

OFFERING CIRCULAR



MITSUMI O.S.K. LINES, LTD.

(incorporated with limited liability in Japan)

and

EUROMOL B.V.

(incorporated with limited liability in The Netherlands and having its corporate domicile in Amsterdam)

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

Euro Medium Term Note Programme

Unconditionally and irrevocably guaranteed (in respect of Notes issued by Euromol B.V.)
as to payment of principal and interest by

MITSUMI O.S.K. LINES, LTD.

Under this Euro Medium Term Note Programme (the “Programme”), each of Mitsui O.S.K. Lines, Ltd. (“Mitsui O.S.K. Lines”) and Euromol B.V. (“Euromol”) (each an “Issuer” and together the “Issuers”) may from time to time issue notes (the “Notes”) denominated in any currency agreed by the Issuer of such Notes (the “relevant Issuer”) and the relevant Dealer (as defined in the “Programme Summary”). Notes issued by Euromol will be unconditionally and irrevocably guaranteed by Mitsui O.S.K. Lines (in such capacity, the “Guarantor”, although references to “Mitsui O.S.K. Lines” should be construed as references to Mitsui O.S.K. Lines in its capacities as Issuer or Guarantor, as the context so requires).

This Offering Circular supersedes any previous listing particulars issued with respect to the Programme. Any Notes issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions herein. This does not affect any Notes issued prior to the date hereof.

The Notes will be issued to one or more of the Dealers specified below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed U.S.\$1,000,000,000 (or its equivalent in other currencies calculated as described herein).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “FSMA”, the Financial Services Authority in such capacity under the FSMA, the “UK Listing Authority”) for Notes issued within 12 months 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 Professional Securities Market (the “Market”). Admission to the Official List of the UK Listing Authority together with admission to trading on the Market constitute official listing on a stock exchange. However, unlisted Notes may be issued pursuant to the Programme.

The Notes of each Tranche will initially be represented by a temporary global Note or a permanent global Note which will be deposited on the issue date thereof with a common depositary on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) (the “Common Depositary”) and/or any other agreed clearing system and which will be exchangeable, as specified in the applicable Pricing Supplement, for either a permanent global Note or Notes in definitive form, as appropriate. A permanent global Note will be exchangeable for definitive Notes, upon request by the holders of the Notes, all as further described herein under “Form of the Notes”.

The Programme has been rated A by The Japan Credit Rating Agency, Ltd (“Japan Credit Rating”). Mitsui O.S.K. Lines has been assigned long-term issuer rating of A (Negative) by Japan Credit Rating, issuer rating of A- (Negative) by Rating and Investment Information, Inc. (“Rating and Investment”) and issuer rating of Baa3 (Negative) by Moody’s Japan K.K. Japan Credit Rating is not established in the European Union but is certified under Regulation (EC) No 1060/2009 (as amended) (the “CRA Regulation”). Moody’s Japan K.K. and Rating and Investment are not established in the European Union and are not registered under the CRA Regulation. However, Moody’s Investor Services Ltd. which is an affiliate of Moody’s Japan K.K. is established in the European Union and registered under the CRA Regulation indicating an intention to endorse the ratings of certain of their respective non-EU affiliates. Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will be specified in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 73A(2) of the FSMA. 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 Market and have been admitted to the Official List. The Market is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on Markets in financial instruments. This Offering Circular does not constitute a prospectus for the purposes of EU Directive 2003/71/EC (the “Prospectus Directive”).

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Circular. This Offering Circular describes within it all the material risks associated with an investment in the Notes.

Arranger

Daiwa Capital Markets Europe

Dealers

BNP PARIBAS

Daiwa Capital Markets Europe

HSBC

Mizuho Securities

Nomura

Citigroup

Goldman Sachs International

Mitsubishi UFJ Securities International plc

Morgan Stanley

Shinkin International Ltd.

UBS Investment Bank

The date of this Offering Circular is 26 November 2012.

This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 73A(2) of the FSMA by the UK Listing Authority, for the purpose of giving information with regard to the Issuers, the Guarantor and the Notes. Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of each of the Issuers and the Guarantor (each having 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.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see “Documents Incorporated by Reference” on page 6).

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

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers or the Arranger. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers, the Guarantor, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an offer or invitation by either of the Issuers, the Guarantor or the Dealers or the Arranger that any recipient of this Offering Circular or any other information supplied in connection with the Programme should subscribe for or 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 (where the relevant Issuer is Euromol) the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of either of the Issuers, the Guarantor or the Dealers or the Arranger to any person to subscribe for or to purchase any Notes.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning either of the Issuers and (where the relevant Issuer is Euromol) the Guarantor, is correct at any time subsequent to the date hereof or that any other information incorporated by reference herein is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of either of the Issuers, the Guarantor or any of their respective subsidiaries during the life of the Programme.

The distribution of this Offering Circular and the offer, distribution or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands) and Japan (see “Subscription and Sale”).

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended, the “Financial Instrument and Exchange Act”) and the Notes issued by Mitsui O.S.K. Lines are subject to the Act on Special Measures Concerning Taxation of Japan (Law No.26 of 1957, as amended, the “Act on Special Measures Concerning Taxation”). The Notes may not be offered or sold in Japan or to, or for the benefit of, residents of Japan or Japanese corporations, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan (see “Subscription and Sale” below). In addition, among other restrictions, the Notes issued by Mitsui O.S.K. Lines are not, as part of the initial distribution by the

Dealers at any time, to be directly or indirectly offered or sold 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 person having a special relationship with Mitsui O.S.K. Lines as described in Article 6, Paragraph (4) of the Act on Special Measures Concerning Taxation (a “specially-related person of Mitsui O.S.K. Lines”), (ii) a Japanese financial institution, designated in Article 3-2-2 Paragraph (29) of the Cabinet Order (Cabinet Order No. 43 of 1957 as amended) (“the Cabinet Order”) relating to the Act on Special Measures Concerning Taxation that will hold Notes issued by Mitsui O.S.K. Lines for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes issued by Mitsui O.S.K. Lines will be made through a payment handling agent in Japan as defined in Article 2-2 Paragraph (2) of the Cabinet Order. By subscribing for the Notes issued by Mitsui O.S.K. Lines, an investor will be deemed to have represented it is a Gross Recipient. Interest payments on Notes issued by Mitsui O.S.K. Lines generally will be subject to Japanese withholding tax unless it is established that the Notes issued by Mitsui O.S.K. Lines are held by or for the account of a beneficial owner that is (i) 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 of Mitsui O.S.K. Lines, or (ii) a Japanese designated financial institution described in Article 6, Paragraph 9 of the Act on Special Measures Concerning Taxation which complies with the requirement for tax exemption under that paragraph (see “Taxation — Japan” below).

