

OFFERING CIRCULAR

HITACHI CAPITAL CORPORATION

(incorporated with limited liability in Japan)

as Issuer and Guarantor

and

HITACHI CAPITAL (UK) PLC

(incorporated with limited liability in England and Wales)

as Issuer

and

HITACHI CAPITAL AMERICA CORP.

(incorporated with limited liability in the State of Delaware)

as Issuer

U.S.\$2,500,000,000
Euro Note Programme

Arranger

Barclays

Programme Dealers

Barclays

Citigroup

HSBC

Mitsubishi UFJ Securities

Nomura

17 August 2012

BNP PARIBAS

Daiwa Capital Markets Europe

J.P. Morgan

Mizuho Securities

UBS Investment Bank

This Offering Circular replaces and supersedes the Offering Circular dated 8 August 2011 describing the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions contained herein. This does not affect any Notes already issued.

*Under this U.S.\$2,500,000,000 Euro Note Programme (the "**Programme**"), Hitachi Capital Corporation ("**HCC**"), Hitachi Capital (UK) PLC ("**HCUK**") and Hitachi Capital America Corp. ("**HCA**") (each an "**Issuer**" and together the "**Issuers**") may from time to time issue notes ("**Notes**") denominated in any currency agreed between the Issuer of such Notes (the "**relevant Issuer**") and the relevant Dealer (as defined below).*

*Payments under the Notes issued by HCUK and HCA will be unconditionally and irrevocably guaranteed by HCC (in such capacity, the "**Guarantor**").*

The Notes may be issued on a continuing basis to one or more of the Programme Dealers specified under "Description of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

As at the date of this Offering Circular, HCC has been assigned a rating of "A- (stable)" by Standard & Poor's Ratings Japan K.K., a rating of "A+ (stable)" by Rating and Investment Information, Inc., a rating of "AA- (stable)" by Japan Credit Rating Agency, Ltd. and a short-term rating of "A-2" by Standard & Poor's Ratings Japan K.K. Neither HCUK nor HCA have been assigned ratings by any rating agencies.

HCC's unsecured, unsubordinated long term debt securities have been assigned ratings of "A- (stable)", "A+ (stable)" and "AA- (stable)" by Standard & Poor's Ratings Japan K.K., Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd., respectively. Outstanding Yen-denominated domestic debt issuances of HCC have been rated "A-", "A+" and "AA-" by Standard & Poor's Ratings Japan K.K., Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd., respectively, and two particular Tranches of Notes issued by HCC and HCUK under the Programme have been rated "A-" by Standard & Poor's Ratings Japan K.K.

None of Standard & Poor's Ratings Japan K.K., Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. is established in the European Economic Area (the "**EEA**"). Japan Credit Rating Agency, Ltd. is certified under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**"). Standard & Poor's Ratings Japan K.K. and Rating and Investment Information, Inc. are not registered under the CRA Regulation; however, ratings issued by Standard & Poor's Ratings Japan K.K. are endorsed by Standard & Poor's Credit Market Services Europe Limited, which is established in the EEA and registered under the CRA Regulation.

Tranches (as defined under "Terms and Conditions of the Notes") of Notes to be issued under the Programme may be rated or unrated. As at the date of this Offering Circular, Notes issued under the Programme are expected to be assigned a rating of "A-/A-2" by Standard & Poor's Ratings Japan K.K. The Issuers and the Guarantor cannot assure investors that such rating will not change in the future. Where a Tranche of Notes is rated, the applicable rating(s), which will not necessarily be the same as the rating(s) applicable to the Programme or any Notes already issued, will be specified in the applicable Final Terms (as defined below).

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, www.esma.europa.eu, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA

Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA, but which is certified under the CRA Regulation.

A rating reflects only the views of the relevant rating agency, is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

This Offering Circular has been approved by the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**FSMA**") (the "**UK Listing Authority**") and comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Application has been made to the UK Listing Authority for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

References in this Offering Circular to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in a final terms document (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange and, in the case of a Drawdown Prospectus in respect of such Tranche of Notes, will be approved by the UK Listing Authority. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Offering Circular to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer, (if applicable) the Guarantor and the relevant Dealer. The relevant Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

HCA will only issue Notes in registered form. HCC and HCUK may issue Notes in bearer form or Notes in registered form.

Each Tranche of Notes in bearer form will either initially be represented by a Temporary Global Note (as defined in "*Form of Notes*") or, if agreed between the relevant Issuer and the relevant Dealer, be represented by a Permanent Global Note (as defined in "*Form of Notes*") which, in either case, will be deposited on the issue date thereof with a common depositary or common safekeeper, as the case may be, on behalf of Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or Euroclear Bank SA/NV ("**Euroclear**") and/or any other agreed clearance system. A Temporary Global Note so issued will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Global Note or definitive Notes, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury Regulations and applicable U.S. securities laws. A Permanent Global Note will be exchangeable for definitive bearer Notes, upon request, all as further described in "*Form of the Notes*".

Each Tranche of Notes in registered form will initially be represented by a Global Registered Note (as defined in "*Form of the Notes*") or, if so specified in the applicable Final Terms, definitive registered Notes. Notes in bearer form may not be exchanged for Notes in registered form and *vice versa*.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each Issuer and the Guarantor (each of which has taken all

reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available for viewing and copies may be obtained from the registered office of the Issuer and the specified office of the Principal Paying Agent (as defined herein) save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be available to a Noteholder holding one or more such Notes upon such Noteholder producing evidence as to identity satisfactory to the Principal Paying Agent. Copies of each Final Terms relating to Notes offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or admitted to trading on a regulated market in a Member State of the European Economic Area will be available on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

The relevant Issuer and (if applicable) the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated in "*Terms and Conditions of the Notes*", in which event a Drawdown Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

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

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

Neither this Offering Circular nor any other information supplied in connection with the Programme (1) is intended to provide the basis of any credit or other evaluation or (2) should be considered as a recommendation by any Issuer, the Guarantor or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and the Guarantor and must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement or Drawdown Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

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

Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of any Issuer, the Guarantor or any Dealer to any person to subscribe for or to purchase any Notes. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor or the Dealers which is intended to permit a public offering of Notes or distribution of this document in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material relating to the Programme or Notes issued thereunder may be distributed or published in any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restriction. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom) and Japan (see "*Subscription and Sale*").

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act and Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended) (see "*Subscription and Sale*").

Notwithstanding any limitation on disclosure provided for in this Offering Circular, its contents, or any associated Final Terms, and effective from the date of commencement of discussions concerning any of

the transactions contemplated hereby (the "**Transactions**"), each recipient of this Offering Circular or any associated Final Terms (a "**Recipient**") (and each employee, representative, or other agent of any such Recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transactions and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure (as such terms are defined in U.S. Treasury Regulation Section 1.6011-4) except to the extent that any such disclosure could reasonably be expected to cause this Programme, or any issue of Notes thereunder, not to be in compliance with securities laws.

This Offering Circular has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will only be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. In relation to any EEA Member State, references to the "**Prospectus Directive**" refer to Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member State) and include any relevant implementing measure in the relevant Member State.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Law**") and the Notes issued by (i) HCC or (ii) HCUK or HCA, in circumstances where any interest on the Notes is attributable to a business in Japan conducted by each such Issuer of the Notes in the manner provided for in the Special Taxation Measures Law of Japan (Law No. 26 of 1957, as amended) (the "**Special Taxation Measures Law**") are subject to tax laws and regulations of Japan including the Special Taxation Measures Law. The Notes may not be, directly or indirectly, offered or sold in Japan or (a) to, or for the benefit of, any person resident in Japan (including any corporation or other entity organised under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws and regulations (see "*Subscription and Sale*"). Interest payments on the Notes issued by (i) HCC or (ii) HCUK or HCA, in circumstances where any interest on the Notes is attributable to a business in Japan conducted by such Issuer or the Notes in the manner provided for in the Special Taxation Measures Law, will be subject to Japanese withholding tax except for such interest paid to or to the account of a holder that is an individual non-resident of Japan or a non-Japanese corporation that in each case is a person not having a special relationship with the relevant Issuer as described in Article 6, Paragraph 4 of the Special Taxation Measures Law, or is a Japanese designated financial institution as described in Article 6, Paragraph 9 of the Special Taxation Measures Law. Interest payments in respect of the Notes, the amount of interest on which is calculated or determined on the basis of or by reference to certain indicators (including the amount of profit, income, earnings, revenue, assets and distribution of surplus, distribution of profit and other similar distributions) of the relevant Issuer or any person having such special relationship with the Issuer, is also subject to Japanese withholding tax (see "*Taxation*").

All references in this document to (i) *U.S. dollars*, *U.S.\$* and *U.S. cents* are to the currency of the United States of America, (ii) *euro* and € are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, (iii) *Yen* and ¥ are to the currency of Japan, (iv) *Sterling* and £ are to the currency of the United Kingdom, (v) *Renminbi*, *RMB* and *CNY* are to the currency of the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) (the "**PRC**") and (vi) *S\$* are to the currency of Singapore.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as stabilising manager (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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DESCRIPTION OF THE PROGRAMME

The following description of the Programme does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The relevant Issuer and (if applicable) the Guarantor may agree with the relevant Dealer that Notes shall be issued in a form other than that contemplated in "Terms and Conditions of the Notes", in which event a Drawdown Prospectus or new offering circular will be published. Words and expressions defined in "Form of the Notes", specified in capitalised terms in "Form of the Final Terms" and defined in "Terms and Conditions of the Notes" have the same meaning when used herein.

Issuers:	Hitachi Capital Corporation Hitachi Capital (UK) PLC Hitachi Capital America Corp.
Guarantor of Notes Issued by HCUK and HCA:	Hitachi Capital Corporation
Description:	Euro Note Programme
Arranger:	Barclays Bank PLC
Programme Dealers:	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Daiwa Capital Markets Europe Limited HSBC Bank plc J.P. Morgan Securities plc Mitsubishi UFJ Securities International plc Mizuho International plc Nomura International plc UBS Limited
Principal Paying Agent, Registrar, Paying Agent and Transfer Agent:	HSBC Bank plc
Programme Size:	Up to U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any one time. The Issuers and the Guarantor may increase or decrease the amount of the Programme in accordance with the terms of the Dealer Agreement.
Legal and Regulatory Requirements:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Offering Circular. <i>Notes having a maturity of less than one year</i> Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or its equivalent in other Specified Currencies), see " <i>Subscription and Sale</i> ".
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Euro, Sterling, U.S. dollars, Yen, Renminbi and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the relevant Issuer and the relevant Dealer.

Condition 5(f) (*Payments — Payment of U.S. Dollar Equivalent*) applies to Renminbi Notes. Although the relevant Issuer's and (if applicable) the Guarantor's primary obligation is to make all payments in respect of such Notes in Renminbi, in the event that, by reason of Inconvertibility, Non-transferability or Illiquidity, the relevant Issuer or (if applicable) the Guarantor is not able to satisfy in full payments of principal or interest in respect of Renminbi Notes when due in Renminbi, the relevant Issuer or (if applicable) the Guarantor may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount, all as provided for in more detail in Condition 5(f) (*Payments — Payment of U.S. Dollar Equivalent*).

Maturities: Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. Notes issued by HCA must have a minimum maturity of 184 days.

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: HCA will only issue Notes in registered form. HCC and HCUK may issue Notes in bearer form or Notes in registered form.

Notes issued in bearer form will on issue be represented by either a Temporary Global Note or a Permanent Global Note as specified in the applicable Final Terms. Each Temporary Global Note will be exchangeable either for (i) interests in a Permanent Global Note or (ii) for definitive Bearer Notes as indicated in the applicable Final Terms, in each case upon certification of non U.S. beneficial ownership as required by U.S. Treasury Regulations and applicable U.S. securities laws. Each Permanent Global Note will be exchangeable (free of charge) for definitive Bearer Notes either upon (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein or (ii) the occurrence of an Exchange Event as described under "*Form of the Notes – Bearer Notes*".

Notes issued in registered form will on issue be represented by either a Global Registered Note or definitive Registered Notes, in each case as specified in the applicable Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with, and registered in the name of, depositary or a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable (free of charge) for definitive Registered Notes either upon (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Registered Note) to the Registrar as described therein or (ii) the occurrence of an Exchange Event as described under "*Form of the Notes – Registered Notes*".

Notes in bearer form may not be exchanged for Notes in registered form and *vice versa*.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer and indicated in the applicable Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes and indicated in the applicable Final Terms.

Other Provisions in Relation to Floating Rate Notes: Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer and indicated in the applicable Final Terms.

Changes of Interest Basis: Notes may be converted from one Interest Basis to another and any change of interest basis in respect of any Notes will be indicated in the applicable Final Terms.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree and will be indicated in the applicable Final Terms.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The Final Terms relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified denominations, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or, as the case may be, the relevant Issuer on a date or dates specified prior to such stated maturity and at a price or prices as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated therein.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Legal and Regulatory Requirements – Notes having a maturity of less than one year*" above.

- Denomination of Notes:** Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or other equivalent regulatory body) or any laws or regulations applicable to the relevant Specified Currency, see "*Legal and regulatory requirements – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Notes issued by HCA must at all times have a minimum denomination of €100,000 (or its equivalent in other Specified Currencies) and be in multiples of €100,000 thereafter.
- Taxation:** All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
- Negative Pledge:** The Notes will contain a negative pledge provision given by the relevant Issuer and the Guarantor as described in Condition 3.
- Cross Default:** The Notes will contain a cross-default provision relating to indebtedness for money borrowed of the relevant Issuer or (if applicable) the Guarantor as defined and further described in Condition 9.
- Status of the Notes:** The Notes will constitute (subject to Condition 3) direct, unconditional and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu* and without preference among themselves and (with the exception of obligations in respect of applicable statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
- Status of the Guarantees:** Payments in respect of the Notes issued by HCUK and HCA will be unconditionally and irrevocably guaranteed by the Guarantor under the Guarantees. The obligations of the Guarantor under the Guarantees will constitute (subject to Condition 3) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu* and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all of its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
- Rating:** Tranches of Notes to be issued under the Programme may be rated or unrated. As at the date of this Offering Circular, Notes issued under the Programme are expected to be assigned a rating of "A-/A-2" by Standard & Poor's Ratings Japan K.K., which is not established in the EEA or registered under the CRA Regulation; however, ratings issued by Standard & Poor's Ratings Japan K.K. are endorsed by Standard & Poor's Credit Market Services Europe Limited, which is established in the EEA and registered under the CRA Regulation.

The Issuers and the Guarantor cannot assure investors that such rating will not change in the future. Where a Tranche of Notes is rated, the applicable rating(s), which will not necessarily be the same as the rating(s) applicable to the Programme or any Notes already issued, will be specified in the applicable Final Terms.

A rating reflects only the views of the relevant rating agency, is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Final Terms or
Drawdown Prospectus:**

Notes issued under the Programme may be issued either (1) pursuant to this Offering Circular and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed by the applicable Final Terms or as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus.

**Listing and Admission to
Trading:**

Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and the Guarantees and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions:

There are specific selling restrictions in relation to the United States, the EEA (including the United Kingdom) and Japan. See "*Subscription and Sale*".

RISK FACTORS

Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Words and expressions defined in "Description of Hitachi Capital Corporation" on pages 75 to 77 of this Offering Circular, "Description of Hitachi Capital (UK) PLC" on pages 78 to 80 of this Offering Circular and "Description of Hitachi Capital America Corp." on pages 81 to 82 of this Offering Circular have the same meanings when used herein.

Factors that may affect HCC's ability to fulfil its obligations under Notes issued under the Programme and/or the Guarantees

Internal Control Related Risk

HCC and its consolidated subsidiaries (the "**Group**") maintains a system of internal control designed to preserve assets against unauthorised use, keep proper accounting records and ensure the reliability of financial information. The system of internal control is designed to manage, but not eliminate, the risk of failure to achieve business objectives and provides reasonable rather than absolute assurances against material misstatement, loss or fraud. Therefore, if internal controls do not function effectively or unexpected problems arise, there could be an adverse impact on the Group's business results.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the relevant Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Interest Rate Risk

The Group procures large amounts of funds in order to provide financial services, including leasing and instalment sales. Although the Group carries out thorough ALM¹ through liquidation of assets or other methods, as the duration of assets and liabilities are not completely consistent, large fluctuations in market interest rates, different movements between short-term and long-term interest rates or any other similar factors could cause a rise in fundraising costs, which could, in turn, have an adverse impact on the Group's business results.

Liquidity Risk

Although the Group works to appropriately manage its cash position by diversifying its fundraising measures and expanding its fundraising sources, there are times it may be difficult for the Group to secure the funds required or the Group may be forced to procure funds when interest rates are significantly higher than ordinary rates in normal circumstances if the creditworthiness of the Group has declined, or due to turmoil in financial markets or changes in the market environment. These factors could weaken the Group's competitiveness in obtaining new orders or deteriorate the Group's profitability and then could have an adverse impact on the Group's business results and financial conditions.

¹ Asset Liability Management: Companies firmly ascertain the characteristics of maturities and interest from their assets and liabilities, and monitor cash flows, liquidity, currency risk and interest risk.

Credit Risk

The Group is engaged in various kinds of business associated with providing credit, including leasing, credit guarantees and instalment sales. During such business execution, the Group appropriately controls credit risk by strictly conducting such measures as screening at the time of a contract and ascertaining such factors as the state of credit while a credit receivable is being collected. Nevertheless, an increase in corporate and personal bankruptcies due to a changing economic environment could result in an increased burden with respect to losses on receivables or bad debt expenses for lease transactions, which could have an adverse impact on the Group's business results.

Laws and Regulations Changes Risk

Changes in laws and regulations related to the Group's business could adversely impact the Group's business results. Due to the total enforcement of the amended Law for the Control of Money Lending Business and the amended Instalment Sales Law, additional costs could arise and customer demands may change. As the Group has always complied with the Interest Limitation Law, the Group would not be directly affected by any refunding of excess payments. However, there could be additional costs associated with the strengthening of obligations for waste disposal companies in line with the full-fledged implementation of the amended Waste Management Law. Failure to comply with the laws and regulations applicable to the Group might lead to penalties. Also there is a risk that future changes in laws and regulation could negatively affect the Group's business results and financial conditions.

