involved in any legal or arbitration actions, suits or proceedings (including any such actions, suits or proceedings which are pending or threatened of which either of the Issuers or the Parent is aware) which may have or have had during the 12 months prior to the date hereof, individually or in the aggregate, a significant effect on the financial position of either of the Issuers or the Parent.
5. Each Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. In connection with any application to list Notes on the Paris Stock Exchange, a legal notice relating to the issue of such Notes will be published in the *Bulletin des Annonces Légales Obligatoires* prior to such listing and the Pricing Supplement applicable to such issue shall be submitted to the approval of the COB and the CBV.
7. Touche Ross & Co., chartered accountants, who have audited, and rendered unqualified reports on, the accounts of SCCE for the three years ended 31st March, 1994, Deloitte & Touche, register accountants, who have audited, and rendered unqualified reports on, the accounts of SCCN for the three years ended 31st March, 1994, hereby confirm that such financial statements are included herein with their consent and they have authorised the contents of that part of the listing particulars for the purposes of Section 152(1)(e) of the Financial Services Act 1986. Asahi & Co., independent certified accountants, have audited, and rendered unqualified reports on, the accounts of the Parent for the three years ended 31st March, 1994.
8. The Notes have been accepted for clearance through the Euroclear and Cedel systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the SICOVAM number for each Series of Notes will be set out in the relevant Pricing Supplement.
9. The Deutsche Mark Arranger, the Dealers for Deutsche Mark Notes and the Issuers will comply with the Deutsche Bundesbank statements from time to time relating to the issue of Deutsche Mark Notes.
10. The French Franc Arranger, the Dealers and the Issuers will, in relation to issues of French Franc Notes, whether issued by way of public offer or private placement, comply with the rules and regulations of the COB and the CBV from time to time relating to the *Marché de l'Euro-Franc*. Under current applicable French regulations, "private placements" shall be construed as issues of Notes placed on a firm basis with a small number of pre-determined non-French resident investors.

11. Each Pricing Supplement issued with this Offering Circular will contain the following information in respect of the relevant Tranche of Notes:—

- (i) Issuer;
- (ii) Series No.;
- (iii) principal amount of Tranche;
- (iv) issue date and interest commencement date;
- (v) currency and denomination (and, in the case of French Franc Notes, the number of Notes in each denomination);
- (vi) maturity date/redemption month;
- (vii) issue price;
- (viii) interest basis and coupon/margin, the interest period, the calculation amount, any maximum or minimum rate of interest, any initial or final broken amount and all other information required to calculate interest amounts (including basis for calculating interest payable on Variable Coupon Amount Notes, if applicable);
- (ix) interest payment dates and business day definitions;
- (x) basis for calculating redemption amounts payable in respect of Variable Redemption Amount Notes, High Interest Notes or Low Interest Notes, if applicable;
- (xi) the currencies in which payments will be made in respect of Dual Currency Notes;
- (xii) whether the Notes are redeemable prior to their stated maturity at the option of the Issuer and/or the Noteholders and the terms relating thereto;
- (xiii) the Amortisation Yield in respect of Zero Coupon Notes;
- (xiv) whether or not the Notes will be listed on the London Stock Exchange, the Paris Stock Exchange and/or any other stock exchange;
- (xv) the Common Code, ISIN and if applicable the SICOVAM number;
- (xvi) in the case of Notes denominated other than in U.S. dollars, the rate of exchange (if any) at which the principal amount of the Tranche issued has been converted into U.S. dollars;
- (xvii) the name of any Stabilising Agent; and
- (xviii) any other relevant information which is not inconsistent with the Programme or the terms of the Agency Agreement.

Copies of each Pricing Supplement relating to a Series of Notes which is to be listed on the Paris Stock Exchange will be made available at the office of the Listing Agent in Paris.

12. For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of each of the Issuers and the specified office in London of the Fiscal Agent:—

- (i) the Agency Agreement (which includes the forms of the Global Notes, the Definitive Notes, the Coupons, the Receipts and Talons);
- (ii) the Distribution Agreement;
- (iii) the Deed of Covenant;
- (iv) the Keep Well Agreements and the Deed Polls;

- (v) the Memorandum and Articles of Association of SCCE and English translations of the Articles of Association of SCCN and the Articles of Incorporation of the Parent;
- (vi) the annual report and audited accounts in English (consolidated where appropriate) of each of the Issuers and the Parent for the last two years for which they have been published and the most recent published interim accounts in English (if prepared) of each of them;
- (vii) each Pricing Supplement for Notes which are listed on the London Stock Exchange, the Paris Stock Exchange or any other stock exchange;
- (viii) a copy of this Offering Circular together with any supplementary listing particulars or further Offering Circular; and
- (ix) a copy of the subscription agreement for syndicated issues which are listed on the London Stock Exchange.

PARIS LISTING INFORMATION

PERSONNES QUI ASSUMENT LA RESPONSABILITE DE L'OFFERING CIRCULAR

Aux Noms des Emetteurs

A notre connaissance, les données du présent document dénommé "Offering Circular" sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Sumitomo Corporation Capital Europe plc
Shinji Matsui
Directeur Général

Sumitomo Corporation Capital Netherlands B.V.
Représenté par
Fumiaki Iwase

Au Nom de la Banque Présentatrice

A la connaissance de la banque présentatrice les données du présent document dénommé "Offering Circular" s'appliquant aux émissions en Euro Francs sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Xavier Debonneuil
Directeur des Marchés de Taux et de Change
Société Générale

VISA DE LA COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris de titres éventuellement émis dans le cadre de ce Programme et par application des articles 6 et 7 de l'ordonnance No 67-833 du 28 septembre 1967 telle que modifiée, la Commission des Opérations de Bourse a enregistré le présent document dénommé "Offering Circular" sous le visa No. 94-461 du 29 août 1994.

La notice légale préalable à la cotation éventuelle à Paris de tout titre émis dans le cadre de ce Programme sera publiée au Bulletin des annonces légales obligatoires.

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London EC4N 7AX

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133 Fleet Street
London EC4A 2BB

J.P. Morgan Securities Ltd.
60 Victoria Embankment
London EC4Y 0JP

Société Générale
3 rue Lafayette
75009 Paris

Sumitomo Trust International plc
3rd Floor
155 Bishopsgate
London EC2M 3TS

Swiss Bank Corporation
Swiss Bank House
1 High Timber Street
London EC4V 3SB

S.G. Warburg Securities Ltd.

1 Finsbury Avenue
London EC2M 2PA

ARRANGER

(other than for issues of Deutsche Mark Notes and French Franc Notes)

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB

DEUTSCHE MARK ARRANGER

Goldman, Sachs & Co. oHG
MesseTurm
D-6000 Frankfurt am Main 1

FRENCH FRANC ARRANGER

Société Générale
3 rue Lafayette
75009 Paris

FISCAL AGENT, PRINCIPAL PAYING AGENT and CALCULATION AGENT

Morgan Guaranty Trust Company of New York,

London office
60 Victoria Embankment
London EC4Y 0JP

PAYING AGENT

Morgan Guaranty Trust Company of New York,

Brussels office
Avenue des Arts 35
B-1040 Brussels

PARIS STOCK EXCHANGE LISTING AGENT

Société Générale
3 rue Lafayette
75009 Paris

LONDON STOCK EXCHANGE LISTING AGENT

Goldman Sachs Equity Securities (U.K.)

Peterborough Court
133 Fleet Street
London EC4A 2BB