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States and 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 to, or for the account or benefit of, U. S. persons (as defined in Regulation S under the Securities Act) (see “Subscription and Sale”).

Legal investment considerations may restrict certain investments

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 advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest is 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 relevant Notes and be familiar with the behaviour of any relevant indices and 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.*

All references in this Offering Circular to “U.S. dollars”, “U.S.\$” and “\$” refer to the currency of the United States, those to “Japanese Yen”, “Yen” and “¥” refer to the currency of Japan, those to “euro”, “EUR” and “€” refer to the single currency introduced at the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, those to “Sterling”, “£” and “p” refer to the currency of the United Kingdom and those to “Swiss Francs” refer to the currency of Switzerland. As used herein, “United States” means the United States of America.

Unless otherwise specified herein, financial information included in this Offering Circular (i) for Mitsui O.S.K. Lines has been derived from the audited consolidated financial statements for Mitsui O.S.K. Lines for the two years ended 31 March 2012 and (ii) for Euromol has been derived from the audited financial statements for Euromol for the two years ended 31 December 2011.

The interim financial information included in this Offering Circular for Mitsui O.S.K. Lines has been derived from the summary quarterly financial information (shi hanki kessan tanshin) of Mitsui O.S.K. Lines for the six months ended 30 September 2012, published in accordance with the rules of the Tokyo Stock Exchange Group, Inc., and which has not been audited or reviewed by the auditors to Mitsui O.S.K. Lines.

In connection with the issue of any Tranche (as defined in “Overview of the Programme”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person 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 any person acting on behalf of any Stabilising Manager(s)) 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 is made and, if begun, may be ended at any time and must be brought to an end after a limited period. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in compliance with all applicable laws, regulations and rules.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Circular.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with:

- (a) the audited annual financial statements of Euromol for the fiscal year ended 31 December 2010 (together with the audit reports thereon), included on pages F-33 to F-44 (inclusive) of the Offering Circular dated 25 November 2011; and
- (b) the Terms and Conditions of the Notes set out on the respective pages of the Offering Circulars listed below:
 - (i) pages 18 to 45 of the Offering Circular dated 27 November 2007;
 - (ii) pages 18 to 44 of the Offering Circular dated 17 November 2008;
 - (iii) pages 20 to 44 of the Offering Circular dated 17 November 2009;
 - (iv) pages 20 to 45 of the Offering Circular dated 26 November 2010; and
 - (v) pages 21 to 46 of the Offering Circular dated 25 November 2011,

in each case, which has been previously published or is being published simultaneously with this Offering Circular and which has been approved by the Financial Services Authority or filed with it.

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

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. Only the sections or pages of the documents referred to above shall be incorporated by reference in, and form part of, this Offering Circular. Any sections or pages which have been omitted therefrom are either not relevant for the investor or covered elsewhere in this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be obtained from the registered offices of each of the Issuers and the offices of The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch as Agent being Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AN.

SUPPLEMENTARY LISTING PARTICULARS

If at any time an Issuer shall be required to prepare supplementary listing particulars pursuant to Section 81 of the FSMA, that Issuer will prepare and publish an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute supplementary listing particulars as required by the UK Listing Authority and Section 81 of the FSMA.

Each of the Issuers (in respect of itself) and the Guarantor has given an undertaking with regard to itself to the Dealers that, if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of an Issuer or the Guarantor, and/or the rights attaching to the Notes, the relevant Issuer shall, or in the case of the Guarantor, it shall direct an Issuer to, prepare an amendment or supplement to this Offering Circular or publish replacement Listing Particulars for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the Terms and Conditions of the Notes, the remainder of this Offering Circular and, in relation to the conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuers	Mitsui O.S.K. Lines, Ltd. Euromol B.V.
Guarantor	Mitsui O.S.K. Lines, Ltd. (in the case of Notes issued by Euromol)
Description	Euro Medium Term Note Programme
Guarantee	In the case of Notes issued by Euromol, Mitsui O.S.K. Lines will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the relevant Issuer under the Notes.
Arranger	Daiwa Capital Markets Europe Limited
Dealers	BNP PARIBAS, Citigroup Global Markets Limited, Daiwa Capital Markets Europe Limited, Goldman Sachs International, HSBC Bank plc, Mitsubishi UFJ Securities International plc, Mizuho International plc, Morgan Stanley & Co. International plc, Nomura International plc, Shinkin International Ltd. and UBS Limited.
Regulatory Matters	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale” below).</p> <p>Each issue of Notes denominated in Yen or in respect of which amounts are payable in Yen will be made only in compliance with applicable Japanese laws, regulations, guidelines and policies.</p>
Issuing Agent and Principal Paying Agent	The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch (the “Agent”)
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer(s).
Maturity of Notes	Any maturity subject to a minimum maturity of one month and a maximum maturity of 30 years as may be agreed between the relevant Issuer and the relevant Dealer and specified in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

Fixed Rate Notes	Interest on Fixed Rate Notes will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption as specified in the applicable Pricing Supplement.
Floating Rate Notes	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; (ii) by reference to any of LIBOR, LIBID, LIMEAN or EURIBOR as adjusted for any applicable margin. <p>Interest Payment Dates and Interest Periods in respect of Floating Rate Notes will be specified in the applicable Pricing Supplement.</p>
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.
Interest Periods and Rate of Interest	The length of the Interest Periods for the Notes and the applicable Rate of Interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a Maximum Rate of Interest, a Minimum Rate of Interest, or both. The use of Interest Accrual Periods permits the Notes to bear interest at different rates in the same Interest Period.
Redemption	The relevant Pricing Supplement will specify the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in any other currency), save that Notes issued by Euromol will at all times have a minimum redemption amount of €100,000 (or its equivalent in any other currency).
Denomination of Notes	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws, regulations and directives, (i) Notes (including Notes denominated in Sterling) which have a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in any other currency), and (ii) Notes issued by Mitsui O.S.K. Lines will have a minimum denomination of U.S.\$100,000 (or its equivalent in other currencies). Subject to the foregoing, Notes issued by Mitsui O.S.K. Lines must have a minimum denomination of €1,000 (or its equivalent in other currency). Notwithstanding paragraph (i) above,

(a) Notes issued by Euromol will at all times have a minimum denomination of €100,000 (or the equivalent thereof in any other currency), and (b) Notes which are offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive shall be at least €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Taxation

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by or within Japan (in the case of Mitsui O.S.K. Lines) or The Netherlands (in the case of Euromol), subject as provided in Condition 8 of the Terms and Conditions of the Notes.