Risk associated with Business Structure Reforming

The Group is reforming its business structure from low-profitable business to high-profitable business in line with changing economic and competitive environments in order to achieve sustainable growth. However, if for any reason the said structure reforming is delayed or fails to be achieved as desired, the Group could become unable to obtain profits that it had anticipated.

Leased Assets Residual Value Risk

One of the Group's strategies is to provide financial services that focus on "products". To achieve this, the Group concentrates on operating leases with assessed residual value in response to changes in market demand accompanied by changes in accounting standards for financial leases.

With respect to the Group's ability to evaluate "products" and to resell its leased assets, the Group is working to accumulate more know-how and improve its expertise by strengthening its team of experts as its core skill-base. However, there is a possibility of losses incurred as a result of a decline in actual disposal value from the initial estimated value of leased assets due to such factors as unexpected changes in the market environment and technological innovations. These losses could have an adverse impact on the Group's business results and financial conditions.

Administrative and System Risk

The Group carries out its business activities using various information systems. Any human error, including inappropriate administrative works, accidents or fraudulence by employees, unauthorised access to systems from outside the Group, attacks by computer viruses, or a stoppage or breakdown of internal operating systems, or external leaks or illicit use of information concerning customers or affiliates due to similar causes, could have an adverse impact on the Group's business results due to such causes as damage to said customers or affiliates or loss of the Group's social credibility.

Also, natural disasters such as earthquakes could cause damage to the Group's data centres. As countermeasures for these risks, the Group has set up and maintains backup systems at both domestic and overseas sites. However, disasters of an unforeseeable scale could prevent the Group's from continuing its business on a normal basis, which could have an adverse impact on the Group's business results and financial conditions..

Compliance Risk

Given that the Group offers a variety of financial services, it must comply with applicable laws and regulations, including but not limited to, the Instalment Sales Law, the Financial Instruments and Exchange Law and the Law for the Control of the Money Lending Business, as well as a number of laws

and regulations relating to consumer protection and waste disposal.

In addition to these laws and regulations, the Group must also comply with a wide range of social rules from internal regulations and voluntary industry rules to social norms. HCC established the Compliance Department at its headquarters and is working to develop and maintain its compliance structure. However, failure to comply with applicable laws, regulations and social norms could lead the Group to the penalties and loss of social credibility, which could, in turn, have an adverse impact on the Group's business results and financial conditions.

Human Resources Risk

The Group considers employees' abilities as its substantial assets and is seeking to step up recruitment and planned education and training activities, however, if the existing employees are not able to deal with the new business in the business structure reforming in process, employees are not placed properly or it is impossible to secure new personnel or otherwise, there is a risk that the Group will not be able to secure the human resources required for business operations following the business structure reforming.

Also, no proper succession of the know-how necessary for its business operations, such as screening and debt collection, that the Group has been accumulating for a long time, could prevent the Group from continuing its business activities. Such an event could also negatively impact on the quantity of new business written and damage business relationships, with a result of reduced profitability.

Risk related to Business Partners

The Group has obtained new contracts in cooperation with numerous business partners which mainly include instalment sellers of leased products. Although the Group endeavours to screen the business partners carefully at the time of collaboration, if any misconduct including illegal sales by any business partner occurs, the Group may be requested by purchasers of these products to indemnify losses arising out of such misconduct by such business partners. This could have an adverse impact on the Group's business results and financial conditions.

Casualty Insurance Risk

The Group is engaged in casualty insurance business at its subsidiary and endeavours to reduce risk associated with insurance underwriting, however, any occurrence of major insured event could cause unforeseeable claims to pay insurance which could require additional contribution of finances in order to maintain the required level of solvency.

Overseas Business Risk

One of the strategies of the Group is the business expansion in overseas markets and the Group provides a wide range of financial services in Asian emerging countries in addition to the United Kingdom and the United States. Accordingly, any changes in laws, regulations and tax systems and other changes in business environment due to economic fluctuations peculiar to each country and region, in particular Asian countries and regions, could have an adverse impact on the Group's business results.

Factors that may affect HCUK's ability to fulfil its obligations under Notes issued under the Programme

Credit Risk from Trading Operations

This is the risk that HCUK and its subsidiaries' (the "**UK Group**") customers default on their payment obligations to the UK Group resulting in the loss of the capital amount outstanding on their agreements at the time the customers default. Theoretically, if this was severe enough the size of the default could exceed the UK Group's equity capital and endanger the repayment of principal and interest of Notes issued under the Programme.

The UK Group mitigates this risk by following a set of credit policies devised to minimise losses, maximise recoveries and prevent fraud. Consideration is given to the financial strength and/or credit status of the customer, the quality of the assets as security for the financing being advanced, and the terms and conditions which are to be applied in the agreement. The risk control function within each business unit sets credit policy in the form of certain parameter limits. These parameters include a maximum total

amount outstanding by borrower, maximum funding period and the level of deposits. Credit records are maintained for each transaction and scorecards are used in the approval process for both business and consumer customers. The UK Group has established a Credit Risk Committee, the members of which include directors and board members of HCUK, to oversee and approve significant changes to credit policy; changes to delegated credit approval authorities; new product types, programmes, origination sources or markets; and significant individual customer advances. If the exposure to any single party exceeds certain limits, annual reviews are performed to detect any deterioration in credit quality over time. The UK Group has no significant credit risk concentration as credit exposures are spread over a number of different customers.

Credit Risk from Financial Derivative Counterparties

This is the risk that a counterparty to one of HCUK's financial derivative transactions defaults on its payment obligations to the UK Group. Such a default could, when combined with a significant adverse market rate movement (such as a severe weakening of Sterling in foreign exchange markets) could potentially cause a significant loss to the UK Group which theoretically if large enough could endanger its future operation. To limit the potential of such a risk the UK Group only deals with counterparties approved by the Board of Directors, and that have had a credit rating assigned to them by an international credit rating agency that meets a minimum standard. The size of the UK Group's exposure to each counterparty, its credit rating and its credit default swap spread are all monitored to ensure that the aggregate value of exposure is well spread throughout the group of approved counterparties and concentration with any one single counterparty is limited. Credit quality is monitored at least quarterly and the limits both by counterparty and overall are reviewed annually.

Interest Rate Risk

The UK Group's assets are virtually all written at a fixed rate of interest and consequently there is a risk of reduced future profitability if the cost of the UK Group's borrowings taken out to fund its assets were to rise to above that which had been assumed when the assets were written. This could potentially create losses over a period of time but would only threaten payment of principal and interest of Notes when the size of the losses exceeded the size of the UK Group's equity capital and reserves. However this risk is reduced by a large amount by the active management of future interest costs achieved by the application of fixed rate borrowings and interest rate derivatives to match the interest rate duration of the fixed rates built into the portfolio of assets. This matching is maintained within a percentage range approved by HCUK's Board.

Liquidity Risk

The UK Group funds itself from a variety of sources (in order of size): Notes issued under the Programme, through a securitisation programme, medium term syndicated loans, bilateral term loans, and borrowings from other Hitachi, Ltd. group companies. The UK Group's borrowing strategy is to firstly ensure continuity of funding but at the same time to minimise cost and risk whilst preserving flexibility through the use of borrowings with a range of maturities. The availability of these and other types of funding available (such as ECP and BCP) depend on the willingness of investors and lenders to purchase debt or lend to HCUK. Any severe adverse change to the credit rating of HCC or severe market instability could impact upon HCUK's ability to issue certain types of debt and lead to either increased cost due to increased credit spreads or the use of sub-optimal sources to fund new borrowings and the refinancing of existing borrowings. This would adversely impact the cost of borrowing and potentially reduce the profitability of the UK Group were the economic situation to be such that these increases could not be passed on to the UK Group's customers. Severe global financial market disruption could potentially prevent the roll-over of maturing funding and compromise the ability of banks to provide short-term financing. Theoretically, this could force the UK Group to temporarily cease writing new business in order to conserve cash to meet liabilities as they become due, and as a result would also reduce the future profitability of the UK Group and thus reduce the size of insulation from default provided by the size of the UK Group's equity and reserves. This risk is significantly reduced by the use of term funding of a duration that, in general, exceeds that of the maturity of the funded assets and the risk is further reduced by the maintenance of an adequate equity base relative to the size of borrowings and assets.

Currency Risk

The UK Group is exposed to foreign currency rate risk due to the use of foreign currency borrowings

taken out to fund the UK Group's Sterling denominated assets. If the borrowings were not hedged, then there is a risk that were Sterling to weaken significantly then the UK Group could make a significant loss and require significantly more Sterling to repay the loan than was derived from it when taken out. The combination of a significant weakening of Sterling combined with un-hedged currency borrowings could prove sufficient to cause the UK Group to run out of cash to repay maturing borrowings. However, the UK Group's policy is to eliminate 100 per cent. of all foreign exchange rate risk. This is primarily achieved by entering into cross currency swaps which effectively convert non-Sterling borrowings into Sterling at the time of issuance of the debt. Currency risk will therefore only arise if a cross-currency swap counterparty defaults. A system of credit exposure monitoring based on counterparty credit ratings is in place to manage the exposure to swap counterparties, as described in the preceding paragraph "*Credit Risk from Financial Derivative Counterparties*".

Operational Risk

Operational risk is the risk of loss arising from a significant and prolonged systems failure, significant and repeated human error, very large scale fraud or large scale external events. Such situations could cause a financial loss larger than the UK Group's equity capital and reserves or cause an irrecoverable loss of reputation that could cause future losses and hence endanger repayment of principal and interest of Notes over time. The UK Group cannot expect to reduce all operational risks to nil, but it endeavours to reduce these risks to manageable levels through a control framework and by monitoring and responding to potential risks and having, for instance, business continuity plans and arrangements with external parties in place. Internal controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and risk assessment processes.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the relevant Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Risk of Significant and Rapid Change in Economic Conditions

Sudden and significant adverse changes in overall economic conditions could result in less demand for finance from the UK Group's customer base and an increase in defaults - both of which may negatively affect the UK Group's profitability. For instance a sudden increase in unemployment could potentially give rise to increased bad debt write-off in HCUK's Consumer Finance business. The combination of a severe decrease in new business volumes and increased bad debt could cause the UK Group to post losses, thus eroding its equity and reserves hence potentially compromising its ability to repay principal and interest of Notes in the future. However, this risk is mostly eliminated by the current size of the UK Group's equity and reserves, the careful selection of credit risk (see "*Credit Risk from Trading Operations*") and the fact that in general the UK Group's borrowings are deliberately managed to be repayable after its assets will have been collected.

Additionally, increased unemployment could lead to increased payouts on payment protection plans previously sold by HCUK's insurance business. This particular risk is now very limited due to the insurance business being in run-off and future risks being already provided for at a 95 per cent. confidence level (see "*Description of Hitachi Capital (UK) PLC — Business Units — Insurance Services*").

Residual Value Risk

This is the risk that the sale of a physical asset at the end of or termination of a lease, yields an amount that is less than the value that was assumed would be recovered in the relevant finance agreement. Residual value risk occurs primarily within the Vehicle Solutions and Business Finance business units (as defined in "*Description of Hitachi Capital (UK) PLC*"). A very large fall in the second hand market for the UK Group's assets with assumed residual value (such as cars) could cause the UK Group to realise losses in cash terms. This risk is mitigated mainly by the fact that the residual value portfolio is relatively small compared to the overall size of the UK Group's assets. Additionally, future residual value positions are only taken on after being assessed individually, and positioned against competitor benchmark assets, and attaining senior management approval. Residual value positions are monitored with reference to various industry benchmarking sources so that maturities can be managed effectively and any impairment risk minimised.

Business Continuity Risk

This is the risk that a major disaster or pandemic or other unexpected large scale adverse event could result in the UK Group being prevented from conducting business under the terms agreed with customers, suppliers or employees. Such an event could negatively impact on the quantity of new business written and damage business relationships, leading to reduced profitability or significant loss if the UK Group lost its ability to collect cash from customers. This in turn could potentially threaten HCUK's ability to repay principal and interest on Notes when due. To mitigate this risk, HCUK has in place business continuity plans and arrangements for each of its geographically dispersed operating units and backs up and archives systems and data. Furthermore, if necessary, the UK Group could contract out to third parties the collection of receivables which would provide cash to meet liabilities when they fall due.

Compliance and Regulatory Risk

There is a risk that changes in the regulatory framework within which the UK Group operates could reduce the UK Group's ability to conduct business profitably in the future. There is also a risk that if the UK Group fails to comply with registration or regulations it could eventually lead to penalties which could cause losses thus reducing HCUK's ability to repay Notes when due. To mitigate this risk, HCUK's Board ensures that appropriate mechanisms, committees and responsibilities are in place or assigned to identify, evaluate and manage the risks which could prevent HCUK from achieving its business plans and further more maintains an adequate level of equity and reserves to absorb some or all of such losses.

Factors that may affect HCA's ability to fulfil its obligations under Notes issued under the Programme

Credit Risk

HCA provides financing to large and small companies on a secured basis. It mitigates credit risk by limiting the size of customer exposure based on the type of equipment being financed, the structure of the transaction and the credit strength of the customer. Should there be an increase in the percentage of customers who cannot repay their outstanding obligations however, HCA may need to recognise an increase in its provision for doubtful accounts which may have a negative impact on its financial results.

HCA also provides limited recourse to several financial institutions that have purchased primarily Small Company Financing receivables (see "*Description of Hitachi Capital America Corp. — General*" for a description of HCA's Small Company Financing business). HCA has reserved for expected losses from these sold portfolios. Should there be an increase in the percentage of obligors who cannot repay their outstanding obligations, HCA may need to recognise an increase in its provision for doubtful accounts under these recourse arrangements, which may have a negative impact on its financial results.

HCA believes that it has adequate controls to manage these risks. Nevertheless, if the number of customers or obligors who cannot repay their outstanding obligations were to increase unexpectedly, it is possible for defaulted amounts to exceed HCA's capital and its capacity to absorb such defaults, and HCA may encounter difficulties in making payments on Notes issued under the Programme.

Interest Rate Risk

HCA provides financing to its customers primarily on a fixed rate basis. A portion of HCA's liabilities are floating rate which gives rise to interest rate risk. When interest rates rise, the result may be a higher cost of borrowing and a reduction in profitability. HCA monitors this risk on a continual basis and evaluates the use of additional fixed rate debt including debt through the Programme as well as derivatives such as interest rate swaps as necessary. While HCA has made efforts to mitigate this risk, HCA offers no assurance that the risk has been eliminated. A sudden rise in interest rates may have an adverse impact on HCA's financial expenses and result in a deterioration of its financial results.

The counterparties to HCA's interest rate swaps are large international banks with investment grade ratings. The use by HCA of derivatives such as interest rate swaps is based on the expectation of performance by the counterparty to the derivative. In the event of non performance by the counterparties, HCA's financial results may be negatively affected.

Liquidity Risk

HCA currently raises capital through its U.S. commercial paper programme, the Programme and by borrowing under various loan facilities. HCA may face a potential liquidity shortfall if it is unable to repay debt as it matures either by using available cash or raising new debt.

HCA's U.S. commercial paper programme and the Programme are guaranteed by HCC, which may be subject to credit rating downgrades by the credit rating agencies. Such downgrades may limit HCA's ability to borrow in the capital markets and thus make it more difficult to refinance its obligations and increase its cost of funding. This may adversely affect HCA's financial results.

HCA has committed and uncommitted back up lines with various financial institutions to provide liquidity to mitigate such events. In addition, HCA has a syndication function and has been successful in selling annually a portion of both its Large Company Financing (see "*Description of Hitachi Capital America Corp. — General*" for a description of HCA's Large Company Financing business) and Small Company Financing portfolio. While HCA actively makes efforts to mitigate liquidity risk, HCA offers no assurance that the risk has been eliminated.

Currency Risk

HCA issues foreign currency based debt through the Programme. The majority of the Notes issued under the Programme are in a currency other than U.S. dollars. Since HCA's operations are in the U.S., issuance of Notes in a currency other than U.S. dollars gives rise to currency risk. HCA eliminates the currency risk (subject to performance by the counterparties) through the use of derivatives, such as currency swaps, which effectively convert the foreign currency to U.S. dollars.

The counterparties to HCA's currency swaps are large international banks with investment grade ratings. The use by HCA of derivatives such as currency swaps is based on the expectation of performance by the counterparty to the derivative. In the event of non performance by these counterparties, HCA may need to secure funding in a particular foreign currency on its own, which may be difficult during times of financial turbulence. If HCA were not able to secure sufficient funding in a particular foreign currency either through the use of currency swaps with counterparties or in the market, HCA may encounter difficulties in making payments on Notes issued under the Programme.

Administrative and System Risks

HCA carries out its business activities using various information systems. Any error, including administrative or accidental human error as well as fraud by employees, unauthorised access to the systems or a computer virus from outside HCA, or a stoppage or breakdown of internal operating systems (for whatever reason), could have an adverse impact on HCA's business results.

To mitigate these risks, HCA has in place a back up generator at its main facility as well as access to a third party disaster recovery site. HCA utilises a firewall managed by a major service provider to protect its internal systems from unauthorised external access. Access to major internal computer systems is limited to only authorised staff.

Despite HCA's efforts, situations may arise that could result in unexpected financial losses which exceed HCA's equity capital and reserves or that could result in future losses. As a result, HCA may encounter difficulties in making payments on Notes issued under the Programme.

Market Risk

There is a risk that HCA will not be able to compete effectively against its competitors due to aggressive external competition which may result in HCA experiencing difficulty in retaining and attracting customers. This may result in a reduction of financing volume and may negatively affect HCA's profitability. While HCA will make every effort to remain competitive, if it were unable to retain and attract customers, HCA may encounter difficulties in making payments on Notes issued under the Programme.

Risk of Economic Downturn

A significant contraction in economic growth could give rise to credit risk in both Large Company

Financing and Small Company Financing and a decrease in customer demand for secured lending and leasing. This may result in a reduction in new business volume and may negatively affect HCA's profitability. The combination of a severe decrease in new business volume and an increase in bad debt could result in a deterioration of HCA's financial results and erode HCA's equity capital and reserves. As a result, HCA may encounter difficulties in making payments on Notes issued under the Programme.

Residual Value Risk

There is a risk that the value of a physical asset at the end of an operating or finance lease contract or at the end of its useful life will be worth less than its book value. Certain manufacturers guarantee the majority of HCA's residual values. HCA is required to fulfil certain provisions required by the manufacturers in order for the guarantees to be in effect. Non-performance by HCA of these provisions may result in the release of the manufacturers from their guarantee obligations. Without the guarantee payment from the manufacturer, HCA may not fully recover the value of the residuals and this may negatively affect HCA's profitability. While HCA believes that it has adequate internal controls in place to mitigate this risk, no assurances can be given that this risk has been eliminated. In addition, there is also a risk that the manufacturer will not be able to fulfil its guarantee of the residual due to financial or other difficulties. In such situations, HCA's profitability may be adversely affected and it may encounter difficulties in making payments on Notes issued under the Programme.

Key Dependencies

HCA has relationships with certain manufacturers to promote its financing programmes with the manufacturer's customers. Should these relationships be withdrawn by the manufacturers, it may make it more difficult for HCA to extend credit to such manufacturers' customers. This may result in a reduction of new business volume, and may negatively affect HCA's profitability and ability to make payments on Notes issued under the Programme.

The loss of certain key employees has the potential to reduce HCA's profitability. While HCA has mitigated this risk by avoiding significant employee dependencies and establishing succession plans for key employees, such as divisional management, HCA offers no assurance that the risk has been eliminated. Failure to retain key employees may result in decreased new business volume, and therefore may negatively affect HCA's profitability and ability to make payments on Notes issued under the Programme.

Compliance and Regulatory Risk

There is a risk that changes in the regulatory framework within which HCA operates could reduce its ability to conduct business profitably in the future. There is also the risk that HCA may not be able to fully comply with registration or regulations resulting in penalties imposed by regulators which will negatively impact HCA's profitability. Such a situation could cause a financial loss exceeding HCA's equity capital and reserves, and could irrevocably damage HCA's reputation which may result in future losses. In such a situation, it may become difficult for HCA to make payments on Notes issued under the Programme.

Internal Controls

The system of internal controls currently implemented by HCA is designed to safeguard assets against unauthorised use, maintain proper accounting records and ensure the reliability of financial information. This system is designed to manage, but not eliminate, the risk of failure to achieve business objectives and provides reasonable rather than absolute assurances against material misstatement, loss or fraud. If HCA's internal controls were to fail, HCA's financial results may be negatively affected, thereby making it difficult for HCA to make payments on Notes issued under the Programme.

The Internal Controls Committee of HCA is responsible for implementing, monitoring, reviewing and improving HCA's system of internal controls. Such Committee which is chaired by the Chief Financial Officer includes the President and Chief Risk Officer as well as other senior executives in finance, legal, risk management and information technology. HCA's senior management is responsible for assessing the design and effectiveness of its internal controls.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the relevant Issuer or the Group will be unable to comply with its obligations as a company with

securities admitted to the Official List.

Business Continuity Risk

A disaster or other unexpected event may lead to the inability of HCA to conduct business under the terms agreed to with customers or dealers and manufacturers. Such an event may negatively impact HCA's profitability. If the financial loss from such disaster were to exceed HCA's equity capital and reserves or cause future losses, it may become difficult for HCA to make payments on Notes issued under the Programme.

Financial Reporting Risk

A failure of internal controls or fraud may lead to the misstatement of HCA's financial statements. This may result in a loss of confidence in the company by stakeholders and may negatively impact HCA's profitability. Such a situation could cause a financial loss exceeding HCA's equity capital and reserves or cause future losses, and HCA may encounter difficulties in making payments on Notes issued under the Programme.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the relevant Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

The Notes may be redeemed prior to maturity

In the event that the relevant Issuer or (if applicable) the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the relevant Issuer's taxing jurisdiction, or (if applicable) the Guarantor's taxing jurisdiction, or any authority therein or thereof having power to tax, the relevant Issuer may redeem all of the relevant Notes in accordance with the Terms and Conditions of the Notes.

In addition, an optional redemption feature of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes

The relevant Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that the market price of such Notes may be volatile, they may receive no interest, payment of principal or interest may occur at a different time or in a different currency than expected and they may lose all or a substantial portion of their principal.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay

any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Because global Notes are held by or on behalf of Clearstream, Luxembourg, Euroclear and/or any other agreed clearance system, investors will have to rely on their procedures for transfers, payments and communications with the relevant Issuer and (if applicable) the Guarantor

Notes issued under the Programme may be represented by one or more global Notes. Such global Notes will be deposited with a common depositary or, as the case may be, common safekeeper for Clearstream, Luxembourg, Euroclear and/or any other agreed clearance system, which will maintain records of the beneficial interests in the global Notes. While the Notes are represented by one or more global Notes, investors will be able to trade their beneficial interests only through Clearstream, Luxembourg, Euroclear and/or any other agreed clearance system, as the case may be.

While the Notes are represented by one or more global Notes, the relevant Issuer and (if applicable) the Guarantor will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Clearstream, Luxembourg, Euroclear and/or any other agreed clearance system, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Clearstream, Luxembourg, Euroclear and/or any other agreed clearance system, as the case may be, to receive payments under the relevant Notes. The relevant Issuer and (if applicable) the Guarantor has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global Notes.

Holders of beneficial interests in the global Notes will not have a direct right to vote in respect of the

relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Clearstream, Luxembourg, Euroclear and/or any other agreed clearance system, as the case may be, to appoint appropriate proxies.

Modification, waivers and meetings of Noteholders

The Terms and Conditions of the Notes and the Agency Agreement contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-European Union countries to the exchange of information relating to such payments.

A number of non-European Union countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant Issuer nor the Guarantor nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The relevant Issuer will be required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice at any time after the date of this Offering Circular.

Delisting

Where a particular issue of Notes is listed, the relevant Issuer will use all reasonable endeavours to maintain such listing unless the maintenance of such listing would be unduly burdensome. However, if after exercise of all reasonable endeavours it is unable to comply with the requirements for maintaining such listing or such maintenance is unduly burdensome, the relevant Issuer may delist such Notes from the stock exchange on which they are listed and use its reasonable endeavours to obtain and maintain a listing of such Notes on another major stock exchange or exchanges, such exchange(s) to be notified to the relevant Dealer.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that

such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks relating to Renminbi-denominated Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not freely convertible at present (see "*PRC Currency Controls*" below). The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong have been permitted to engage in the settlement of current account trade transactions in Renminbi under a pilot scheme introduced in July 2009 which originally applied to approved pilot enterprises in five cities in the PRC. The pilot scheme was extended in August 2011 to cover the whole nation and to make the settlement of current account trade transactions in Renminbi available worldwide.

However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually.

On 12 October 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Certain Issues Concerning Direct Investment Involving Cross border Renminbi" (商務部關於跨境人民幣直接投資有關問題的通知) (the "**MOFCOM Circular**"). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve Renminbi foreign direct investments ("**FDI**") with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13 October 2011, the People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投資人民幣結算業務管理辦法) (the "**PBoC FDI Measures**") as part of the implementation of the PBoC's detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over crossborder remittance of Renminbi in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new regulations in the PRC will not be promulgated in the

future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the relevant Issuer's or (if applicable) the Guarantor's ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC Government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and designated business customers. The PBoC has also established a Renminbi clearing and settlement mechanism for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBoC and the Bank of China (Hong Kong) Limited as the Renminbi clearing bank (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert Renminbi and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi denominated financial assets outside the PRC is limited. According to statistics published by the Hong Kong Monetary Authority (the "**HKMA**"), as of 30 April 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately Renminbi 552,372 million. In addition, participating authorised institutions are also required by the HKMA to maintain a total amount of Renminbi (in the form of cash, its settlement account balance and/or fiduciary account balance with the Renminbi Clearing Bank) of no less than 25 per cent. of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. They are only allowed to square their open positions with the Renminbi Clearing Bank after consolidating the Renminbi trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the Renminbi Clearing Bank has access to onshore liquidity support from the PBoC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement, for individual customers of up to Renminbi 20,000 per person per day and for designated business customers who receive Renminbi in exchange for providing their services. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the relevant Issuer or (if applicable) the Guarantor is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the relevant Issuer or (if applicable) the Guarantor will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Terms and Conditions of the Notes applicable to Renminbi Notes, the relevant Issuer or (if applicable) the Guarantor can make payments in U.S. dollars.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar

terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (as defined in Condition 5(f) (*Payments — Payment of U.S. Dollar Equivalent*)), the relevant Issuer or (if applicable) the Guarantor is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Terms and Conditions of the Notes allow the relevant Issuer or (if applicable) the Guarantor to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in Condition 5(f) (*Payments — Payment of U.S. Dollar Equivalent*). As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollar or other foreign currency terms will decline.

An investment in Renminbi Notes is subject to interest rate risk

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global Notes held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as the Renminbi Notes are represented by Notes in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The relevant Issuer and (if applicable) the Guarantor cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on 1 January 2008, any gain realised on the transfer of Renminbi Notes by non-resident enterprise Holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of the Renminbi Notes would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Renminbi Notes.

Therefore, if non-resident enterprise Holders are required to pay PRC income tax on gains on the transfer of the Renminbi Notes (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of Renminbi Notes reside that reduces or exempts the relevant tax), the value of their investment in the Renminbi Notes may be materially and adversely affected.

Remittance of proceeds into or outside of the PRC in Renminbi

In the event that the relevant Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and registration with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and registration with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as

extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the relevant Issuer or (if applicable) the Guarantor does remit some or all of the proceeds into the PRC in Renminbi and the relevant Issuer or (if applicable) the Guarantor subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes and (if applicable) the Guarantor will make any payments under the relevant Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Such rating(s) will not necessarily be the same as the ratings assigned to any of the Issuers, the Programme described in this Offering Circular or to Notes already issued.

The rating(s) assigned to any Notes may not reflect the potential impact of all risks related to the structure of the issue, market, additional factors discussed above, and other factors that may affect the value of the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

There are no guarantees that any rating assigned to an issue of Notes will be assigned or maintained. Any credit rating agency may lower its rating or withdraw its rating if, in the sole judgement of the credit rating agency, the credit quality of the Notes has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things,

any rating assigned to the Notes may be lowered. If any of the rating(s) assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced.

U.S. Foreign Account Tax Compliance Withholding

On 18 March 2010, the Hiring Incentives to Restore Employment Act (the "**HIRE Act**") was signed into the law. The HIRE Act will generally impose a withholding tax of 30 per cent. on interest income (including original issue discount) from, and the gross proceeds from a disposition of, debt obligations paid to a foreign financial institution (an "**FFI**", as defined under Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended), unless such FFI enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners). In addition, the HIRE Act will generally impose a withholding tax of 30 per cent. on interest income (including original issue discount) from, and the gross proceeds from a disposition of, debt obligations paid to a non-financial foreign entity unless such nonfinancial foreign entity provides the withholding agent with certain certification or information relating to U.S. ownership of the entity. This withholding tax will generally not apply to payments made on, or gross proceeds from a disposition of, debt obligations issued on or prior to 31 December 2012.

This withholding tax will be phased in from 1 January 2014 and may be triggered if (A) the relevant Issuer is treated as a United States person for U.S. federal income tax purposes, or (B)(i) the relevant Issuer is an FFI which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making such Issuer a "**Participating FFI**"), (ii) the relevant Issuer has a positive "passthru percentage" (as determined by IRS guidance) and (iii)(a) an investor does not provide information sufficient for the relevant Issuer to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI. Under certain circumstances, foreign persons might be eligible for refunds or credits of such taxes.

Noteholders will not be entitled to receive any additional amounts in the event that payments on the Notes are subject to withholding under the HIRE Act. The foregoing description is based in part on proposed regulations and official guidance that is subject to change.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the UK Listing Authority shall be incorporated in, and form part of, this Offering Circular:

- (a) the audited consolidated annual financial statements prepared under generally accepted accounting principles in Japan for the year ended 31 March 2012 of HCC and the auditors' report for the year ended 31 March 2012 (appearing at pages 14-46 of HCC's 2012 Annual Report);
- (b) the audited consolidated annual financial statements prepared under generally accepted accounting principles in Japan for the year ended 31 March 2011 of HCC and the auditors' report for the years ended 31 March 2011 and 30 March 2010 (appearing at pages 12-46 of HCC's 2011 Annual Report);
- (c) the audited consolidated annual financial statements prepared under International Financial Reporting Standards for the year ended 31 March 2012 of HCUK and the auditors' report for the year ended 31 March 2012 (appearing at pages 10-47 of HCUK's 2012 Annual Report);
- (d) the audited consolidated annual financial statements prepared under International Financial Reporting Standards for the year ended 31 March 2011 of HCUK and the auditors' report for the year ended 31 March 2011 (appearing at pages 10-54 of HCUK's 2011 Annual Report);
- (e) the audited non-consolidated annual financial statements prepared under generally accepted accounting principles in the United States for the years ended 31 March 2012 and 31 March 2011 of HCA and the auditors' report for the years ended 31 March 2012 and 31 March 2011;
- (f) the terms and conditions contained in pages 40 to 65 of the offering circular dated 8 August 2011;
- (g) the terms and conditions contained in pages 40 to 61 of the offering circular dated 9 August 2010;
- (h) the terms and conditions contained in pages 39 to 60 of the offering circular dated 12 August 2009;
- (i) the terms and conditions contained in pages 38 to 59 of the offering circular dated 29 August 2008;
- (j) the terms and conditions contained in pages 33 to 53 of the offering circular dated 29 August 2007;
- (k) the terms and conditions contained in pages 20 to 29 of the offering circular dated 15 December 2005;
- (l) the terms and conditions contained in pages 21 to 38 of the offering circular dated 15 November 2004; and
- (m) the terms and conditions contained in pages 21 to 38 of the offering circular dated 29 October 2003,

in each case, excluding all information incorporated therein by reference (such information is not relevant for prospective investors or is covered elsewhere in this Offering Circular); **provided that** any statement contained in a document all or the relative portion of which is incorporated by reference will be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein or in any supplement hereto, including any document incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Where only certain parts of a document are incorporated by reference, the non-incorporated parts of the document are either not relevant for investors or are covered elsewhere in the Offering Circular.

Following the publication of this Offering Circular a supplement may be prepared by the Issuers and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to

modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of each Issuer and from the specified office of the Principal Paying Agent in London. In addition, copies of such documents will be available on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Any websites referred to herein do not form part of this Offering Circular, nor are they incorporated by reference in this Offering Circular.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section "*Final Terms and Drawdown Prospectuses*", the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the relevant Issuer and (if applicable) the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer and the Guarantor have endeavoured to include in this Offering Circular all of the necessary information except for information relating to the Notes which is not known at the date of this Offering Circular and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the applicable Final Terms or in a Drawdown Prospectus. Such information will be contained in the applicable Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Offering Circular in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus or a new offering circular.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as completed by the applicable Final Terms.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the relevant Issuer and (if applicable) the Guarantor and the relevant Notes. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Offering Circular to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise.

FORM OF THE NOTES

General

The issue, exchange and transfer of Notes as described in this section "*Form of the Notes*" shall be effected pursuant to, and in accordance with, the provisions of the Agency Agreement (as defined under "*Terms and Conditions of the Notes*") and without charge to any holder of Notes (but against such indemnity as the Principal Paying Agent or Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such issue, exchange or transfer).

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Each of the Issuers may issue additional Tranches of Notes from time to time, which will be consolidated, form a single series and be interchangeable for trading purposes with the existing Tranche(s) of the Series on either (1) the issue date of the additional Tranche of Notes or (2) on exchange of the Temporary Global Note representing the additional Tranche of Notes for interests in the Permanent Global Note. Upon issuance of additional Tranches of Bearer Notes (if any) prior to the Exchange Date for a particular Tranche of Bearer Notes (as it may be extended), such Exchange Date will be extended (or further extended), without the consent of the Noteholders, until the fortieth day after the completion of the distribution of such additional Tranche of Bearer Notes. Upon issuance of additional Tranches of Registered Notes (if any) prior to the Exchange Date for a particular Tranche of Registered Notes (as it may be extended), such Exchange Date will be extended (or further extended), without the consent of the Noteholders, until the fortieth day after the completion of the distribution of such additional Tranche of Registered Notes.

Pursuant to the Agency Agreement, the Principal Paying Agent or the Registrar, as the case may be, shall arrange that, where an additional Tranche of Notes is issued which is intended to form a single series and be consolidated with an existing Tranche of Notes and such Notes will be represented on issue by a Temporary Global Note, the Notes of such additional Tranche shall be assigned a temporary common code and temporary ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to existing Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such additional Tranche.

A Note may be declared due and payable by a Noteholder upon the occurrence of an Event of Default, as described in Condition 9 of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that he wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void together with, in the case of a Global Registered Note, the corresponding entry in the Register (as defined under "*Terms and Conditions of the Notes*"). At the same time, holders of interests in such global Note credited to their account with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 17 August 2012, executed by the relevant Issuer.

Bearer Notes

Only HCC and HCUK may issue Notes in bearer form ("**Bearer Notes**").

Each Tranche of Bearer Notes will either be initially represented by a temporary global Note (without receipts, interest coupons or talons) (a "**Temporary Global Note**") or, if agreed between the relevant Issuer and the relevant Dealer, be represented by a permanent global Note (a "**Permanent Global Note**") which, in either case, unless otherwise agreed between the relevant Issuer and the relevant Dealer, will (i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream, Luxembourg; and (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg. Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal

and interest (if any) due prior to the Exchange Date (as defined below) will be made outside the United States and its possessions (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owner of such Bearer Note is not a U.S. person or a person who has purchased for resale, directly or indirectly, to any U.S. person, as required by U.S. Treasury Regulations and applicable U.S. securities laws, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it/they has/have received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is the later of (i) 40 days after the date on which any Temporary Global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non syndicated issue) or the relevant lead manager (in the case of a syndicated issue), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either (i) for interests in a Permanent Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and – if, at the time of exchange into definitive form, more than 27 coupon payments are left – talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) outside the United States and its possessions of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

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

No definitive Bearer Note delivered in exchange for a Temporary Global Note or a Permanent Global Note will be mailed or otherwise delivered to any location in the United States or its possessions in connection with any such exchange.