Interest payments on the Notes issued by Mitsui O.S.K. Lines generally will be subject to Japanese withholding tax unless it is established that the Notes issued by Mitsui O.S.K. Lines are held by or for the account of a beneficial owner that is (i) 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 of Mitsui O.S.K. Lines, or (ii) a Japanese designated financial institution described in Article 6, Paragraph 9 of the Act on Special Measures Concerning Taxation of Japan which complies with the requirement for tax exemption under that paragraph (see “Taxation — Japan” below).

Negative Pledge

The Notes will contain a negative pledge provision as described in Condition 3 of the Terms and Conditions of the Notes.

Cross Default

The Notes will contain a cross-default provision as described in Condition 10(iv) of the Terms and Conditions of the Notes.

Status of the Notes and Guarantee

The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank *pari passu* and rateably without any preference among themselves and (subject to such exceptions as from time to time exist under applicable law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer from time to time outstanding, subject to the provisions of Condition 3 of the Terms and Conditions of the Notes. The Guarantee is a direct, unconditional, irrevocable, unsubordinated and unsecured obligation of the Guarantor and will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future.

Programme Rating

The Programme has been rated A+ by The Japan Credit Rating Agency, Ltd. Japan Credit Rating Agency, Ltd. is not established in the European Union but is certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”). Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will be specified in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing	Application has been made to list the Notes to be issued under the programme within 12 months of the date of this document on the Official List and to admit them to trading on the Market. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued.
Redenomination	<p>The applicable Pricing Supplement may provide that Notes may be redenominated in euro.</p> <p>The relevant provisions applicable to any such redenomination are contained in Condition 4 of the Terms and Conditions of the Notes.</p>
Governing Law	The Notes and the Guarantee, and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.
Selling Restrictions	<p>There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom and The Netherlands), Japan and such other jurisdictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “Subscription and Sale” below.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the applicable Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” for United States federal income tax purposes, which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.</p>

For the purposes of calculating the U.S. Dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. Dollar equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the relevant Issuer, either as of the date of agreement to issue such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. Dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the relevant day of calculation; and
- (b) the U.S. Dollar equivalent of Zero Coupon Notes and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

RISK FACTORS

The Issuers believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuers believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuers may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuers do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks relating to Mitsui O.S.K. Lines and Euromol

Mitsui O.S.K. Lines and Euromol are exposed to a variety of risks due to the nature of Mitsui OSK Lines' business operations, on a consolidated basis.

Freight Rate and Cargo Volume Fluctuations

In overseas shipping services, which constitute Mitsui O.S.K. Lines' main business operation, Mitsui O.S.K. Lines' operations and profitability can be affected by fluctuations in the global demand for shipping services and international cargo volumes. These fluctuations are driven primarily by changing economic conditions in the key global markets, and the variable prices of raw materials and natural resources carried by shipping lines, which factors are particularly sensitive to recessionary pressures in any of the major importing and exporting economies of North America, Europe, Japan and China. Any decrease in the global demand for shipping services and international cargo volumes could lead to a decrease in the freight rates that Mitsui OSK Lines is able to receive for its shipping operations and which in turn could negatively impact Mitsui O.S.K. Lines' operating and financial results.

Further, increases in the levels of new shipbuilding, which are a consequence of high levels of global demand for shipping services and increased cargo volumes, could result in overcapacity in the industry and negatively impact the freight rates that Mitsui O.S.K. Lines expects to obtain.

Terrorism and Political Unrest

Through its worldwide operations, Mitsui O.S.K. Lines' business is subject to risks arising from terrorist attacks, war, or other political or social factors.

In common with other shipping operators, Mitsui O.S.K. Lines is subject to the risk of terrorist threats to its vessels. In addition, Mitsui O.S.K. Lines' shipping business is subject to risks associated with increasingly organised violent acts of piracy at sea. As a result, Mitsui O.S.K. Lines' safe operation of vessels and management of the voyage schedule may be adversely affected.

Exchange Rate Fluctuations

U.S. dollar-based overseas shipping revenue accounts for a large share of Mitsui O.S.K. Lines' revenues. A large share of its expenses are also denominated in U.S. dollars and other foreign currencies. Since foreign currency revenues are greater than foreign currency expenses, an appreciation of the Yen, especially relative to the U.S. dollar, has a detrimental effect on Mitsui O.S.K. Lines' earnings. Accordingly, Mitsui O.S.K. Lines is working on increasing the share of the U.S. dollar-denominated expenses while establishing currency hedges and taking other actions to minimise the negative effect of fluctuations in the value of the U.S. dollar. From an estimation conducted by Mitsui O.S.K. Lines at the time of the second-quarter financial results announcement for the fiscal year ending 31 March 2013, an appreciation of one Yen in the U.S. dollar exchange rate lowers Mitsui O.S.K. Lines' income before income taxes and minority interests by approximately ¥0.9 billion (maximum), which amount may be affected by currency hedges.

Bunker Oil Price Fluctuations

Procurement of fuel to operate vessels is vital to Mitsui O.S.K. Lines' shipping operations, and an increase in the price of bunker oil could have a negative impact on Mitsui OSK Lines' operational and financial results. Further, since the market price of bunker oil is generally linked to the price of crude oil, any increase in the price of crude oil may have a detrimental effect on Mitsui O.S.K. Lines' earnings. The price level of bunker oil is subject to price volatility and fluctuations in supply and demand, and has also been affected by a number of other factors including fluctuations in the foreign currency market, war and other geopolitical events. Although Mitsui O.S.K. Lines seeks to reduce the risk associated with fluctuating bunker oil prices by taking hedging measures, these measures may not completely protect Mitsui O.S.K. Lines from fuel price increase.

Mitsui O.S.K. Lines estimates an increase of one U.S. dollar per metric ton in the average annual price of bunker would lower Mitsui O.S.K. Lines' income before income taxes and minority interests by approximately ¥0.07 billion (maximum), which amount may be affected by fuel hedge transactions.