Registered Notes

HCC, HCUK and HCA may issue Notes in registered form ("**Registered Notes**"). HCA may only issue Registered Notes.

Each Tranche of Registered Notes will be in the form of either a global Registered Note (a "**Global Registered Note**") or definitive Registered Notes, without Receipts, Coupons or Talons attached, in each case as specified in the applicable Final Terms.

Prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to each Tranche of Notes, beneficial interests in a Global Registered Note or definitive Registered Notes may not be offered or sold to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act).

Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for definitive Registered Notes in accordance with its terms.

Payments of principal, interest and any other amount in respect of a Global Registered Note will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the relevant Global Registered Note. None of the relevant Issuer, (if applicable) the Guarantor, the Principal Paying Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in a Global Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will be made to the persons shown on the Register on the relevant Record Date (as defined under "*Terms and Conditions of the Notes*") immediately preceding the due date for payment in the manner provided in the Terms and Conditions of the Notes.

If the applicable Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for definitive Registered Notes", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable (free of charge) in whole, but not in part, for definitive Registered Notes, without Receipts, Coupons or Talons attached, upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Registered Note) to the Registrar as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, and in respect of Global Registered Notes only, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Registered Note issued in definitive Registered Note form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Registered Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Registrar.

If the applicable Final Terms specifies the form of Notes as being "definitive Registered Notes", then the Notes will at all times be in the form of definitive Registered Notes issued to each Noteholder in respect of their respective holdings.

Legends

The following legend will appear on all Notes and (if applicable) Receipts, Coupons and Talons:

"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, SOLD OR DELIVERED WITHIN THE UNITED STATES OR ITS POSSESSIONS OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE."

The following legend will appear on all global Bearer Notes, definitive Bearer Notes, receipts, interest coupons and talons issued by HCC or HCUK with an initial maturity of more than 1 year:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue

Code."

The sections of the Internal Revenue Code referred to provide that United States persons, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

The following legend will appear on all global Notes, definitive Notes, (if applicable) receipts and coupons (including talons) issued by (i) HCC or (ii) HCUK or HCA, in circumstances where any interest on the Notes is attributable to a business in Japan conducted by such Issuer in such manner as provided for in the Special Taxation Measures Law:

"Payment of interest on the Notes to an individual resident of Japan or a Japanese corporation (except for a financial institution designated by the Order for Enforcement of the Special Taxation Measures Law of Japan (the "**Cabinet Order**") which has complied with the requirements under Article 6 of the Special Taxation Measures Law of Japan), or to an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes (a "**Non-Resident Holder**") that, in either case, is a person having a special relationship (as described in Article 3-2-2, Paragraphs 5 through 7 of the Cabinet Order) with the Issuer (a "**Specially-Related Person of the Issuer**") will be subject to Japanese income tax at a rate of 15 per cent. (from and including 1 January 2013 to and including 31 December 2037, a rate of 15.315 per cent.) of the amount specified in sub-paragraph (a) or (b) below, as applicable:

- (a) if interest is paid to an individual resident of Japan or a Japanese corporation or to a Non-Resident Holder that is a Specially-Related Person of the Issuer (except as provided in sub-paragraph (b) below), the amount of such interest; or
- (b) if interest is paid to a public corporation, a financial institution or a financial instruments firm (which has complied with the Japanese tax exemption requirements) through its payment handling agent in Japan as provided in Article 3-3, Paragraph 6 of the Special Taxation Measures Law of Japan, the amount of such interest minus the amount provided in the Cabinet Order relating to the said Paragraph 6."

FORM OF THE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another Specified Currency). N.B. Notes issued by HCA must at all times have a minimum denomination of €100,000 (or its equivalent in other Specified Currencies) and be in multiples of €100,000 thereafter.

Final Terms dated [Date]

**HITACHI CAPITAL CORPORATION
HITACHI CAPITAL (UK) PLC
HITACHI CAPITAL AMERICA CORP.**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by Hitachi Capital Corporation]

under the
U.S.\$2,500,000,000
EURO NOTE PROGRAMME

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated 17 August 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [and the supplement[s] thereto dated []] which constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. Copies of the Offering Circular [and the supplements thereto] may be obtained during normal business hours from the registered office of the Issuer and from the specified office of the Principal Paying Agent in London. In addition, copies of the Offering Circular will be available on the website of the Regulatory News Service operated by the London Stock Exchange.]/[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date], which are incorporated by reference in the Offering Circular dated 17 August 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 17 August 2012 [and the supplement[s] thereto dated []] which constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated 17 August 2012 [as so supplemented]. Copies of such Offering Circular [and the supplement[s] thereto] may be obtained during normal business hours from the registered office of the Issuer and from the specified office of the Principal Paying Agent in London. In addition, copies of the Offering Circular will be available on the website of the Regulatory News Service operated by the London Stock Exchange.]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in these Final Terms to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.

1. (i) Issuer: [Hitachi Capital Corporation/Hitachi Capital (UK) PLC/Hitachi Capital America Corp.]
- (ii) Guarantor: Hitachi Capital Corporation]
2. (i) Series Number: []
- (ii) Tranche Number: []

- [(iii) Date on which the Notes become fungible: [Not Applicable/[]]]
3. Specified Currency [or Currencies]: []
4. Aggregate Nominal Amount:
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: []
6. (i) Specified Denomination(s): []
- (ii) Calculation Amount: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date []
8. Maturity Date: []
9. Interest Basis: [[] per cent. Fixed Rate]
[[] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Dual Currency Interest]
10. Redemption/Payment Basis: [Redemption at par]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
11. Change of Interest Basis or Redemption/Payment Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Not Applicable]
[Investor Put]
[Issuer Call]
13. Date of Board Resolutions: [] [and [] respectively]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [] per cent. per annum payable on each Interest Payment Date
- (ii) Interest Payment Date(s): []
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (v) Fixed Day Count Fraction: [Actual/Actual (ICMA) / 30/360 / Actual/365 (Fixed)]

- (vi) [Determination Dates: [] in each year]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [[] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iii) below]
- (ii) First Interest Payment Date: []
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Additional Business Centre(s): []
- (v) Manner in which the Rate(s) of Interest and Interest Amount(s) is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): []
- (vii) Screen Rate Determination:
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
- (viii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (ix) Margin(s): [+/-] [] per cent. per annum
- (x) Minimum Interest Rate: [] per cent. per annum
- (xi) Maximum Interest Rate: [] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 30E/360 / 30E/360 (ISDA)]
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []

- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and 6(j) apply]
17. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
- (i) Rate of Exchange: []
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): []
- (iii) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [] per Calculation Amount
- (b) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period: []
19. Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: []
- (iii) Notice period: []
20. Final Redemption Amount: [] per Calculation Amount
21. Early Redemption Amount
- Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for [a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]/Definitive Notes

on and after the Exchange Date]/[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event.]]

[Global Registered Note exchangeable for definitive Registered Notes [on [] days' notice given at any time/only upon the occurrence of an Exchange Event]/ [Definitive Registered Notes].

[TEFRA C/TEFRA D/TEFRA not applicable]

- (b) New Global Note: [Yes][No][Not Applicable]
23. Additional Financial Centre(s): []
24. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
25. Details relating to Partly Paid Notes: []
Amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
26. Details relating to Instalment Notes:
- (i) Instalment Amount(s): []
- (ii) Instalment Date(s): []

SIGNATURE[S]

Signed on behalf of [Hitachi Capital Corporation/Hitachi Capital (UK) PLC/Hitachi Capital America Corp.]:

By: [By:
Duly authorised *Duly authorised*]

[Signed on behalf of Hitachi Capital Corporation:

By:
Duly authorised]

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: []
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

[The Notes to be issued have not been rated.]/[The Notes to be issued have been rated:

[Standard & Poor's Ratings Japan K.K.: []]

[Rating and Investment Information, Inc.: []]

[Japan Credit Rating Agency, Ltd.: []]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to [] as [Manager[s]/Dealer[s]], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

4. [THIRD PARTY INFORMATION

[] has been extracted from []. The Issuer [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as [it/each of them] is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

6. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Names and addresses of additional Paying Agent(s) (if any): []

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and which will be endorsed on or attached to (or, if permitted by the relevant stock exchange or other relevant authority (if any) and agreed between the relevant Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes.

The relevant sections of the applicable Final Terms will be incorporated into, or attached to, each global Note and definitive Note. Reference should be made to "Form of the Final Terms" above for the form of the Final Terms which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a series of Notes issued by the Issuer named in the applicable Final Terms (the "**Issuer**") pursuant to, and with the benefit of, an amended and restated agency agreement dated 17 August 2012 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made among Hitachi Capital Corporation ("**HCC**"), Hitachi Capital (UK) PLC ("**HCUK**") and Hitachi Capital America Corp. ("**HCA**") as issuers, HCC as guarantor of Notes issued by HCUK and HCA (in such capacity, the "**Guarantor**") and HSBC Bank plc as principal paying agent and agent bank (in such capacity, the "**Principal Paying Agent**", which expression shall include any other successor principal paying agent), HSBC Bank plc as registrar (in such capacity, the "**Registrar**", which expression shall include any other successor registrar) and the other paying agents (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and transfer agents (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents) named therein.

The final terms applicable to this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms endorsed on, attached to or, as the case may be, incorporated in this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the deed of covenant (the "**Deed of Covenant**") dated 17 August 2012 and executed by the Issuer and (in the case of Notes issued by HCUK and HCA) the deed of guarantee (the "**Guarantee**") dated 17 August 2012 and executed by the Guarantor. Registered Notes (as defined below) are constituted by the Deed of Covenant. The original of the Deed of Covenant is held by a common depositary on behalf of Clearstream, Luxembourg (as defined below) and Euroclear (as defined below) and the original of the Guarantee is held by the Principal Paying Agent at its specified office for the time being.

The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of all the provisions of the Deed of Covenant, the Agency Agreement, the Guarantee and the applicable Final Terms which are binding on them.

Copies of the Agency Agreement, the Deed of Covenant and the Guarantee are available at the specified office of the Principal Paying Agent. Copies of the applicable Final Terms are available for viewing and copies may be obtained from the registered office of the Issuer and the specified office of the Principal Paying Agent save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be available to a Noteholder holding one or more such Notes upon such Noteholder producing evidence as to identity satisfactory to the Principal Paying Agent. Copies of each Final Terms relating to Notes offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or admitted to trading on a regulated market in a Member State of the European Economic Area will be available on the website of the Regulatory News Service operated by the London Stock Exchange.

References herein to:

- (i) "**Agents**" shall mean the Principal Paying Agent, the Registrar, the Paying Agents and the Transfer Agents, as the context permits;

- (ii) the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached hereto or incorporated herein **provided that**, in the case of a Tranche of Notes which is the subject of a separate prospectus specific to that Tranche of Notes (a "**Drawdown Prospectus**"), each reference to Final Terms or to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to the Drawdown Prospectus or to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise;
- (iii) "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons and references to "**Coupons**" shall, unless the context otherwise requires, be deemed to include a reference to Talons;
- (iv) "**Euroclear**" are to Euroclear Bank SA/NV and "**Clearstream, Luxembourg**" are to Clearstream Banking, société anonyme;
- (v) the "**Notes**" shall be references to the Notes of this Series and shall mean (1) any global Note, (2) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, and (3) any definitive Note (whether or not issued in exchange for a global Note) in each case for the time being outstanding, or as the context may require or a specific number of them;
- (vi) "**Noteholders**", "**holders**" or "**holders of Notes**", in relation to any Notes, shall (1) in the case of Bearer Notes, mean holders of the Notes, (2) in the case of Registered Notes, mean the person in whose name such Registered Note is for the time being registered in the Register (as defined herein) (or, in the case of a joint holding, the first named thereof) or (3) in the case of any Notes represented by a global Note, be construed as provided in Condition 1;
- (vii) "**Receiptholders**" shall mean the holders of the Receipts;
- (viii) "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (1) expressed to be consolidated and form a single series and (2) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices; and
- (ix) "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading).

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

1. **Form, Denomination, Title and Transfer**

The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), as specified in the applicable Final Terms, and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. Bearer Notes in definitive form

repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and global Notes do not have Receipts, Coupons or Talons attached on issue.

The holder of each Coupon, whether or not such Coupon is attached to a Bearer Note, in his capacity as such, shall be subject to, and bound by, all the provisions contained in the relevant Note.

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

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

Transfers of Registered Notes

- (a) *Register*: The Issuer will cause the Registrar to maintain a register (the "**Register**"), outside the United Kingdom, on which shall be entered the names and addresses of the holders of Registered Notes and the particulars of Registered Notes held by them and of all transfers of Registered Notes. Each Noteholder shall be entitled to receive only one definitive Registered Note certificate in respect of its entire holding of Registered Notes.
- (b) *Transfers of interests in global Registered Notes*: Transfers of beneficial interests in global Registered Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a global Registered Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for definitive Registered Notes or for a beneficial interest in another global Registered Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.
- (c) *Transfers of Definitive Notes in registered form*: Subject as provided in paragraphs (g) (*Close periods*) and (h) (*Regulations concerning transfers and registration*) below, a definitive Registered Note may be transferred in whole or in part (in the nominal amount of the lowest Specified Denomination or any integral multiple thereof) by the deposit by the transferor of the definitive Registered Note for registration of the transfer at the specified office of a Transfer Agent with the form of transfer endorsed on the definitive Registered Note duly completed and executed by or on behalf of the transferor and upon the relevant Transfer Agent (after due and careful enquiry) being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar may prescribe. Subject as provided above, the relevant Transfer Agent will, within three days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee)

send by uninsured mail, to such address as the transferee may request, a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of the transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

- (d) *Registration of transfer upon partial redemption:* In the case of a partial redemption of a holding of Registered Notes represented by a single definitive Registered Note, a new definitive Registered Note shall be issued to the holder to reflect the balance of the holding not redeemed. New Definitive Notes in registered form shall only be issued against surrender of the existing Definitive Notes in registered form to the relevant Transfer Agent. In the case of a partial redemption of a holding of Registered Notes represented by a global Note in registered form, the global Note in registered form shall be endorsed to reflect such partial redemption.
- (e) *Delivery of new Definitive Notes in registered form:* Subject as provided above, the Registrar or the relevant Transfer Agent will, within three Transfer Business Days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of the transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.
- (f) *Costs of registration:* Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than at the specified office of a Transfer Agent or by uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.
- (g) *Closed periods:* No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined below).
- (h) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2. **Status of the Notes and Guarantee**

(a) *Status of the Notes*

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

(b) *Status of the Guarantee*

This Condition 2(b) is applicable only in relation to Notes issued by HCUK and HCA. The obligations of the Guarantor under the Guarantee constitute (subject to Condition 3) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu*

and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.

3. **Negative Pledge**

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

Where the Issuer is HCUK, so long as any of the Notes remain outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to be outstanding any pledge, lien, mortgage or other charge upon the whole or any part of the property or assets, present or future, of the Issuer to secure for the benefit of the holders of any Securities (i) payment of any sum due in respect of Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any indemnity or other like obligation relating to Securities, in any such case in which either such Securities are by their terms payable, or confer a right to receive payment, in any currency other than Sterling, or such Securities are denominated in Sterling and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the United Kingdom by or with the authorisation of the issuer thereof, without in any such case at the same time according to the Notes the same security as is granted to or is existing in respect of such Securities or such other security or guarantee as shall be approved by an Extraordinary Resolution of the holders of the Notes (as defined in the Agency Agreement).

Where the Issuer is HCA, so long as any of the Notes remain outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to be outstanding any pledge, lien, mortgage or other charge upon the whole or any part of the property or assets, present or future, of the Issuer to secure for the benefit of the holders of any Securities (i) payment of any sum due in respect of Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any indemnity or other like obligation relating to Securities, without in any such case at the same time according to the Notes the same security as is granted to or is existing in respect of such Securities or such other security or guarantee as shall be approved by an Extraordinary Resolution of the holders of the Notes (as defined in the Agency Agreement).

For the purposes of this Condition 3:

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

- (i) either:
 - (a) are denominated or payable in, or by reference to, or may at the option of the person entitled thereto be or become payable in, or by reference to, a currency or currencies other than Yen; or
 - (b) are denominated or payable in Yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of HCC outside Japan; and
- (ii) are not repayable (otherwise than at the option, or due to the default, of HCC) within three years from the date of their issue; and
- (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market outside Japan; and

"Securities" means bonds, debentures, notes or other similar investment securities of the Issuer

or any other person which are capable of being listed on any stock exchange.

4. **Interest**

(a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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

Except in the case of Bearer Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount, is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are Registered Notes in definitive form or represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Registered Notes in definitive form or global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes represented by Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

For Renminbi Notes (as defined in Condition 5(f)) which are Fixed Rate Notes, where the Interest Payment Dates specified in the applicable Final Terms are subject to modification, each Fixed Coupon Amount shall be calculated by multiplying the product of the relevant Rate of Interest and the relevant Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes being rounded upwards.

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

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
 - (a) in the case of Notes where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365.

In these Terms and Conditions:

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

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

(b) ***Interest on Floating Rate Notes***

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

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

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

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

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

- (A) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to interest payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London) and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively, (2) in relation to any sum payable in euro a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system (the "**TARGET2 System**") is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (ii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other party specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or that other party were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the

Issue Date of the first Tranche of Notes (the "**ISDA Definitions**"), and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

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

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

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of

Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Principal Paying Agent or such other party specified in the applicable Final Terms (the "**Calculation Agent**") will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent, if applicable, will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent or Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are Registered Notes in definitive form or are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, the aggregate outstanding nominal amount of the Notes represented by such Registered Notes in definitive form or global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes that are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

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

- (A) If "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) If "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (F) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (G) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 in which case D₂ will be 30.

(v) *Notification of Rate of Interest and Interest Amount*

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

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), by the Principal Paying Agent or such other agent as is specified in the applicable Final Terms, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, (if applicable) the Guarantor, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, (if applicable) the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or that other agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

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

(d) *Interest on Partly Paid Notes*

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

(e) ***Accrual of Interest***

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

5. **Payments**

(a) ***Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro and Renminbi will be made at the option of the bearer either by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively), **provided, however, that** no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States;
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque, **provided, however, that** no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States;
- (iii) payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 5(f), will be made by credit or transfer to a U.S. dollar account (or any other account to which U.S. dollar may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, **provided, however, that** no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States; and
- (iv) payments in Renminbi will be made by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong.

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

(b) ***Payments in respect of Bearer Notes, Receipts and Coupons***

This Condition 5(b) is only applicable to Bearer Notes.

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

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

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

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive Bearer Note form becomes due and repayable, unmaturred Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

Payments of principal and interest (if any) in respect of Notes represented by any global Bearer Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant global Bearer Note against presentation or surrender, as the case may be, of such global Bearer Note at the specified office of any Paying Agent outside the United States, subject as provided below. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such global Bearer Note either by such Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

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

Note shall have any claim against the Issuer or the Guarantor in respect of any payments due on that global Bearer Note.

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

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

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

(c) ***Payments in respect of Registered Notes***

This Condition 5(c) is only applicable to Registered Notes.

Payments of principal (including the final instalment of principal) in respect of definitive Registered Notes will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant definitive Registered Note at the specified office of any of the Paying Agents. Such payments will be made in accordance with paragraph (a) above but only by transfer to the Designated Account (as defined below) of the holder (or, in the case of joint holdings, the first named thereof) of the definitive Registered Note appearing in the Register at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date for payment.

For these purposes, "**Designated Account**" means the account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (1) in the case of payment in a Specified Currency other than euro and Renminbi, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland respectively), (2) in the case of a payment in euro, any bank which processes payments in euro and (3) in the case of a payment in Renminbi, a bank in Hong Kong.

Payments of interest and payments of instalments of principal (other than the final instalment of principal and other than any interest or instalment payments in Renminbi) in respect of definitive Registered Notes will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the relevant Paying Agent is located immediately preceding the relevant due date for payment to the holder (or, in the case of joint holdings, the first named thereof) of the definitive Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date for payment (the "**Record Date**") at his address shown in the Register at the close of business on the Record Date and at his risk. In the case of interest payments or instalments in Renminbi, and for any other Specified Currency upon application of the holder to the specified office of any Paying Agent not less than three business days in the city where the specified office of the relevant Paying Agent is located before the due date for any payment of interest or an instalment of principal (other than the final

instalment) in respect of a definitive Registered Note, the payment will be made in accordance with paragraph (a) above but only by transfer to a Designated Account on the due date in the manner provided in the second paragraph of this Condition 5(c). Any application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the definitive Registered Note which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each definitive Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such definitive Registered Note as set out in the first sentence of the second paragraph of this Condition 5(c).

So long as the Registered Notes are represented by a global Registered Note and such global Registered Note is held on behalf of a clearing system, the requirement that the relevant global Registered Notes shall be surrendered in order to receive payment shall not apply. Each payment in respect of a global Registered Note will be made in the same manner specified in this Condition 5(c) **provided that** such payments will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the relevant global Registered Note is being held is open for business.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of any cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post.

(d) ***Payment Day***

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London; and
 - (C) each Additional Financial Centre specified in the applicable Final Terms
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong,

provided, however, that in the case of any payment of any amount in respect of a Note represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, paragraph (i) above shall be disregarded for the purposes of this definition of "Payment Day".

(e) ***Interpretation of Principal and Interest***

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

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as designed in Condition 6(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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

(f) ***Payment of U.S. Dollar Equivalent***

This Condition 5(f) applies to Notes denominated in Renminbi (the "**Renminbi Notes**").

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer or (if applicable) the Guarantor is not able to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes when due in Renminbi, the Issuer or (if applicable) the Guarantor may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (Hong Kong time) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Noteholders in accordance with Condition 13 of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 5(f) will constitute valid payment, and will not constitute a default in respect of the Renminbi Notes.

For the purposes of these Conditions, "**U.S. Dollar Equivalent**" of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date.

For this purpose:

"Governmental Authority" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong or the PRC.

"Illiquidity" means the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which the Issuer or (if applicable) the Guarantor cannot, having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Renminbi Notes.

"Inconvertibility" means that the Issuer or (if applicable) the Guarantor determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 17 August 2012 and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"Non-transferability" means that the Issuer or (if applicable) the Guarantor determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to deliver Renminbi (i) between accounts inside Hong Kong or (ii) from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer or (if applicable) the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 17 August 2012 and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer or (if applicable) the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation).

"PRC" means the People's Republic of China.

"Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York City.

"Rate Calculation Date" means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions.

"Renminbi", **"RMB"** or **"CNY"** means the official currency of the People's Republic of China.

"Renminbi Dealer" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

"Spot Rate" means, for a Rate Calculation Date, the spot USD/RMB exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available USD/RMB official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(f) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, (if applicable) the Guarantor, the Agents and all Noteholders, Receiptholders and Couponholders.

6. **Redemption and Purchase**

(a) ***At Maturity***

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

(b) ***Redemption for Tax Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days' notice (or such other period as is indicated in the applicable Final Terms) to the Noteholders in accordance with Condition 13 and to the Principal Paying Agent and the Registrar (which notices shall be irrevocable), if:

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

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

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

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

If Issuer Call is specified in the applicable Final Terms the relevant Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice (or such other period as is indicated in the applicable Final Terms) to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days (or such other period as is indicated in the applicable Final Terms) before the giving of the notice referred to in (i), notice to the Principal Paying Agent and the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (the "**Redeemed Notes**") will be selected, in the case of Redeemed Notes represented by definitive Notes, individually by lot, and, in the case of Redeemed Notes represented by a global Note, in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes

represented by definitive Bearer Notes, a list of the certificate numbers of such Redeemed Notes and, in the case of Redeemed Notes represented by definitive Registered Notes, the nominal amount of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days (or such other period as is indicated in the applicable Final Terms) prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

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

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

To exercise the right to require redemption of the Note, the holder of the Note must, if this Note is a definitive Note and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) outside the United States and its possessions at any time during the business hours of such Paying Agent or the Registrar, as the case may be, falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Registrar (the "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6(d) and, in the case of definitive Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the definitive Registered Note so surrendered is to be redeemed, an address to which a new definitive Registered Note in respect of the balance of such definitive Registered Note is to be sent subject to and in accordance with the relevant provisions of Condition 1.

If this Note is a global Note, held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to a Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg from time to time and at the same time present or procure the presentation of the relevant global Note to the Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

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

(e) ***Early Redemption Amounts***

For the purpose of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early

Redemption Amount calculated as follows:

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

$$\text{Early Redemption Amount} = RP \frac{6}{1 + AY}^y$$

where:

"**RP**" means the Reference Price;

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

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

(f) ***Instalments***

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

(g) ***Partly Paid Notes***

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

(h) ***Purchases***

The Issuer, (if applicable) the Guarantor or any of their subsidiaries may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or (if applicable) the Guarantor, surrendered to any Paying Agent for cancellation.

(i) ***Cancellation***

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

(j) ***Late Payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and

repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

7. **Taxation**

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

- (a) in cases in which the Issuer is HCC:
 - (i) to a Noteholder, Receiptholder or Couponholder (A) who is for Japanese tax purposes treated as (I) an individual resident of Japan, (II) a Japanese corporation or (III) an individual non-resident of Japan or a non-Japanese corporation that, in either case, is a person having a special relationship with the Issuer as described in Article 6, Paragraph 4 of the Special Taxation Measures Law of Japan (Law No. 26 of 1957, as amended) (the "**Special Taxation Measures Law**") and Article 3-2-2, Paragraphs 5 to 7 of the Order for the Enforcement of the Special Taxation Measures Law of Japan (Cabinet Order No. 43 of 1957, as amended) (the "**Cabinet Order**") or (B) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of being connected with Japan; in all cases other than a connection by the mere holding of such Note, Receipt or Coupon or by the receipt of principal or interest in respect of any Note, Receipt or Coupon;
 - (ii) to a Noteholder, Receiptholder or Couponholder who would otherwise be exempt from any such withholding or deduction but (A) who fails (x) to comply with any applicable requirements to provide the information prescribed by the Special Taxation Measures Law and the Cabinet Order (the "**Exemption Information**") to enable a participant of an international clearing organisation or a financial intermediary (the "**Participant**") to establish that such Noteholder, Receiptholder or Couponholder is exempt from the requirements for taxes to be withheld or deducted to the Participant or (y) to submit a claim for exemption from withholding tax (*hikazei tekiyo shinkokusho*) (a "**Claim for Exemption**") to the Paying Agent to whom the relevant Note, Receipt or Coupon is presented for payment; or (B) whose Exemption Information is not duly communicated through the Participant or the relevant international clearing organisation to such Paying Agent;
 - (iii) to a Noteholder, Receiptholder or Couponholder who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (A) a Japanese financial institution falling under certain categories prescribed by the Special Taxation Measures Law and the Cabinet Order (the "**Designated Financial Institution**") who complies with the requirement to provide the Exemption Information or to submit a Claim for Exemption and (B) an individual resident of Japan or a Japanese corporation who duly notifies (directly or through the Participant or otherwise) the relevant Paying

Agent or the Issuer of its status as exempt from taxes to be withheld or deducted by the Issuer by reason of such resident of Japan or Japanese corporation receiving interest or the relevant Note, Receipt or Coupon through a payment handling agent in Japan appointed by it;

- (iv) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union, and

where the interest on such Notes issued by HCUK or HCA is attributable to a business in Japan conducted by such Issuer in the manner provided for in the Special Taxation Measures Law, the consequences relating to the Notes issued by HCC in this Condition 7(a) are also applicable to the Notes issued by HCUK or HCA; and

(b) in cases in which the Issuer is HCUK:

- (i) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes, duties, assessments or governmental charges, in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom or, in the case of payments made by the Guarantor, (i) who is for Japanese tax purposes treated as a resident of Japan or as a Japanese corporation or (ii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of being connected with Japan; in all cases other than a connection by the mere holding of such Note, Receipt or Coupon or by the receipt of principal or interest in respect of any Note, Receipt or Coupon;
- (ii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (iii) in the case of payments made by HCUK, in the United Kingdom;
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and

(c) in cases in which the Issuer is HCA:

- (i) where the tax, duty, assessment or other governmental charge which is imposed would not have been so imposed but for (A) the existence of any present or former connection between such holder (or between a fiduciary, settlor, or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or a corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in a trade or business therein or having had a permanent establishment therein, or (B) such holder's present or former status as a passive foreign investment company with respect to

the United States or a controlled foreign corporation or a foreign tax exempt organisation for United States tax purposes or as a corporation which accumulates earnings to avoid United States federal income tax;

- (ii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (iii) on account of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, assessment or other governmental charge;
- (iv) where the tax, duty, assessment or other governmental charge which is imposed would not have been so imposed but for the failure to comply with certification, identification or other information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Note, if such compliance is required by statute or by regulation of the United States as a precondition of relief or exemption from such tax, duty, assessment or other governmental charge;
- (v) where the tax, duty, assessment or other governmental charge is payable otherwise than by withholding from a payment on a Note;
- (vi) where the tax, duty, assessment or other governmental charge is imposed on a Noteholder that actually or constructively owns 10 per cent. or more of the total combined voting power of all classes of stock of HCA entitled to vote, within the meaning of section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder;
- (vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (viii) any combination of items (i), (ii), (iii), (iv), (v), (vi) or (vii),

nor shall additional amounts be paid to any holder of a Note who is a fiduciary or partnership or other than the sole beneficial owner of the Note, if any, to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner of the Note, if any, would not have been entitled to payment of the additional amounts had such beneficiary, settlor, member or beneficial owner, if any, been the holder of the relevant Note, if any.

As used herein:

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

8. **Prescription**

The Notes and relating Receipts and Coupons (if any, in the case of Bearer Notes) will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

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

9. **Events of Default and Enforcement relating to Notes**

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

- (a) a default is made for a period of more than 14 days in the payment of any principal (whether becoming due upon redemption or otherwise) or payment of interest when due in respect of the Notes; or
- (b) a default is made by the Issuer or (if applicable) the Guarantor in the performance or observance of any covenant, condition or provision contained in the Notes or the Guarantee and on its part to be performed or observed (other than the covenant to pay the principal and interest in respect of any of the Notes) and such default continues for the period of 30 days next following the service by any Noteholder on the Principal Paying Agent or the Registrar of notice requiring such default to be remedied; or
- (c) any other bonds, debentures, notes or other indebtedness for money borrowed of the Issuer or (if applicable) the Guarantor having an aggregate outstanding principal amount of at least U.S.\$20,000,000 (or its equivalent in any other currency or currencies) (hereinafter called "**Indebtedness**") become or becomes prematurely repayable following a default which shall not have been remedied, or steps are taken to enforce any security therefor, or the Issuer or (if applicable) the Guarantor defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor or any guarantee of or indemnity in respect of any bonds, debentures, notes or other indebtedness for money borrowed of others given by the Issuer or (if applicable) the Guarantor and having an aggregate outstanding principal amount of at least U.S.\$20,000,000 (or its equivalent as aforesaid) shall not be honoured when due and called upon; or
- (d) a resolution is passed or an order of a court of competent jurisdiction is made for the winding-up or dissolution or administration of the Issuer otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or
- (e) an encumbrancer takes possession or a trustee or a receiver or an administrative receiver is appointed of the whole or a material part of the assets or undertaking of the Issuer; or
- (f) a distress, execution or seizure before judgment is levied or enforced upon and sued out against a part of the property of the Issuer which is material in its effect upon the operations of the Issuer and is not discharged within 30 days thereof; or
- (g) the Issuer (i) stops payment within the meaning of bankruptcy law of the jurisdiction of its incorporation, or (ii) (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (d)) ceases or through an official action of the Board of Directors of the Issuer threatens to cease to carry on business or (iii) is unable to pay its debts as and when they fall due; or
- (h) a decree or order by any court having jurisdiction shall have been issued adjudging the Issuer bankrupt or insolvent, or approving a petition seeking with respect to the Issuer reorganisation, under bankruptcy, composition, reorganisation or insolvency law of the jurisdiction of its incorporation and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or
- (i) the Issuer shall initiate or consent to proceedings relating to itself under bankruptcy, composition, reorganisation or insolvency law of the jurisdiction of its incorporation or shall make a conveyance or assignment for the benefit of, or shall enter into any composition with, its creditors generally; or

- (j) in the case of Notes issued by HCUK and HCA, a resolution is passed or an order of a court of competent jurisdiction is made that the Guarantor be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or
- (k) in the case of Notes issued by HCUK and HCA, an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Guarantor; or
- (l) in the case of Notes issued by HCUK and HCA, a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Guarantor which is material in its effect upon the operations of the Guarantor and is not discharged within 30 days thereof; or
- (m) in the case of Notes issued by HCUK and HCA, the Guarantor (i) stops payment (within the meaning of Japanese or any other applicable bankruptcy law) or (ii) (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (j)) ceases or through an official action of the Board of Directors of the Guarantor threatens to cease to carry on business or (iii) is unable to pay its debts as and when they fall due; or
- (n) proceedings shall have been initiated against (in the case of Notes issued by HCC) the Issuer or (in the case of Notes issued by HCUK and HCA) the Guarantor under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of 60 days; or
- (o) in the case of Notes issued by HCUK and HCA, the Guarantor shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of its creditors generally; or
- (p) in the case of Notes issued by HCUK and HCA, for any reason whatsoever the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

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

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

10. **Replacement of Notes, Receipts, Coupons and Talons**

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

11. **The Agents**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer and (if applicable) the Guarantor are entitled to vary or terminate the appointment of any

Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, **provided that:**

- (i) there will at all times be a Principal Paying Agent and a Registrar;
- (ii) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority), save to the extent that such requirement is met by virtue of (i), (iii) or (iv);
- (iii) there will at all times be a Paying Agent with a specified office in a principal financial centre in Europe and a Transfer Agent, save to the extent that such requirement is met by virtue of (i), (ii) or (iv); and
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive), save to the extent that such requirement is met by virtue of (i), (ii) or (iii).

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

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

12. Exchange of Talons

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

13. Notices

All notices regarding the Bearer Notes shall be valid if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. Any such notice will be deemed to have been given on the first date on which publication shall have been made in such newspaper.

All notices regarding the Registered Notes will be deemed to be validly given if sent by (first class) mail or (if posted to an address overseas) by airmail to the holders (or, in the case of a joint holding, the first named thereof) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing.

In addition, for so long as any Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, the Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of that competent authority or stock exchange on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of publication or, if published more than once or if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

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

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

14. **Meetings of Noteholders, Modification and Waiver**

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

The Principal Paying Agent and/or the Registrar, the Issuer and (if applicable) the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders (as applicable), to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons (as applicable) or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error.

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

15. **Further Issues**

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

16. **Contracts (Rights of Third Parties) Act 1999**

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

17. **Governing Law and Submission to Jurisdiction**

(a) ***Governing Law***

The Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) ***Submission to jurisdiction***

HCC, HCA and (where applicable) the Guarantor irrevocably agree, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and accordingly submit to the exclusive jurisdiction of the English courts.

HCC, HCA and (where applicable) the Guarantor waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons), against HCC, HCA and (where applicable) the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

(c) ***Appointment of Process Agent***

HCC, HCA and (where applicable) the Guarantor appoint Hitachi Capital (UK) PLC at its registered office at Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW (attention: Legal Department) as their agent for service of process, and each undertakes that, in the event of Hitachi Capital (UK) PLC ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) ***Other documents and the Guarantor***

HCC, HCA and (where applicable) the Guarantor have in the Agency Agreement, the Guarantee and the Deed of Covenant, and with regard to any non-contractual obligations arising out of or in connection with them, submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by each Issuer for the general corporate purposes of the Issuer which include making a profit. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No. 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

GUARANTEES

The following is the Guarantee given by the Guarantor in respect of Notes issued by Hitachi Capital (UK) PLC under the Programme:

THIS DEED OF GUARANTEE is made on 17 August 2012 by Hitachi Capital Corporation (the "**Guarantor**") in favour of the Beneficiaries (as defined in the Deed of Covenant referred to below).