Interest Rate Fluctuations

Mitsui O.S.K. Lines depends mainly on funds procured from external sources to meet working capital and capital expenditure requirements. Mitsui O.S.K. Lines is limiting exposure to the interest rate risk by procuring funds through fixed-rate loans and using interest rate swaps. However, funds procured at floating interest rates are affected by interest rate fluctuations. Furthermore, the fluctuation of interest rates in the future may affect the funding cost of Mitsui O.S.K. Lines.

Intense Competition

Mitsui O.S.K. Lines provides a wide range of overseas shipping services throughout the world. As a result, Mitsui O.S.K. Lines faces many types of competitors, from large shipping companies with various types of shipping services, to relatively smaller, specialised shipping companies. Some of these companies may be more profitable than Mitsui O.S.K. Lines, some may have greater financial resources available to them, or may be keen to achieve market share rather than profitability. As a result, these companies may be able to compete with Mitsui O.S.K. Lines for customers at lower prices or by other means and Mitsui O.S.K. Lines may not be able to secure profitable routes by itself. Although Mitsui OSK believes that its competitive position is strong, any failure to maintain its competitive position would adversely affect the business and operating results of Mitsui O.S.K. Lines.

Harbour Costs

Like other major shipping companies, Mitsui O.S.K. Lines owns and operates its own harbour infrastructures within and outside Japan but also relies heavily upon the use of third party providers of harbour infrastructures in each of the regions in which its ships operate. Changes in the global shipping business and the global economic environment can result to change in demand for harbour infrastructures. In the event that harbour infrastructures were to become short of capacity, service rates charged by container logistics firms for using harbour infrastructures are likely to increase, which will most likely lead to higher operating costs for Mitsui O.S.K. Lines and thereby adversely affecting the operations and financial results of Mitsui O.S.K. Lines.

Delivery of New Vessels

Mitsui O.S.K. Lines relies on a relatively small number of shipbuilding companies to deliver new vessels to its fleet. Shipbuilding companies are subject to risks of delay inherent in any large construction project, such risks resulting primarily from factors affecting the shipyards themselves which are beyond the control of Mitsui O.S.K. Lines. Examples include labour disputes at the shipyard, weather interferences and bankruptcy of the shipyard. Mitsui O.S.K. Lines seeks to minimise the risk associated with shipbuilding companies by ordering new vessels only from creditable shipyards. However, if there is a problem with these shipbuilding companies delivering new vessels in a timely manner, Mitsui O.S.K. Lines could experience difficulties in providing the intended services to customers, the vessel operation efficiency of Mitsui O.S.K. Lines could be reduced, and the business and operating results of Mitsui O.S.K. Lines could be adversely affected.

Vessel Operations

Mitsui OSK Lines' shipping services carry inherent risks relating to:

- oil spills or other environmental contamination for which Mitsui O.S.K. Lines may be liable for clearance costs of such spills and civil and criminal liabilities;
- loss of life or injury of crew and passengers for which Mitsui O.S.K. Lines may be required to pay compensation and may be found criminally liable in respect thereof;
- loss of or damage to vessels for which Mitsui O.S.K. Lines may be liable for damages to vessels of other parties, and Mitsui O.S.K. Lines' shipping services may be disrupted; and
- loss of or damage to cargo for which Mitsui O.S.K. Lines may be liable for damages in respect of such loss of, or damage to, cargo.

Mitsui O.S.K. Lines and all of its subsidiaries and affiliates regard the safe operation of vessels as one of its highest priorities. Based on its Corporate Principle of "protecting the marine and global environment through safe navigation", Mitsui O.S.K. Lines has established its own safety management system, operates a comprehensive crew education and training system, and takes other steps to ensure safety. However, with a fleet of 954 vessels in constant operation around the world as of 31 March 2012, the risks of any of the above events occurring are real. Any of these events could have an adverse impact on the business and operating results of Mitsui O.S.K. Lines, especially if an accident that causes oil pollution effecting the surrounding marine environment occurs.

Performance of Third-Party Technical Managers

Approximately two-thirds of the vessels that Mitsui O.S.K. Lines currently operates are chartered vessels. As a result, the direct technical management, including crew, maintenance and repair services, is conducted by third-party companies. Although Mitsui O.S.K. Lines conducts occasional inspections in order to confirm that these third-party technical managers are providing services at a satisfactory level, if these technical managers fail to perform their obligations and any of the vessels that Mitsui O.S.K. Lines operates have technical problems, increased costs could arise, the vessel operation efficiency of Mitsui O.S.K. Lines could be reduced, and the business and operating results of Mitsui O.S.K. Lines could be adversely affected.

Laws and governmental policies

Mitsui O.S.K. Lines' main business, overseas shipping, is subject to various laws and governmental policies to ensure the vessels' safety qualities and the prevention of marine accidents. Also, in each of the countries/areas that Mitsui O.S.K. Lines operates, Mitsui O.S.K. Lines' business is subject to various laws and regulations, such as, approval of business and investments, regulations relating to cargo transports, imports and exports, anti-trust, tax, currency exchanges, environments, and various safety requirements.

Complying with substantial changes in these laws and regulations could increase the cost for Mitsui O.S.K. Lines. Further, in the case where such changes are difficult for Mitsui O.S.K. Lines to comply with, it could limit Mitsui O.S.K. Lines' business operations in that country/area, and could adversely affect the business and operating results of Mitsui O.S.K. Lines.

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 number of the Notes that may be issued under the Programme may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the relevant Issuer

An optional redemption feature is likely to limit the market value of Notes. 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.

An 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.

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 such 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 the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant 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, 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, 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 to their nominal 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:

Modification, waivers and substitution

The Terms and Conditions of the Notes 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, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect

otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) to the Directive.

The European Commission has announced proposals to amend the Directive. If any of these proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Change of law

The Terms and Conditions of the Notes and any non-contractual obligations arising out of or in connection with them are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Integral Multiples of less than €100,000

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed). If the noteholder requires a definitive Note for such holding, a noteholder would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Risks related to the market generally

Set out below is a brief description of certain 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 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 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 Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. 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.

FORM OF THE NOTES

Each Tranche of Notes will be initially represented by a temporary global Note, or a permanent global Note without receipts, interest coupons or talons, which will be delivered to a Common Depositary for Euroclear and Clearstream, Luxembourg. Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Note only to the extent that certification (in a form provided in the Agency Agreement (as defined in the Terms and Conditions of the Notes)) to the effect, *inter alia*, that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certificate (based on the certification it has received) to the Agent.

On and after the date (the “Exchange Date”) which is the first business day after the expiration of the 40-day period beginning on (i) the date certified by the Dealer in respect of the issue of Notes (the “relevant Dealer(s)”) or (in the case of a Tranche of Notes offered on a syndicated basis) the lead manager of the relevant Tranche of Notes to the Agent as being the date as of which distribution of all Notes of the Series issued prior to such determination (of which that Tranche forms a part) was completed or (ii) such later date (if any) as may be notified by the relevant Issuer to the Agent, or such later date determined by the relevant Issuer, in its sole discretion, to ensure that the issuance of such Tranche of Notes is exempt from the registration requirements of the Securities Act by virtue of Regulation S thereunder and in compliance with the D Rules (as defined in the Programme Agreement), interests in a temporary global Note will be exchangeable in whole or in part (free of charge to the relevant Noteholder) upon a request as described therein either for interests in a permanent global Note without interest coupons, talons or receipts or for definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case against certification of beneficial ownership as described in the second sentence of the preceding paragraph and as required by U.S. Treasury regulations, in accordance with the terms of the temporary global Note, unless such certification has already been given. The Agent will determine the Exchange Date for each Tranche of Notes upon receipt of the certification from the relevant Dealer(s) or the lead manager referred to above and will notify, amongst others, Euroclear and Clearstream, Luxembourg of that date. Unless exchange for an interest in a permanent global Note or for definitive Notes is improperly withheld or refused, the holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date. Pursuant to the Agency Agreement, the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to 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 Tranche as determined by the Agent upon receipt of the certification from the relevant Dealer(s) or the lead manager referred to above.

The Issuers may issue additional Tranches of Notes from time to time. Upon issuance of such additional Tranches of Notes (if any) prior to the Exchange Date for a particular Tranche of 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 Notes.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the permanent global Note without any requirement for certification. A permanent global Note will be exchangeable (free of charge to the relevant Noteholder), in whole (but not in part), for definitive Notes with, where applicable, interest coupons, talons or receipts attached (i) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business and no alternative clearing system is available; (ii) in the event of the occurrence of an Event of Default (as defined in “Terms and Conditions of the Notes”); or (iii) if the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form. In the event of the occurrence of any such event, Euroclear or

Clearstream, Luxembourg may give notice to the Agent requesting exchange and, in the event of the occurrence of the event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days (or such longer period as may be agreed by the relevant account holder) after the date of receipt of the first relevant notice by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement. The exchange upon notice or at any time provisions will not be applicable where the Specified Denomination of the Notes in the Pricing Supplement includes multiple denominations.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, include a reference to any additional or alternative clearing system approved by the relevant Issuer, the relevant Dealer and the Agent.

The following legend will appear on all Notes, receipts and interest coupons (including talons) issued in accordance with the D Rules:

“Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

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

Where the Issuer is Mitsui O.S.K Lines, the following legend will appear on all global Notes and definitive Notes:

“INTEREST PAYMENTS ON THIS [GLOBAL NOTE/DEFINITIVE NOTE] WILL BE SUBJECT TO JAPANESE WITHHOLDING TAX UNLESS IT IS ESTABLISHED THAT THIS [GLOBAL NOTE/DEFINITIVE NOTE] IS HELD BY OR FOR THE ACCOUNT OF A BENEFICIAL OWNER THAT IS (I) 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 PERSON HAVING A SPECIAL RELATIONSHIP WITH MITSUI O.S.K. LINES, LTD. (“MITSUI O.S.K. LINES”) AS DESCRIBED IN ARTICLE 6, PARAGRAPH 4 OF THE ACT ON SPECIAL MEASURES CONCERNING TAXATION OF JAPAN (A “SPECIALLY-RELATED PERSON OF MITSUI O.S.K. LINES”), OR (II) A JAPANESE DESIGNATED FINANCIAL INSTITUTION DESCRIBED IN ARTICLE 6, PARAGRAPH 9 OF THE ACT ON SPECIAL MEASURES CONCERNING TAXATION OF JAPAN WHICH COMPLIES WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER THAT PARAGRAPH.

INTEREST PAYMENTS ON THIS [GLOBAL NOTE/DEFINITIVE NOTE] TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION NOT DESCRIBED IN THE PRECEDING PARAGRAPH, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A SPECIALLY-RELATED PERSON OF MITSUI O.S.K. LINES WILL BE SUBJECT TO DEDUCTION OF JAPANESE INCOME TAX AT A RATE OF 15 PER CENT. (AFTER 1 JANUARY, 2013, 15.315 PER CENT.) OF THE AMOUNT SPECIFIED IN SUBPARAGRAPH (A) OR (B) BELOW, AS APPLICABLE:

- (A) IF INTEREST IS PAID TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A SPECIALLY-RELATED PERSON OF MITSUI O.S.K. LINES (EXCEPT AS PROVIDED IN SUBPARAGRAPH (B) BELOW), THE AMOUNT OF SUCH INTEREST; OR
- (B) IF INTEREST IS PAID TO A PUBLIC CORPORATION, A FINANCIAL INSTITUTION OR A FINANCIAL INSTRUMENTS BUSINESS OPERATOR, ETC. THROUGH A JAPANESE PAYMENT HANDLING AGENT, AS PROVIDED IN ARTICLE 3-3, PARAGRAPH 6 OF THE

ACT ON SPECIAL MEASURES CONCERNING TAXATION OF JAPAN IN COMPLIANCE WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER THAT PARAGRAPH, THE AMOUNT OF SUCH INTEREST MINUS THE AMOUNT PROVIDED IN THE CABINET ORDER RELATING TO SAID PARAGRAPH 6.”

A Note may be accelerated by the holder thereof in certain circumstances set out in Condition 10 of the Terms and Conditions 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 its securities account with the relevant clearing system gives notice that it wishes to accelerate such Note, unless within a period of 15 days commencing on the relevant due date payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their accounts with the relevant clearing system will become entitled to proceed directly against the relevant Issuer and in the case of Notes issued by Euromol B.V., the Guarantor under the terms of the relevant amended and restated deed of covenant executed as a deed by Euromol B.V. and the Guarantor on 17 November 2008 (as amended and/or supplemented) to come into effect in relation to the whole or part of such global Note in favour of the persons entitled to such part of such global Note, as accountholders with a clearing system. Following any such acquisition of direct rights, the global Note will become void as to the specified portion.