WHEREAS:

- (A) Hitachi Capital (UK) PLC (the "**Issuer**") and, *inter alia*, the Guarantor have entered into an Amended and Restated Dealer Agreement (the "**Dealer Agreement**", which expression includes the same as it may be amended, restated or supplemented from time to time) dated 17 August 2012 with the Dealers named therein under which the Issuer proposes from time to time to issue Euro Notes (the "**Notes**", such expression to include each Definitive Note issued by the Issuer and each Global Note issued by the Issuer (where "**Definitive Note**" and "**Global Note**" have the meanings ascribed thereto in the Dealer Agreement) and to include any receipts issued in respect of Bearer Notes repayable in instalments).
- (B) The Issuer has executed a Deed of Covenant dated 17 August 2012 (the "**Deed of Covenant**") relating to the Notes, and constituting the Registered Notes, to be issued by the Issuer pursuant to the Dealer Agreement.
- (C) The Issuer and, *inter alia*, the Guarantor have entered into an Amended and Restated Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, restated or supplemented from time to time) dated 17 August 2012 with the agents named therein.
- (D) This Guarantee is intended to replace, in respect of Notes issued on or after the date hereof, the deed of guarantee dated 8 August 2011 (the "**Previous Deed of Guarantee**") executed by the Guarantor.
- (F) In relation to any Series of Notes, terms defined in the Conditions of such Notes (the "**Conditions**", which term shall mean the Conditions set out in the Schedule of Forms relating to the Issuer's Euro Note Programme as in force on the date of issue of the first Tranche of the relevant Notes (as completed by the applicable Final Terms or as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus)) and in the Dealer Agreement and not otherwise defined in this Guarantee shall have the same meaning when used in this Guarantee.

NOW THIS DEED WITNESSES as follows:

1. **Replacement of Previous Deed of Guarantee:** Any Notes issued on or after the date of this Guarantee shall have the benefit of this Guarantee but shall not have the benefit of any subsequent guarantee executed by the Guarantor (unless expressly so provided in any such subsequent guarantee). This does not affect any Notes issued prior to the date of this Guarantee or any Notes issued on or after the date of this Guarantee and which are consolidated with, and form a single Series with, the Notes of any Series issued prior to the date of this Guarantee. Subject to such replacement, the Previous Deed of Guarantee shall continue in full force and effect.
2. **Guarantee:** The Guarantor irrevocably and unconditionally guarantees by way of deed poll to each Beneficiary that if for any reason the Issuer does not pay any sum payable by it to such Beneficiary in respect of any Note or Coupon or under the Deed of Covenant (including any premium or any other amounts of whatever nature or additional amounts which may become payable under any of the foregoing) as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Beneficiary on demand the amount (as to which the certificate of such Beneficiary shall in the absence of manifest error be conclusive) payable by the Issuer to such Beneficiary.
3. **Guarantor as Principal Debtor:** Without affecting the Issuer's obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal debtor and not merely a surety.

Accordingly, it will not be discharged, nor will its liability be affected, by anything which but for this provision might operate to affect its liability (including (a) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (b) any amendment to any Note, any Coupon or the Deed of Covenant or to any security or other guarantee or indemnity, (c) the making or absence of any demand on the Issuer or any other person for payment, (d) the enforcement or absence of enforcement of any Note, any Coupon, the Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person or (g) the illegality, invalidity or unenforceability of or any defect in any provision of any Note, any Coupon or the Deed of Covenant or any of the Issuer's obligations under any of them).

4. **Guarantor's Obligations Continuing:** The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains, or is capable of remaining, payable under any Note, any Coupon or the Deed of Covenant. Furthermore, these obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of a Beneficiary, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands whatsoever.
5. **Repayment to the Issuer:** If any payment received by a Beneficiary is, on the subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.
6. **Indemnity:** As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer under any Note, any Coupon or the Deed of Covenant but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Beneficiary) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Beneficiary on demand. This indemnity constitutes a separate and independent cause of action and will apply irrespective of any indulgence granted by any Beneficiary.
7. **Status of Guarantee:** The obligations of the Guarantor under this Guarantee constitute (subject to clause 8 below) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu* and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
8. **Negative Pledge:** So long as any of the Notes remains outstanding (as defined in the Agency Agreement) or any sum remains payable under the Deed of Covenant the Guarantor will not create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any External Indebtedness upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any External Indebtedness issued by it, without at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such External Indebtedness or such other security or guarantee as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of this clause 8, "**External Indebtedness**" means any indebtedness in the form of or represented by bonds, notes, debentures or other securities which:

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

authorisation of the Guarantor outside Japan; and

- (b) are not repayable (otherwise than at the option, or due to default, of the Guarantor) within three years from the date of their issue; and
- (c) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market outside Japan.

9. **Withholding or deduction:** All payments under this Guarantee by the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom, Japan or any political subdivision or any authority of either jurisdiction thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by a Beneficiary after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable:

- (a) in circumstances where any interest on the Notes is attributable to a business in Japan conducted by the Issuer in the manner provided for in the Special Taxation Measures Law of Japan (Law No. 26 of 1957, as amended) (the "**Special Taxation Measures Law**"), to a Beneficiary who is for Japanese tax purposes treated as an individual resident of Japan, a Japanese corporation or as a non-resident of Japan or a non-Japanese corporation that, in either case, is a person having a special relationship with the Issuer as described in Article 6, Paragraph 4 of the Special Taxation Measures Law and Article 3-2-2, Paragraphs 5 to 7 of the Order for Enforcement of the Special Taxation Measures Law of Japan (Cabinet Order No. 43 of 1957, as amended) (the "**Cabinet Order**") or who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of being connected with Japan, other than a connection by the mere holding of a Note, Receipt or Coupon or the mere crediting of Underlying Notes (as defined in the Deed of Covenant) to the Beneficiary's securities account with the Relevant Clearing System (as so defined);
- (b) in such circumstances as described in Clause 9(a) above, to a Beneficiary who would otherwise be exempt from any such withholding or deduction but (i) who fails (x) to comply with any applicable requirement to provide the information prescribed by the Special Taxation Measures Law and the Cabinet Order (the "**Exemption Information**") to enable a participant of an international clearing organisation or a financial intermediary (the "**Participant**") to establish that such Beneficiary is exempt from the requirements for taxes to be withheld or deducted to the Participant or (y) to submit a claim for exemption from withholding tax (*hikazei tekiyou shinkokusho*) (a "**Claim for Exemption**") to the Paying Agents (as defined in the Agency Agreement); or (ii) whose Exemption Information is not duly communicated through the Participant or the relevant international clearing organisation to the Paying Agents;
- (c) more than 30 days after the Relevant Date (as defined in Condition 7 of the Conditions of the Notes) except to the extent that the Beneficiary thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) in the case of Bearer Notes, presented for payment by or on behalf of a Beneficiary who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.

10. **Power to execute:** The Guarantor hereby warrants, represents and covenants with each Beneficiary that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with its terms.
11. **Deposit of Guarantee:** This Guarantee shall take effect as a Deed Poll for the benefit of the Beneficiaries from time to time and for the time being. This Guarantee shall be deposited with and held by HSBC Bank plc as Principal Paying Agent until all the obligations of the Guarantor have been discharged in full.
12. **Production of Guarantee:** The Guarantor hereby acknowledges the right of every Beneficiary to the production of, and the right of every Beneficiary to obtain a copy (free of charge) of, this Guarantee, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Beneficiary, and that each Beneficiary shall be entitled severally to enforce the said obligations against the Guarantor.
13. **Subrogation:** Until all amounts which may be payable under the Notes, the Coupons and/or the Deed of Covenant have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Beneficiary or claim in competition with the Beneficiaries against the Issuer.
14. **Governing Law and Jurisdiction:** This Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee shall be governed by, and construed in accordance with, English law. The Guarantor irrevocably agrees for the benefit of each Beneficiary that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee (including a dispute relating to any non-contractual obligations arising out of or in connection with this Guarantee) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Guarantee (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Guarantee) may be brought in the courts of England.

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

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

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

Signed as a deed by Hitachi Capital Corporation acting by its attorney, Mr Masao Nishida, Executive Officer of Hitachi Capital Corporation, in the presence of:

Witness's Signature:

Name:

Address:.....

.....

Dated 17 August 2012

The following is the form of Guarantee given by the Guarantor in respect of Notes issued by Hitachi Capital America Corp. under the Programme:

THIS DEED OF GUARANTEE is made on 17 August 2012 by Hitachi Capital Corporation (the "**Guarantor**") in favour of the Beneficiaries (as defined in the Deed of Covenant referred to below).

WHEREAS:

- (A) Hitachi Capital America Corp. (the "**Issuer**") and, *inter alia*, the Guarantor have entered into an Amended and Restated Dealer Agreement (the "**Dealer Agreement**", which expression includes the same as it may be amended, restated or supplemented from time to time) dated 17 August 2012 with the Dealers named therein under which the Issuer proposes from time to time to issue Euro Notes (the "**Notes**", such expression to include each Definitive Note issued by the Issuer and each Global Registered Note issued by the Issuer (where "**Definitive Note**" and "**Global Registered Note**" have the meanings ascribed thereto in the Dealer Agreement **provided, however, that** references to "Definitive Notes" herein shall be to Definitive Notes in registered form only) and to include any receipts issued in respect of Notes repayable in instalments).
- (B) The Issuer has executed a Deed of Covenant dated 17 August 2012 (the "**Deed of Covenant**") relating to the Notes, and constituting the Registered Notes, to be issued by the Issuer pursuant to the Dealer Agreement.
- (C) The Issuer and, *inter alia*, the Guarantor have entered into an Amended and Restated Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, restated or supplemented from time to time) dated 17 August 2012 with the agents named therein.
- (D) This Guarantee is intended to replace, in respect of Notes issued on or after the date hereof, the deed of guarantee dated 8 August 2011 (the "**Previous Deed of Guarantee**") executed by the Guarantor.
- (E) In relation to any Series of Notes, terms defined in the Conditions of such Notes (the "**Conditions**", which term shall mean the Conditions set out in the Schedule of Forms relating to the Issuer's Euro Note Programme as in force on the date of issue of the first Tranche of the relevant Notes (as completed by the applicable Final Terms or as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus)) and in the Dealer Agreement and not otherwise defined in this Guarantee shall have the same meaning when used in this Guarantee.

NOW THIS DEED WITNESSES as follows:

1. **Replacement of Previous Deed of Guarantee:** Any Notes issued on or after the date of this Guarantee shall have the benefit of this Guarantee but shall not have the benefit of any subsequent guarantee executed by the Guarantor (unless expressly so provided in any such subsequent guarantee). This does not affect any Notes issued prior to the date of this Guarantee or any Notes issued on or after the date of this Guarantee and which are consolidated with, and form a single Series with, the Notes of any Series issued prior to the date of this Guarantee. Subject to such replacement, the Previous Deed of Guarantee shall continue in full force and effect.
2. **Guarantee:** The Guarantor irrevocably and unconditionally guarantees by way of deed poll to each Beneficiary that if for any reason the Issuer does not pay any sum payable by it to such Beneficiary in respect of any Note or under the Deed of Covenant (including any premium or any other amounts of whatever nature or additional amounts which may become payable under any of the foregoing) as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Beneficiary on demand the amount (as to which the certificate of such Beneficiary shall in the absence of manifest error be conclusive) payable by the Issuer to such Beneficiary.
3. **Guarantor as Principal Debtor:** Without affecting the Issuer's obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which but for

this provision might operate to affect its liability (including (a) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (b) any amendment to any Note or the Deed of Covenant or to any security or other guarantee or indemnity, (c) the making or absence of any demand on the Issuer or any other person for payment, (d) the enforcement or absence of enforcement of any Note, the Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person or (g) the illegality, invalidity or unenforceability of or any defect in any provision of any Note or the Deed of Covenant or any of the Issuer's obligations under any of them).

4. **Guarantor's Obligations Continuing:** The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains, or is capable of remaining, payable under any Note or the Deed of Covenant. Furthermore, these obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of a Beneficiary, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands whatsoever.
5. **Repayment to the Issuer:** If any payment received by a Beneficiary is, on the subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.
6. **Indemnity:** As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer under any Note or the Deed of Covenant but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Beneficiary) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Beneficiary on demand. This indemnity constitutes a separate and independent cause of action and will apply irrespective of any indulgence granted by any Beneficiary.
7. **Status of Guarantee:** The obligations of the Guarantor under this Guarantee constitute (subject to clause 8 below) direct, unconditional and unsecured obligations of the Guarantor and shall at all times rank *pari passu* and without any preference among themselves and (with the exception of obligations in respect of national and local taxes and certain other statutory exceptions and subject as aforesaid) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.
8. **Negative Pledge:** So long as any of the Notes remains outstanding (as defined in the Agency Agreement) or any sum remains payable under the Deed of Covenant the Guarantor will not create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any External Indebtedness upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any External Indebtedness issued by it, without at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such External Indebtedness or such other security or guarantee as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of this clause 8, "**External Indebtedness**" means any indebtedness in the form of or represented by bonds, notes, debentures or other securities which:

- (a) either:
 - (i) are denominated or payable in, or by reference to, or may at the option of the person entitled thereto be or become payable in, or by reference to, a currency or currencies other than Yen; or
 - (ii) are denominated or payable in Yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of the Guarantor outside Japan; and
- (b) are not repayable (otherwise than at the option, or due to the default, of the Guarantor)

within three years from the date of their issue; and

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

9. **Withholding or deduction:** All payments under this Guarantee by the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United States, Japan or any political subdivision or any authority of either jurisdiction thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by a Beneficiary after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such additional amounts shall be payable:

- (a) in circumstances where any interest on the Notes is attributable to a business in Japan conducted by the Issuer in the manner provided for in the Special Taxation Measures Law of Japan (Law No. 26 of 1957, as amended) (the "**Special Taxation Measures Law**"), to a Beneficiary who is for Japanese tax purposes treated as an individual resident of Japan, a Japanese corporation or as a non-resident of Japan or a non-Japanese corporation that, in either case, is a person having a special relationship with the Issuer as described in Article 6, Paragraph 4 of the Special Taxation Measures Law and Article 3-2-2, Paragraphs 5 to 7 of the Order for Enforcement of the Special Taxation Measures Law of Japan (Cabinet Order No. 43 of 1957, as amended) (the "**Cabinet Order**") or who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of being connected with Japan, other than a connection by the mere holding of a Note or the mere crediting of Underlying Notes (as defined in the Deed of Covenant) to the Beneficiary's securities account with the Relevant Clearing System (as so defined);
- (b) in such circumstances as described in Clause 9(a) above, to a Beneficiary who would otherwise be exempt from any such withholding or deduction but (i) who fails (x) to comply with any applicable requirement to provide the information prescribed by the Special Taxation Measures Law and the Cabinet Order (the "**Exemption Information**") to enable a participant of an international clearing organisation or a financial intermediary (the "**Participant**") to establish that such Beneficiary is exempt from the requirements for taxes to be withheld or deducted to the Participant or (y) to submit a claim for exemption from withholding tax (*hikazei tekiyou shinkokusho*) (a "**Claim for Exemption**") to the Paying Agents (as defined in the Agency Agreement); or (ii) whose Exemption Information is not duly communicated through the Participant or the relevant international clearing organisation to the Paying Agents;
- (c) more than 30 days after the Relevant Date (as defined in Condition 7 of the Notes) except to the extent that the Beneficiary thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (d) on account of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, assessment or other governmental charge;
- (e) where the tax, duty, assessment or other governmental charge which is imposed would not have been so imposed but for the failure to comply with certification, identification or other information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Beneficiary or beneficial owner of such Note if such compliance is required by statute or by regulation of the United States as a precondition of relief or exemption from such tax, duty, assessment or other governmental charge;
- (f) where the tax, duty, assessment or other governmental charge is payable otherwise than by withholding from a payment on a Note;
- (g) where the tax, duty, assessment or other governmental charge is imposed on a

Beneficiary that actually or constructively owns 10 per cent. or more of the total combined voting power of all classes of stock of HCA entitled to vote, within the meaning of section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "**Code**");

- (h) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (i) any combination of items (a), (b), (c), (d), (e), (f), (g) or (h),

nor shall additional amounts be paid to any Beneficiary who is a fiduciary or partnership or other than the sole beneficial owner of the Note, if any, to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner of the Note, if any, would not have been entitled to payment of the additional amounts had such beneficiary, settlor, member or beneficial owner been the Beneficiary, if any.

10. **Power to execute:** The Guarantor hereby warrants, represents and covenants with each Beneficiary that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with its terms.
11. **Deposit of Guarantee:** This Guarantee shall take effect as a Deed Poll for the benefit of the Beneficiaries from time to time and for the time being. This Guarantee shall be deposited with and held by HSBC Bank plc as Principal Paying Agent until all the obligations of the Guarantor have been discharged in full.
12. **Production of Guarantee:** The Guarantor hereby acknowledges the right of every Beneficiary to the production of, and the right of every Beneficiary to obtain a copy (free of charge) of, this Guarantee, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Beneficiary, and that each Beneficiary shall be entitled severally to enforce the said obligations against the Guarantor.
13. **Subrogation:** Until all amounts which may be payable under the Notes and/or the Deed of Covenant have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Beneficiary or claim in competition with the Beneficiaries against the Issuer.
14. **Governing Law and Jurisdiction:** This Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee shall be governed by, and construed in accordance with, English law. The Guarantor irrevocably agrees for the benefit of each Beneficiary that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee (including a dispute relating to any non-contractual obligations arising out of or in connection with this Guarantee) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Guarantee (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Guarantee) may be brought in the courts of England.