The form of Pricing Supplement that will be issued in respect of each Tranche is set out in this Offering Circular (see “Form of Pricing Supplement” below).

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which subject to completion by the provisions of the applicable Pricing Supplement (as defined below), will be applicable to the Notes in global form and those Notes issued in definitive form (if any) in exchange for the Global Note(s) (as defined below) representing each Series. Either (i) the full text of the Terms and Conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) the Terms and Conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Those definitions will be endorsed on the definitive Notes. Reference should be made to “Form of the Pricing Supplements” which will include definitions of certain terms used in the following Terms and Conditions and specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued pursuant to the Agency Agreement (as defined below). References herein to the “Issuer” shall be references to the party specified as such in the applicable Pricing Supplement (as defined below).

References herein to “Notes” shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note (a “Global Note”), units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) are issued pursuant to an amended and restated agency agreement dated 17 November 2008 as supplemented by a first supplemental agency agreement dated 17 November 2009, a second supplemental agency agreement dated 26 November 2010 and a third supplemental agency agreement dated 26 November 2012 (such agency agreement, as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) and made between Mitsui O.S.K. Lines, Ltd. (“Mitsui O.S.K. Lines”), Euromol B.V. (“Euromol”), The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch as issuing agent and principal paying agent (the “Agent”), which expression shall include any successor agent, and the “Paying Agent”, which expression shall include any additional or successor paying agents) and have the benefit of amended and restated deeds of covenant dated 17 November 2008 executed by (i) Euromol and Mitsui O.S.K. Lines (in such capacity, the “Guarantor”) in respect of Notes to be issued by Euromol and (ii) Mitsui O.S.K. Lines in respect of Notes issued by Mitsui O.S.K. Lines (such deeds of covenant, as amended and/or supplemented and/or restated from time to time, each in respect of Notes issued by either Issuer, a “Deed of Covenant” and together the “Deeds of Covenant”).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (“Coupons”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Notes repayable in instalments have receipts (“Receipts”) for the payment of instalments of principal (other than the final instalment) attached on issue.

The pricing supplement for this Note (the “Pricing Supplement”) is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “applicable Pricing Supplement” are to the Pricing Supplement attached hereto or endorsed hereon.

Any reference herein to “Noteholders” shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deeds of Covenant. The originals of the Deeds of Covenant are held by a Common Depositary on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, Société anonyme (“Clearstream, Luxembourg”).

Copies of the Agency Agreement, the applicable Pricing Supplement, and the Deeds of Covenant are available for inspection during normal business hours at the specified offices of the Agent and any other Paying Agent save that, if this Note is not listed on any stock exchange, the applicable Pricing Supplement will only be available for inspection by a Noteholder upon proof satisfactory to the Agent or any relevant other Paying Agent, as the case

may be, as to ownership of this Note. 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 Agency Agreement, the Deeds of Covenant and the applicable Pricing Supplement, which are applicable to them.

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

1. Form, Denomination and Title

The Notes are issued in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denominations.

This Note is a Fixed Rate Note, and/or a Floating Rate Note, and/or a Zero Coupon Note, and/or an Instalment Note, as shown in the applicable Pricing Supplement.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear, and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg 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, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal of or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor, the Agent and any other Paying Agent as the holder 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 Euroclear or of Clearstream, Luxembourg, as the case may be.

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

2. Status of the Notes and (where applicable) Guarantee

(a) Mitsui O.S.K. Lines

If the Issuer is Mitsui O.S.K. Lines, subject to Condition 3, the Notes and the related Receipts and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank *pari passu* and rateably without any preference among themselves and (subject to such exceptions as from time to time exist under applicable law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

(b) Euromol

If the Issuer is Euromol, the Guarantor has unconditionally and irrevocably guaranteed due payment of all sums expressed to be payable by the Issuer under the Notes and the related Receipts and Coupons. Its obligations in that respect (the "Guarantee") are contained in the relevant Deed of Covenant. The Guarantee is a direct, unconditional, irrevocable, unsubordinated and unsecured obligation of the Guarantor and will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future.

If the Issuer is Euromol, subject to Condition 3, the Notes and the related Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to such exceptions as from time to

time exist under applicable law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

3. Negative Pledge

(a) *Mitsui O.S.K. Lines*

If the Issuer is Mitsui O.S.K. Lines, 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, mortgage, charge or other security interest for the benefit of the holders of any international bond issue upon the whole or any part of its property or assets, present or future, to secure (i) payment of any sum due in respect of any international bond issue of the Issuer or (ii) any payment under any guarantee of, or indemnity or other like obligation in respect of, any international bond issue issued by an entity other than the Issuer, without in any such case at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such international bond issue (or such guarantee, indemnity or other like obligation in respect thereof) or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) *Euromol*

If the Issuer is Euromol, so long as any of the Notes remains outstanding

- (i) the Issuer will not create or permit to be outstanding any pledge, mortgage, charge or other security interest for the benefit of the holders of any bond issue upon the whole or any part of its property or assets, present or future, to secure (A) payment of any sum due in respect of any bond issue made by it or (B) any payment under any guarantee of, or indemnity or other like obligation in respect of, any bond issue issued by an entity other than itself, without in any such case at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such bond issue (or such guarantee, indemnity or other like obligation in respect thereof) or such other security as shall be approved by an Extraordinary Resolution of the Noteholders; and
- (ii) the Guarantor will not create or permit to be outstanding any pledge, mortgage, charge or other security interest for the benefit of the holders of any international bond issue upon the whole or any part of its property or assets, present or future, to secure (A) payment of any sum due in respect of any international bond issue of the Guarantor or (B) any payment under any guarantee of, or indemnity or other like obligation in respect of, any international bond issue issued by an entity other than the Guarantor, without in any such case at the same time according to the Notes either the same security as is granted to or is outstanding in respect of such international bond issue (or such guarantee, indemnity or other like obligation in respect thereof) or such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

For the purposes of this Condition 3(b), “bond issue” shall mean an issue of bonds, debentures, notes or other similar securities and, for the avoidance of doubt, shall not include any security evidencing an extension of credit made pursuant to a loan agreement entered into with a lender in the ordinary course of such person’s lending business.