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

The Guarantor has appointed Hitachi Capital (UK) PLC at its registered office for the time being in England (being at the date of execution hereof Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW (attention: Legal Department)) as its agent for service of

process in England in respect of any Proceedings and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

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

Signed as a deed by Hitachi Capital Corporation acting by its attorney, Mr Masao Nishida, Executive Officer of Hitachi Capital Corporation, in the presence of:

Witness's Signature:

Name:

Address:.....

.....

Dated 17 August 2012

DESCRIPTION OF HITACHI CAPITAL CORPORATION

General

HCC is a leasing and consumer credit company that was originally established by Hitachi, Ltd. to provide consumer finance support to sales of Hitachi, Ltd.'s products. Since its formation in 1960, HCC has diversified its activities, developing substantial consumer finance, leasing and other financial services businesses. On 1 October 2000, HCC merged with Hitachi Leasing Limited and changed its name from Hitachi Credit Corporation to Hitachi Capital Corporation. As at 31 March 2012, 54.78 per cent. of the issued share capital of HCC is owned by Hitachi, Ltd.

HCC's registered office is Hitachi Atago Building, 15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-8712, telephone number +81 3 3503 2118 and its company registration number is 0104-01-024970.

HCC's shares are listed on the First Section of the Tokyo Stock Exchange and is the first consumer credit company in Japan, established by a manufacturer, to have achieved a public listing. HCC is one of the major listed subsidiaries within the Hitachi group – a group which consists of Hitachi, Ltd. and approximately 900 of its subsidiaries and affiliates (the "**Hitachi, Ltd. Group**") and is one of the major enterprise groups in Japan. HCC, together with its consolidated subsidiaries, is referred to in this Offering Circular as the "**Group**".

HCC's activities can be categorised into four main areas - finance, commission services, supply and sales services, and overseas businesses. HCC's domestic business is conducted through its headquarter in Tokyo together with its six business divisional offices. Outside of Japan, HCC has its subsidiaries located in the United Kingdom, Ireland, the United States, Hong Kong, Singapore, Thailand, China, Malaysia and Indonesia.

HCC prepares its consolidated financial statements in accordance with the Japanese generally accepted accounting principles with its fiscal year ending 31 March.

Total Revenues of the Group

The following table sets forth the total revenues of the Group for the period indicated:

	Year ended 31 March	
	2011	2012
	<i>(millions)</i>	
Revenues.....	¥92,018	¥92,994

Businesses of HCC

As a manufacturer affiliated financial services company, HCC has consistently pursued a policy of a distinct emphasis on the products it has financed over its history of more than 50 years. The products HCC has financed have gradually expanded from the original range of household appliances to automobiles, information equipment, industrial machinery, medical devices, agricultural equipment and housing. HCC's conception of products has expanded to include those things that contribute to healthy economic activity. In addition HCC has expanded into areas used in corporate finance, such as discounting of receivables. The one strength that has differentiated HCC from competitors has been its ability to capitalise on its extensive experience and knowledge of such areas and products to provide seamless services that range from leases, loans and other financial services to function-oriented services. These services are based on a new perspective of a greater need for utility value in a product as a service. This fits with the recent shift from industrial economy to a knowledge based economy in Japan and includes services such as asset management, securitisation, sale of lease matured assets, credit guarantees, receivables collection, trust services, and tax representation which save customers' time and resources.

Business Overview

During the fiscal year ended 31 March 2012, the pace of global economic growth has slowed primarily due to deterioration in the economies of developed countries. In Japan, the Group's domestic business performance in the second half of the fiscal year was unable to offset the negative impact of the earthquake that struck Japan on 11 March 2011 (the "**Great East Japan Earthquake**") in the first half of

the fiscal year, due mainly to an intense competitive environment. In contrast, the volume of business outside Japan significantly increased owing largely to continued strong conditions throughout the Asian region. As a result, consolidated revenues of HCC for the fiscal year ended 31 March 2012 slightly increased by 1.1 per cent. to ¥92,994 million (U.S.\$1,134 million). Total expenses decreased by 5.1 per cent. to ¥70,756 million (U.S.\$863 million), benefitting from the reduction in credit costs both in and outside Japan as well as the lower financing costs reflecting the efforts to efficient management of funds. Accordingly, consolidated operating income amounted to ¥22,238 million (U.S.\$271 million), up 27.4 per cent. compared with the previous fiscal year. Taking into account the reversal of a part of the allowance for damages attributable to the Great East Japan Earthquake which was incurred in the previous fiscal year, consolidated net income for the fiscal year ended 31 March 2012 significantly increased by 103.5 per cent. to ¥12,687 million (U.S.\$154 million).

Subsidiaries and Affiliates

As at the date of this Offering Circular, HCC has 21 subsidiaries and three affiliates. Eleven of the subsidiaries were incorporated outside of Japan.

Board Directors and Executive Officers

The Board Directors and Executive Officers of HCC are as follows:

<u>Board Director's Name</u>	<u>Position</u>	<u>Other principal activities</u>
Takashi Miyoshi	Chairman of the Board	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. Board and Independent Director of Hitachi Construction Machinery Co., Ltd. Corporate Auditor of Hitachi Koki Co., Ltd.
Kazuya Miura	Board Director	None
Yuichiro Shimada	Board Director	None
Akira Tsuda	Board Director	Director of Takara Printing Co., Ltd. Corporate Auditor of Torishima Pump MFG. Co., Ltd.
Toshiaki Kuzuoka	Board Director	Senior Vice President and Executive Officer of Hitachi, Ltd.

The business address of HCC's Board Directors is 15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-8712, Japan.

<u>Executive Officer's Name</u>	<u>Position</u>	<u>Other principal activities</u>
Kazuya Miura	President and Chief Executive Officer	None
Kiyoshi Kojima	Senior Vice President and Executive Officer	None
Seiji Kawabe	Senior Vice President and Executive Officer	None
Keiji Momoi	Vice President and Executive Officer	None

Executive Officer's Name	Position	Other principal activities
Hironori Tozawa	Vice President and Executive Officer	None
Jun Kataoka	Executive Officer	None
Yuji Kai	Executive Officer	None
Masao Nishida	Executive Officer	None

The business address of HCC's Executive Officers is 15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-8712, Japan.

Conflicts of Interest

There are no potential conflicts of interest between the duties to HCC of the Board Directors or Executive Officers and their private interests and/or other duties.

DESCRIPTION OF HITACHI CAPITAL (UK) PLC

General

HCUK was incorporated on 21 April 1982 with an indefinite length of life, under the laws of England and Wales with registered number 1630491. The registered office of HCUK is Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW, telephone number +44 (0)20 8572 7554. HCUK's share capital is 100 per cent. owned by HCC. HCUK has three divisions (business, consumer and invoice finance) and two wholly owned subsidiaries:

- Hitachi Capital Vehicle Solutions Ltd; and
- Hitachi Capital Insurance Europe Ltd,

which, together with HCUK, are referred to as the "**UK Group**". The first subsidiary listed above contains the UK Group's Vehicle Solutions business unit (see below); the second provided a variety of financial and insurance products, predominantly to individual customers in the United Kingdom

The UK Group strategy

The UK Group's strategy is to be the financial service provider of choice, offering added value financial products and superior service in its chosen markets. The UK Group focuses on markets where it can be a major player and seeks to differentiate its offering based upon service delivery to achieve enhanced returns to its shareholder. The UK Group's key financial target is to achieve a post-tax return on equity of 20 per cent. over the long term.

Operational Organisation

The UK Group's operations are organised into five business units, supported by various group shared service functions.

Business Units

1. *Consumer Finance*

Hitachi Capital Consumer Finance ("**HCCF**") is a leading provider of retail point of sale finance, predominantly to high street retailers. HCCF operates in a range of sectors, with particular strengths in furniture, jewellery, home improvements and healthcare. It provides fixed term instalment credit finance, which is predominantly interest free to the end customer and additionally now provides loans and motor finance to consumers.

2. *Vehicle Solutions*

Hitachi Capital Vehicle Solutions Ltd ("**HCVS**") provides vehicle management solutions for businesses which require flexible funding arrangements and fleet management services for cars and commercial vehicles. HCVS offers a variety of financing options including contract hire, contract purchase, finance and operating leasing, as well as a range of complementary services including fleet management, full outsourcing, daily rental, insurance and employee car schemes. It also provides advice regarding health and safety and fleet environmental impact.

3. *Business Finance*

Hitachi Capital Business Finance ("**HCBF**") specialises in providing medium term asset finance to commercial customers mainly through direct relationships but also utilising the vendor and broker routes to market. Selected markets include farm, construction, production, transportation and financial services. HCBF's products include hire purchase, finance and operating leasing and block discounting. In addition to these core financing products, it also provides asset management services.

4. *Invoice Finance*

Hitachi Capital Invoice Finance's principal activity is the provision of factoring facilities for the book debts of small and medium sized UK based businesses.

5. *Insurance Services*

Domiciled in Ireland, Hitachi Capital Insurance Europe Limited ("**HCIE**") acted as a direct insurer, mainly for payment protection (PPI), mortgage PPI (MPPI) and guaranteed asset protection (GAP) insurance. HCIE's products were sold to consumers in the mortgage, retail, motor and finance markets. HCIE's business was placed into run off in July 2009, after which no new policies were written. As of 31 March 2012, all risks have been provided for at a 95 per cent. confidence level and provision made for all future administration and other costs.

Directors

As of the date of this Offering Circular, the Board of Directors of HCUK is comprised of the following members:

<u>Name</u>	<u>Title</u>	<u>Other principal activities</u>
C. Shirai	Chief Executive Officer	None
R. Gordon	Chief Operating Officer	None
G. Grimes	Divisional Managing Director – Consumer Finance	None
S. Oliphant	Chief Executive – Vehicle Solutions	Director, British Vehicle Rental and Leasing Association Limited
Y. Ohashi	Risk Management Director	None
H. Tozawa	Non-Executive Director	Vice President & Executive Officer, Hitachi Capital Corporation Director (Non-executive), Hitachi Capital (Hong Kong) Ltd. Director (Non-executive), First Peninsula Credit Sd. Bhd Director (Non-executive), Hitachi Capital Singapore Pte. Ltd. Director (Non-executive), Hitachi Capital Leasing (China) Co., Ltd. Director (Non-executive), Hitachi Capital (Thailand) Co., Ltd. Commissioner, PT. Arthaasia Finance

The business address of the Directors (apart from Mr Tozawa) is Hitachi Capital (UK) PLC, Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW. The business address of Mr Tozawa is Hitachi Capital Corporation, 15-12, Nishi Shimbashi 2–chome, Minato–ku, Tokyo, 105-8712, Japan.

Other Members of Administrative, Management or Supervisory Bodies

<u>Name</u>	<u>Title</u>	<u>Other principal activities</u>
J. N. M. Sims	Group Counsel and Company Secretary	None

The business address of Mr Sims is Hitachi Capital (UK) PLC, Wallbrook Business Centre, Green Lane, Hounslow, Middlesex TW4 6NW.

Conflicts of Interest

There are no potential conflicts of interest between the duties to HCUK of the Directors or the persons listed above and their private interests and/or other duties.

DESCRIPTION OF HITACHI CAPITAL AMERICA CORP.

General

HCA was incorporated in October 1989 as a perpetual corporation (file no. 2211234) under the laws of the State of Delaware. HCC owns all of the outstanding stock of HCA. HCA's registered office is 800 Connecticut Avenue, Norwalk, Connecticut 06854, and its telephone number is +1 203 956 3000.

HCA is a diversified financial services company providing secured financing to U.S. affiliates of Hitachi, Ltd., their customers, and other commercial market segments in the United States. HCA's business lines can broadly be defined as either "Small Company Financing" (as described below) or "Large Company Financing" (as described below).

Under Small Company Financing, HCA provides financing to smaller, typically noninvestment grade rated companies. HCA recently started providing financing to such companies for heavy duty trucks and now provides financing for heavy and medium duty trucks, as well as medical equipment. Heavy and medium duty trucks are generally financed through direct manufacturer's programmes or, in the case of portfolio acquisitions, through third party manufacturer's programmes or through manufacturer's dealers on a secured basis. HCA also provides floorplan financing to selected customers within its dealer network with whom HCA has a manufacturer's programme relationship. Medical equipment is primarily financed to healthcare clients through direct manufacturer and financial intermediaries.

Under Large Company Financing, HCA provides financing arrangements for federal and state governments and for large, generally investment grade rated companies or their subsidiaries. Large company financings are originated through (i) direct manufacturer's programmes, (ii) other financial institutions on a wholesale basis or (iii) large, generally investment grade rated companies or their subsidiaries. The types of financing provided to Large Company Financing customers include leases and loans for various types of equipment and contract monetisation of various government receivables. HCA also provides "Supply Chain Financing," which refers to the purchase of investment grade rated accounts receivables either directly from investment grade rated companies or from suppliers to investment grade rated companies. Supply Chain Financing is included in the Large Company Financing business line due to the fact that investment grade rated companies, who are the payers under these financing arrangements, enter into direct payment agreements with HCA.

To augment both business lines, HCA also has a well-established syndication function that allows it to temporarily assume greater credit exposure to its customers and then later reduce this exposure by selling a portion of its exposure to other financial institutions. With both Small Company Financing and Large Company Financing, the syndication function allows HCA to better manage the growth of its balance sheet.

Directors

As at the date of this Offering Circular, HCA's Board of Directors is comprised of three members:

<u>Name</u>	<u>Title</u>	<u>Other principal activities</u>
Mr Hironori Tozawa	Non-Executive Director	Vice President and Executive Officer of Hitachi Capital Corporation
Mr Yoshiyuki Kume	Chief Executive Officer	None
Mr William H. Besgen	President and Chief Operating Officer	None

The business address of the Directors (apart from Mr Tozawa) is Hitachi Capital America Corp., 800 Connecticut Avenue, Norwalk, Connecticut 06854. The business address of Mr Tozawa is Hitachi Capital Corporation, 15-12 Nishi Shimbashi 2-chome, Minato-ku, Tokyo, 105-8712, Japan.

Conflicts of Interest

There are no potential conflicts of interest between the duties to HCA of the Directors and their private

interests and/or other duties.

TAXATION

GENERAL

The discussion of taxation under the headings "*United States*", "*United Kingdom*" and "*Japan*" in this section is only an indication of certain tax implications under the laws of those jurisdictions as they may affect investors. It applies only to persons who are beneficial owners of Notes and may not apply to certain classes of person (such as dealers). HCC, HCUK and HCA make no representations as to the completeness of the information nor undertake any liability of whatsoever nature for the tax implications for investors. **Potential investors are strongly advised to consult their professional advisers on the tax implications of investing in Notes.**

UNITED STATES

Circular 230 Legend

Any discussions of United States federal income tax matters set forth in this Offering Circular were written to support the promotion and marketing by the Issuers and the Dealers of the Notes. Such discussions were not intended or written to be legal or tax advice to any person and were not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any tax-related penalties that may be imposed on such person. Each person considering an investment in the Notes should seek advice based on its particular circumstances from an independent tax advisor.

Overview

The following is an overview of certain United States federal income tax consequences of the ownership and disposition of Notes, Receipts, or Coupons by a holder that is not a "**United States Person**" (a "**Non-U.S. Holder**"). A United States Person is a holder or beneficial owner that is for United States federal income tax purposes an individual who is a citizen or resident of the United States, a corporation (or entity treated as a corporation for United States federal tax purposes) or partnership created or organised in or under the laws of the United States (any State thereof or the District of Columbia), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (a)(i) a U.S. court is able to exercise primary supervision over the trust's administration and (ii) one or more United States Persons have the authority to control all of the trust's substantial decisions or (b) such trust has a valid election in place to be treated as a United States Person for United States federal tax purposes. This discussion is based on the Internal Revenue Code of 1986 (the "**Code**"), judicial decisions, published rulings, administrative pronouncements, and existing and proposed U.S. Treasury Regulations (the "**Regulations**"), all as are in effect on the date of this Offering Circular and all of which are subject to change after such date, possibly with retroactive effect. This summary also assumes that the Notes, Receipts and Coupons are held as capital assets, within the meaning of Section 1221 of the Code and are offered, sold and delivered in accordance with the Dealer Agreement and the Schedule of Forms. The information provided below does not purport to be a complete discussion of all aspects of United States federal tax law and practice currently applicable that may be relevant to a particular holder in light of its personal circumstances (including the United States federal income tax consequences of certain conduit financing arrangements) or to holders subject to special treatment under the United States federal tax laws (including certain financial institutions, tax-exempt organisations, persons who have ceased to be United States citizens or to be taxed as resident aliens, or persons that hold the Notes in connection with a United States trade or business as determined under United States federal income tax principles). Moreover, this discussion does not apply to certain Dual Currency Notes. Further, this summary does not address the U.S. federal income tax consequences applicable to holders of equity interests in a beneficial owner of Notes, Receipts or Coupons. In addition, the discussion is generally limited to the U.S. federal income tax consequences of initial holders and does not consider holders that are pass-through or other entities of holders of interest in such entities.

The Issuer generally intends to treat the Notes issued under the Programme as debt. Certain Notes, however, such as Notes with extremely long maturities, may be treated as equity for United States federal tax purposes.

General

Under present United States federal income tax law and subject to the discussion of backup withholding

below, and assuming that the conditions and requirements set forth in "*Form of the Notes*," "*Guarantees*" and "*Subscription and Sale*" have been satisfied:

1. United States withholding tax will not apply in cases where the Issuer is HCC or HCUK;
2. In cases where the Issuer is HCA, payments of principal or interest (including any original issue discount) on any Note, Receipt or Coupon by HCA, the Guarantor or the Paying Agent (acting in their capacity as such) to any Non-U.S. Holder will not be subject to withholding of United States federal income tax, **provided that** in the case of amounts treated as interest or original issue discount on a Note (i) the holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of HCA's shares entitled to vote within the meaning of section 871(h)(3) of the Code; (ii) the holder is not (a) a bank receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business, or (b) a controlled foreign corporation within the meaning of section 957(a) of the Code that is related, directly or indirectly, to HCA through share ownership; (iii) such interest is not contingent on the HCA's profits, revenues, dividends or changes in the value of its property nor is otherwise described in section 871(h)(4) of the Code; (iv) the holder provides HCA or its paying agent with an IRS Form W-8BEN (or other appropriate type of IRS Form W-8 or other documentation as permitted by official IRS guidance); and (v) in the case of payments made after 31 December, 2013 on Notes issued after 31 December, 2012, the holder has provided to HCA or its paying agent, any required information with respect to its direct and indirect U.S. owners or, if the Notes are held through an FFI, such FFI has entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, and the holder has provided any required information to such FFI; and
3. A Non-U.S. Holder of a Note, Receipt, or Coupon will not be subject to United States federal income tax on gain realised on the sale, exchange, retirement or other disposition of a Note, Receipt, or Coupon, unless (i) such holder is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met or (ii) such gain is effectively connected with the conduct of a trade or business of such holder in the United States.