For the purposes of this Condition 3, “international bond issue” shall mean an issue of bonds, debentures, notes or other similar securities which either (i) are by their terms payable, or confer a right to receive any payment, in any currency other than Yen or (ii) are denominated in Yen and more than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside Japan by or with the authorisation of the Issuer (in Condition 3(a)) or the Guarantor (in Condition 3(b)) or (as the case may be) the other entity being the principal debtor in respect thereof.

4. Redenomination

- (a) Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days’ prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of

that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the Redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and any other Paying Agent of such deemed amendments;

- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Agent shall determine and notify to the Noteholders (provided that no definitive Notes will be issued with a Specified Denomination of less than euro 1,000);
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New certificates in respect of euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro 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;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (i) the number of those days falling in a leap year divided by 366 and (ii) the number of those days falling in a non-leap year divided by 365);
- (vii) if the Notes are Floating Rate Notes the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro or to enable the Notes to be consolidated with one or more issues of other notes, whether or not originally denominated in the Specified Currency or euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

(b) *Definitions*

In this Condition, the following expressions have the following meanings:

"*Established Rate*" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty; and

"*Redenomination Date*" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and, if the country of the

Specified Currency is not one of the countries then participating the European Economic Union which falls on or after such later date as it does so participate and which falls before the date on which the Specified Currency ceases to be a sub-division of the euro.

5. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum expressed as a percentage equal to the Fixed Rate(s) of Interest payable in arrear on each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date.

(b) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

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

In these Terms and Conditions, “Interest Period” shall 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 any Interest Payment Date (or other date) which is specified in the applicable Pricing Supplement to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (or other 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 (A) such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date (or other 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 (or other 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 (or other such date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

In this Condition, “Business Day” means a day which is both:

- (A) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the place(s) specified as the Business Centre(s) in the applicable Pricing Supplement; and
- (B) either (1) in relation to interest payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal

financial centre of the country of the relevant Specified Currency and/or (2) in relation to interest payable in euro, a day on which the TARGET system is operating (a “TARGET Business Day”) and/or (3) in relation to interest payable in a currency and/or one or more Business Centres specified, a day on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes for each Interest Accrual Period will be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (ii)(A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under a notional interest rate Swap Transaction if the Agent or that other person were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period equal to that Interest Period; and
- (3) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (y) in any other case, as specified in the applicable Pricing Supplement.

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

When this sub-paragraph (ii)(A) applies, in respect of each relevant Interest Period:

- (1) the Rate of Interest for such Interest Period will be the Floating Rate determined by the Agent or such other person specified in the applicable Pricing Supplement in accordance with this sub-paragraph (ii)(A); and
- (2) the Agent or such other person specified in the applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 5(g) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (ii)(A).

(B) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (1) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (y) the arithmetic mean of the Relevant Rates of the entities whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date

- (2) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (1)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (1)(y) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
- (3) if paragraph (2) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date will be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(e)).

(d) *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 (and including) the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until (but excluding) 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 moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

(e) *Margin, Maximum/Minimum Rate of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

- (i) If any Margin or Rate Multiplier is specified hereon (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country[ies] of such currency.

(f) *Calculation of Interest Amount*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is specified in respect of such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. If the Maturity Date is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the final Broken Amount so specified in the applicable Pricing Supplement.

(g) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Agent, the Issuer, any other Paying Agent, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(i), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Definitions*

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

“*Day Count Fraction*” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual-ISDA” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30

- (v) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360;
- (vi) 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 Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first days of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

(viii) if “Actual/Actual ICMA” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Periods and (2) the number of Determination Periods normally ending in any year;

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

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

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual

Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

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

“*Interest Period Date*” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement.

“*ISDA Definitions*” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“*Page*” means such page, section, caption, column or other part of a particular information service as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

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

“*Reference Banks*” means the four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

“*Relevant Financial Centre*” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the applicable Pricing Supplement or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

“*Relevant Rate*” means the Benchmark (being one of LIBOR, LIBID, LIMEAN or EURIBOR as specified in the applicable Pricing Supplement) for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“*Relevant Time*” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the applicable Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Central European Time.

“*Representative Amount*” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the applicable Pricing Supplement or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“*Specified Currency*” means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

“*Specified Duration*” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the applicable Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(i).

“*TARGET system*” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

(i) *Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents

if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) *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 Condition 5(b), by the Agent or other person specified in the applicable Pricing Supplement shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, such other person (if any), any other Paying Agent and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or such other person (if any) in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.

6. Payments

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency (other than euro) will be made by 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, Canadian Dollars or New Zealand Dollars, shall be Sydney, Toronto or Auckland, respectively) except that no payment shall be made by mail to any address within, or by transfer to any account maintained by the payee in, the United States (as defined in Condition 6(b));
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Presentation of Notes, Receipts and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided in this Condition) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided in this Condition) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided in this Condition) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become

void and no payment shall be made in respect thereof.

Payments under paragraph (a) above made, at the option of the bearer of such Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer at the risk and expense of each bearer. Subject to any applicable law and regulations, such payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. No payment in respect of any definitive Note, Receipt or Coupon will be made upon presentation of such definitive Note and Receipt or Coupon at any office or agency of the Issuer or any Paying Agent in the United States. For the purposes of the preceding sentence in this Condition 6(b), the term “United States” 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, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands.

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) should be presented for payment together with all unmatured 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 unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured 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 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured 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 or Long Maturity Note in definitive form becomes due and repayable, unmatured 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. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A “Long Maturity Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

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

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “Payment Day” set out in Condition 6(c).

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

Notwithstanding the foregoing, U.S. Dollar payments of principal and/or interest in respect of Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents located outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at the specified offices of the Paying Agents is illegal or effectively precluded because of the imposition of 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, adverse consequences arising out of or caused by tax imposed on such payment or otherwise for the Issuer.

(c) *Payment Day*

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

- (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in:
 - (A) only in respect of definitive Notes the relevant place of presentation;
 - (B) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day which is a TARGET Business Day.

(d) *Interpretation of Principal and Interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e));
- (vi) in relation to Notes redeemable in instalments, the Instalment Amount; and
- (vii) any premium and any other amounts 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 8.

7. Redemption, Purchase and Options

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month (in the case of a Floating Rate Note) or by instalments in the Instalment Amounts and on the Instalment Dates (in the case of a Note redeemable in instalments).