Information Reporting and Backup Withholding

United States information reporting requirements and backup withholding generally will not apply to payments on a Note, Receipt, or Coupon made outside the United States by any Issuer, the Guarantor, or the Paying Agent (acting in their capacity as such) to a Non-U.S. Holder.

Information reporting requirements and backup withholding generally will not apply to any payment on a Note, Receipt, or Coupon made outside the United States by a foreign office of a custodian, nominee, or other agent of the beneficial owner of such Note, Receipt, or Coupon, or to any payment of the proceeds of the sale of a Note, Receipt, or Coupon effected outside the United States by a foreign office of a "**broker**" (as defined in applicable Regulations), **provided that** such custodian, nominee, other agent or broker is not a "**U.S. Controlled Person**", as defined below. Payment on a Note, Receipt, or Coupon made outside the United States to the beneficial owner thereof by a foreign office of any custodian, nominee, or other agent or on the proceeds of the sale of a Note, Receipt, or Coupon effected outside the United States by a foreign office of any broker that is a U.S. Controlled Person will not be subject to backup withholding, but may be subject to information reporting requirements unless such custodian, nominee, other agent or broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Note, Receipt, or Coupon by the United States office of a broker will be subject to information reporting requirements and backup withholding unless the beneficial owner duly certifies its non-U.S. status under penalties of perjury, or otherwise establishes an exemption.

A U.S. Controlled Person is a person that (i) is a United States Person (including a foreign branch or office of such person); (ii) derives at least 50 per cent. of its gross income from certain periods from the conduct of a trade or business within the United States; (iii) is a controlled foreign corporation for United States federal income tax purposes; or (iv) is a foreign partnership that, at any time during its taxable year, is more than 50 per cent. owned (by income or capital interest) by United States Persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's United States federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and timely furnishing any required information.

Foreign Account Tax Compliance

On 18 March 2010, the HIRE Act was signed into the law. The HIRE Act will generally impose a withholding tax of 30 per cent. on interest income (including original issue discount) from, and the gross proceeds from a disposition of, debt obligations paid to a foreign financial institution, unless such foreign financial institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners). In addition, the HIRE Act will generally impose a withholding tax of 30 per cent. on interest income (including original issue discount) from, and the gross proceeds from a disposition of, debt obligations paid to a non-financial foreign entity unless such non-financial foreign entity provides the withholding agent with certain certification or information relating to U.S. ownership of the entity. Under certain circumstances, such foreign persons might be eligible for refunds or credits of such taxes. Pursuant to a recently issued IRS notice, these rules generally would apply to payments of interest made after 31 December 2013 and to the gross proceeds from sales or other dispositions after 31 December 2014. In addition, proposed regulations indicate that the withholding and reporting requirements under the HIRE Act will not apply to payments made on, or gross proceeds from a disposition of, any debt obligation issued on or prior to 31 December 2012. Prospective investors should consult their tax advisors regarding the HIRE Act.

UNITED KINGDOM

The following applies only to persons who are the absolute beneficial owners of the Notes and is an overview of the Issuers' understanding of current law and the practice of H.M. Revenue and Customs ("HMRC") in the United Kingdom relating to the withholding of tax from interest on the Notes (which may be subject to change, sometimes with retrospective effect) and the power of HMRC to obtain certain information. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the applicable Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Some aspects do not apply to certain classes of taxpayer. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or may be unsure as to their tax position should seek their own professional advice. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

A. Payment of Interest on Notes issued by HCUK

Payment of interest on Notes issued by HCUK may be made without deduction of or withholding on account of United Kingdom income tax **provided that** such Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**"). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the regulated market of the London Stock Exchange. Provided, therefore, that the Notes issued by HCUK remain so listed, interest on such Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes issued by HCUK may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and the Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes issued by HCUK on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or to the interest being paid in circumstances in which any other exemption may apply.

B. Payment of Interest on Notes by HCC as Guarantor

If HCC, as Guarantor of the Notes issued by HCUK, makes any payments in respect of interest on Notes issued by HCUK, or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes, such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions described in section A above.

C. Payments under Deed of Covenant

Any payments made by HCC or HCUK under the relevant Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

D. HMRC Power to Obtain Information

Holders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2012/2013 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

E. Other Rules Relating to United Kingdom Withholding Tax

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in A above, but may be subject to reporting requirements as outlined in D above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders 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 any applicable double taxation treaty.

The references to "interest" in sections A to E mean "interest" as understood in United Kingdom tax law. The statements in sections A to E do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g., see Condition 5 of the Notes).

Where a guarantee payment is made by HCC in respect of Notes issued by HCUK after withholding or deduction for or on account of United Kingdom income tax, HCC will not be

obliged to pay such additional amounts as may be necessary in order that the net amounts received by the Noteholder after such withholding or deduction shall equal the amounts that would have been receivable by the Noteholder in the absence of such withholding or deduction.

In addition, HCUK will not be required to pay any such additional amounts to the extent that any Note, Receipt or Coupon is presented for payment in the United Kingdom.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

JAPAN

Except in circumstances where any interest on the Notes issued by HCUK or HCA is attributable to a business in Japan conducted by such Issuer in the manner provided for in the Special Taxation Measures Law, the payment of principal of and interest on the Notes issued by such Issuer to a non-resident of Japan or a non-Japanese corporation are, under Japanese tax laws currently in effect, not subject to any Japanese income tax or corporate tax, unless the receipt of the relevant payment is the income of such non-resident of Japan or non-Japanese corporation from sources in Japan. If any interest on the Notes or any excess amount of the redemption price over the issue price of any Notes issued by HCUK or HCA is attributable to a business in Japan conducted by such Issuer as aforementioned, the consequences relating to the Notes issued by HCC in the following paragraphs are also applicable to the Notes issued by HCUK or HCA.

Payments of interest on the Notes issued by HCC to an individual resident of Japan or a Japanese corporation (except for a designated financial institution designated by the Order for Enforcement of the Special Taxation Measures Law of Japan (Cabinet Order No. 43 of 1957, as amended) (the "**Cabinet Order**") which has complied with the requirements under Article 6 of the Special Taxation Measures Law), or to an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purpose (a "**Non-Resident Holder**") that, in either case, is a person having a special relationship (as described in Article 6, Paragraph 4 of the Special Taxation Measures Law and Article 3-2-2, Paragraphs 5 to 7 of the Cabinet Order) with the Issuer (a "**Specially-Related Person of the Issuer**") will be subject to Japanese income tax at a rate of 15 per cent. (from and including 1 January 2013 to and including 31 December 2037, a rate of 15.315 per cent.) of the amount specified in sub-paragraph (a) or (b) below, as applicable:

- (a) if interest is paid to an individual resident of Japan or a Japanese corporation or to a Non-Resident Holder that is a Specially-Related Person of the Issuer (except as provided in sub-paragraph (b) below), the amount of such interest; or
- (b) if interest is paid to a public corporation, a financial institution or a financial instruments firm (which has complied with the Japanese tax exemption requirements) through its payment handling agent in Japan as provided in Article 3-3, Paragraph 6 of the Special Taxation Measures Law, the amount of such interest minus the amount provided in the Cabinet Order relating to said Paragraph 6.

Generally, payment of interest on the Notes issued by HCC outside Japan by HCC or any Paying Agent to a beneficial owner that is a Non-Resident Holder will not be subject to Japanese withholding tax, so long as the beneficial owner has no permanent establishment in Japan and complies with procedures for establishing its status as a Non-Resident Holder in accordance with the requirements of Japanese law. However, such payment of interest will be subject to Japanese withholding tax if:

- (i) the amount of interest on the Notes is calculated or determined on the basis of or by reference to certain indicators including the amount of profit, income, earnings, revenue, assets and distribution of surplus, distribution of profit and other similar distributions of the relevant Issuer or any of its Specially-Related Persons of the Issuer as provided in Article 3-2-2 of the Cabinet Order;
- (ii) the recipient of interest on the Notes is a Specially-Related Person of the Issuer; or
- (iii) the recipient of interest on the Notes has a permanent establishment in Japan and such interest is attributable to a business in Japan conducted by such recipient; **provided, however, that** if such recipient has submitted a claim for exemption from Japanese withholding tax (*hikazei tekiyo shinkokusho*) provided under the Special Taxation Measures Law and such recipient is not a

Specially-Related Person of the Issuer, such interest will not be subject to Japanese withholding tax but may be subject to Japanese income tax otherwise than by withholding.

Under current Japanese tax law, any excess amount of the redemption price over the issue price of any Zero Coupon Notes issued by HCC will be subject to Japanese income tax at the rate of 18 per cent. and such amount, in addition to the issue price, shall be required to be paid by purchasers of the Notes. If the recipient of such excess amount is an individual resident in or a corporation of a country with which Japan has an income tax treaty, the Japanese withholding tax rate may be modified by the applicable provisions of such income tax treaty.

Under current Japanese practice, HCC and any Paying Agent may determine their withholding obligations in respect of Notes issued by HCC held through a qualified clearing organisation in reliance on certifications received from such an organisation, and need not obtain certifications from any ultimate beneficial owner of such Notes. As part of the procedures under which such certifications are given, a beneficial owner may be required to establish that it is a non-resident holder and not a Specially-Related Person of the Issuer to the person or entity through which it holds the Notes issued by HCC. A Non-Resident Holder that holds the Notes issued by HCC otherwise than through a qualified clearing organisation may be required to deliver a duly completed claim for exemption from Japanese withholding tax, and to provide documentation concerning its identity, residence and any other required information, to the relevant Paying Agent in order to receive interest from that Paying Agent free of Japanese withholding tax. HCC and the relevant Paying Agent may adopt modified or supplemental certification procedures to the extent necessary to comply with changes in, or as otherwise permitted under, Japanese law or administrative practice.

Gains derived from the sale outside Japan of Notes by a Non-Resident Holder are in general not subject to Japanese income or corporation taxes. Gains derived from the sales in Japan of Notes by a Non-Resident Holder not having a permanent establishment in Japan are in general not subject to Japanese income or corporation taxes.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual, wherever resident, who has acquired Notes issued by HCC as legatee, heir or donee.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes assuming that none of the certificates representing or evidencing the Notes will be delivered in Japan and the contracts are executed and delivered outside Japan.

EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-European Union countries to the exchange of information relating to such payments.

A number of non-European Union countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

PRC CURRENCY CONTROLS

Remittance of Renminbi into and outside the PRC

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross Border Trades (Yin Fa (2010) No. 186) (關於擴大跨境貿易人民幣結算試點有關問題的通知) (the "**Circular**"), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities, and (iii) the restriction on designated offshore districts has been uplifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC Government further expanded the pilot scheme such that Renminbi can be used to settle cross border current account items transactions on a nationwide basis.

As a new regulation, the Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circular and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, the State Administration of Foreign Exchange of the PRC (國家外匯管理局) ("**SAFE**") promulgated the "Circular on Issues Concerning the Capital Account Items in connection with Cross Border Renminbi" (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the "**SAFE Circular**"), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register for a foreign

invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

The SAFE Circular, the MOFCOM Circular and the PBoC FDI Measures, which are new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

The Programme Dealers have, in an amended and restated dealer agreement (the "**Dealer Agreement**") dated 17 August 2012, agreed with the Issuers and the Guarantor a basis upon which the Programme Dealers or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Dealer Agreement, each Issuer has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any further update of the Programme and the issue of Notes under the Programme. The Issuers may also agree to issue Notes to persons other than the Programme Dealers ("**Issue Dealers**") on, and subject to, the terms of the Dealer Agreement.

UNITED STATES

The Notes (and the Guarantees) have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations thereunder.

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it will only offer, sell or deliver Notes in accordance with Regulation S under the Securities Act, and it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Programme Dealer has further agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of the sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Programme Dealer also represents and agrees (and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree) that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it, and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

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

Each issue of Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer shall agree as a term of the issue and purchase of such Notes. Each relevant Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

PUBLIC OFFER SELLING RESTRICTIONS UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an

offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuers or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

UNITED KINGDOM

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

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

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law and the Notes issued by (a) HCC or (b) HCUK or HCA, in circumstances where any interest on the Notes is attributable to a business in Japan conducted by such Issuer of the Notes in the manner provided for in the Special Taxation Measures Law, are subject to the provisions of "foreign-issued company bonds" (*minkan kokugaisai*) under the Special Taxation Measures Law.

Accordingly, each of the Programme Dealers has represented and agreed, and each further Programme Dealer and Issue Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell Notes in Japan or to, or for the benefit of, any person resident in Japan for Japanese financial instruments law purposes (including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws and regulations; and
- (ii) it has not, directly or indirectly, offered or sold and will not, (a) as part of its distribution at any time and (b) otherwise until 40 days after the closing date, directly or indirectly, offer or sell any Notes (if issued by HCUK or HCA, only in circumstances where any interest on the Notes is attributable to a business in Japan conducted by such Issuer of the Notes in the manner provided for in the Special Taxation Measures Law) to, or for the benefit of, any person other than a Gross Recipient. A "**Gross Recipient**" for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that, in either case, is a Specially-Related Person, or (ii) a Japanese financial institution, designated by Article 3-2-2, Paragraph 29 of the Cabinet Order) that will hold the Notes for its own proprietary account.

PEOPLE'S REPUBLIC OF CHINA

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that Notes will not be offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

HONG KONG

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

SINGAPORE

Each Programme Dealer has acknowledged, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell Notes or cause any Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A)

of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

GENERAL

Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither of the Issuers, the Guarantor nor any other Dealer shall have any responsibility therefor.

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

GENERAL INFORMATION

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a temporary global Note or a permanent global Note, as the case may be, initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or around 22 August 2012.

Authorisations

The 2012 update of the Programme, increase of the programme size to U.S.\$2,500,000,000, issue of Notes by HCC during the one-year period from 17 August 2012 and giving of the guarantee dated 17 August 2012 in respect of HCUK and the guarantee dated 17 August 2012 in respect of HCA (together the "Guarantees") was authorised by the President and Chief Executive Officer of HCC who has an authority to do so on 23 July 2012 and certified by the certificate dated 17 August 2012.

The 2012 update of the Programme, increase of the programme size to U.S.\$2,500,000,000 and issue of Notes by HCUK and HCA was authorised by resolutions of the Board of Directors of HCUK and HCA dated 17 August 2012 and 14 August 2012, respectively.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available (free of charge) from the registered office of each Issuer and from the specified office of the Principal Paying Agent in London:

- (i) the constitutional documents of HCC, HCUK and HCA (together with an English translation thereof, in the case of HCC's articles of incorporation);
- (ii) the published audited consolidated annual financial statements of HCC for the two most recent financial years, in English (in each case together with the audit reports prepared in connection therewith) and the most recent publicly available unaudited consolidated interim financial statements of HCC;
- (iii) the published audited consolidated annual financial statements of HCUK and the published audited non-consolidated annual financial statements of HCA for the two most recent financial years (in each case together with the audit reports prepared in connection therewith) and the most recent publicly available unaudited consolidated interim financial statements (if any) of HCUK or unaudited non-consolidated interim financial statements (if any) of HCA;
- (iv) the Dealer Agreement, the Agency Agreement, each Deed of Covenant, each Guarantee and the Schedule of Forms containing the forms of the global Notes, definitive Notes, the Receipts, the Coupons and the Talons from time to time issuable under the Programme;
- (v) a copy of this Offering Circular; and
- (vi) any future offering circulars, prospectuses, Drawdown Prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence of identity satisfactory to the Principal Paying Agent) to this Offering Circular and any other documents incorporated herein or therein by reference.

In addition, copies of each Final Terms relating to the Notes offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or

admitted to trading on a regulated market in a Member State of the European Economic Area will be available on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

The translation into English of HCC's articles of incorporation is a direct and accurate translation of this document. In the event of any discrepancy between the English language version and the original language version of HCC's articles of incorporation, the original language version shall prevail.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. As of the date of this Offering Circular, no arrangements have been made for Renminbi Notes to be cleared through the CMU.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price and Yield

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

Significant or Material Change

There has been no significant change in the financial or trading position of HCC and its subsidiaries taken as a whole since 30 June 2012 and no significant change in the financial or trading position of HCUK and its subsidiaries taken as a whole and no significant change in the financial or trading position of HCA, in each case, since 31 March 2012. There has been no material adverse change in the prospects of HCC, no material adverse change in the prospects of HCUK and no material adverse change in the prospects of HCA, in each case, since 31 March 2012.

Litigation

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

Auditors

The auditors of HCC are Ernst & Young ShinNihon LLC, (Registered Auditors and member of The Japanese Institute of Certified Public Accountants), who have audited HCC's financial statements, without qualification, for each of the financial years ended 31 March 2012 and 31 March 2011 in accordance with generally accepted auditing standards in Japan.

Ernst & Young LLP (who are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales) audited HCUK's financial statements, without qualification, for the financial years ended 31 March 2012 and 31 March 2011 in accordance with International Financial Reporting Standards as adopted in the European Union.

The auditors of HCA are Ernst & Young LLP (member of the American Institute of Certified Public

Accountants), who have audited HCA's financial statements, without qualification, for each of the financial years ended 31 March 2012 and 31 March 2011 in accordance with generally accepted auditing standards in the United States.

Post Issuance Information

Save as set out in the Final Terms, the Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers Transacting with HCC, HCUK and HCA

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to HCC, HCUK and HCA and their affiliates in the ordinary course of business.

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