(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 on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 14 to the Noteholders (which notice shall be irrevocable) if:

- (i) on the occasion of the next payment due under the Notes, the Issuer, or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor, has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the jurisdiction in which the Issuer (or the Guarantor, as the case may be) is incorporated and/or in which the Issuer (or the Guarantor, as the case may be) is resident for tax purposes or maintains a permanent establishment (each, a "Relevant Jurisdiction") or any political subdivision or any authority of or in the Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 7, the Issuer shall deliver, or procure the Guarantor to deliver, to the Agent a certificate signed by an authorised officer of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(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*

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem, the Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice in accordance with Condition 14 to the Noteholders; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Agent, (both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 60 days prior to the Optional Redemption Date (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 30 days prior to the Optional Redemption Date. 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 Optional Redemption Date pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least ten days prior to the Selection Date.

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

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 days' notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If the Note is in definitive form, to exercise the right to require redemption of the Note, the holder of the Note must deliver such Note at the specified office of any Paying Agent outside the United States (as defined in Condition 6(b)) at any time during the business hours of such Paying Agent falling within the notice period, accompanied by 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 (the "Put Notice") in which the holder of the Note must specify a bank account (or, if payment is by cheque, an address) outside the United States to which payment is to be made under this Condition 7.

(e) *Early Redemption Amounts*

For the purposes of paragraphs (b) above and (f) below and Condition 10, 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) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in such Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the sum of:
 - (A) the Reference Price specified in the applicable Pricing Supplement; and
 - (B) the product of the Amortisation Yield specified in the applicable Pricing Supplement (compounded annually) being applied to the Reference Price 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,

or such other amount as is provided in the applicable Pricing Supplement.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (I) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each and (II) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (in either case) on such other basis as may be specified in the applicable Pricing Supplement.

(f) *Instalments*

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

(g) *Purchases*

The Issuer or any of its Subsidiaries (as defined in the Agency Agreement) or (if the Issuer is Euromol) the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, the relevant Subsidiary or the Guarantor (as the case may be), surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(i) *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 10 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 in respect of such Zero Coupon Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. **Taxation**

(a) *Where the Issuer is Mitsui O.S.K. Lines*

Where the Issuer is Mitsui O.S.K. Lines, all payments of principal and interest (if any) in respect of the Notes (including Receipts) and the relative Coupons by or on behalf of the Issuer shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of Japan, or any political sub-division thereof, or any authority or agency thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders (including Receiptholders) of this Series and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest (if any) which would have been receivable in respect of the Notes or the Coupons, as the case may be in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (i) in respect of which a beneficial owner is an individual non-resident of Japan or a non-Japanese corporation and is liable to such Taxes in respect of such Note or Coupon (as the case may be) by reason of its (a) having some connection with Japan other than merely by holding such Note or Coupon or (b) being a person having a special relationship with Mitsui O.S.K. Lines as described in Article 6, Paragraph 4 of the Act on Special Measures Concerning Taxation (as defined below) (a "specially-related person of Mitsui O.S.K. Lines");
- (ii) in respect of which a beneficial owner would otherwise be exempt from any such withholding or deduction but fails to comply with any applicable requirement to provide Interest Recipient Information (as defined below) or to submit an Application for Exemption (as defined below) to the Paying Agent to whom the relevant Note or Coupon is presented, or whose Interest Recipient Information is not duly communicated through the Participant (as defined below) and the relevant international clearing organisation to such Paying Agent;

- (iii) in respect of which a beneficial owner is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (A) a Designated Financial Institution (as defined below) who complies with the requirement to provide Interest Recipient Information or to submit an Application for Exemption and (B) an individual resident of Japan or a Japanese corporation who duly notifies (directly or through the Participant (as defined below) or otherwise) the relevant Paying Agent of its status as not being subject to Taxes to be withheld or deducted by the Issuer by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it);
- (iv) presented for payment more than 30 days after the Relevant Date (as defined in paragraph (c) below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (vi) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

Where a Note or Coupon is held through a certain participant of an international clearing organisation or a certain financial intermediary (each, a “Participant”), in order to receive payments free of withholding or deduction by the Issuer for, or on account of Taxes, if the relevant beneficial owner is (A) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of Mitsui O.S.K. Lines) or (B) a Japanese financial institution falling under certain categories prescribed by the Act on Special Measures Concerning Taxation (Law No. 26 of 1957) (as amended) (the “Act on Special Measures Concerning Taxation”) and the cabinet order No. 43 of 1957 thereunder, (as amended), (together with the ministerial ordinance and other regulations thereunder, the “Law”) (each, a “Designated Financial Institution”), all in accordance with the Law, such beneficial owner shall, at the time of entrusting a Participant with the custody of the relevant Note or Coupon, provide certain information prescribed by the Law to enable the Participant to establish that such beneficial owner is exempted from the requirement of Taxes to be withheld or deducted (the “Interest Recipient Information”) and advise the Participant if the beneficial owner ceases to be so exempted including the case where the beneficial owner who is an individual non-resident of Japan or a non-Japanese corporation became a specially-related person of Mitsui O.S.K. Lines.

Where a Note or Coupon is not held by a Participant, in order to receive payments free of withholding or deduction by the Issuer for, or on account of, Taxes, if the relevant beneficial owner is (A) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of Mitsui O.S.K. Lines) or (B) a Designated Financial Institution, all in accordance with the Law, such beneficial owner shall, prior to each time on which it receives interest, submit to the relevant Paying Agent a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) (an “Application for Exemption”) in the form obtainable from the Paying Agent stating, *inter alia*, the name and address of the beneficial owner, the title of the Notes, the relevant Interest Payment Date, the amount of interest and the fact that the beneficial owner is qualified to submit the Application for Exemption, together with documentary evidence regarding its identity and residence.

(b) *Where the Issuer is Euromol*

Where the Issuer is Euromol, all payments of principal and interest by the Issuer or the Guarantor in respect of the Notes, Receipts and Coupons or under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands, Japan or any other Relevant Jurisdiction, or any authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. If such withholding or deduction is so required, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result (after such withholding or deduction) in the receipt by the holders of the Notes, Receipts or Coupons of the amount which would otherwise have been receivable (in the absence of such withholding or deduction) from the Issuer or, as the case may be, the Guarantor in respect of the Notes, Receipts and Coupons; provided that no such additional amount shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a person liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection with The Netherlands, Japan or such other Relevant Jurisdiction, other than the mere holding or ownership of such Note, Receipt or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such 30-day period; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (iv) presented for payment by or on behalf of a Noteholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

(c) *In all cases*

As used herein, the “Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. Prescription

Claims against the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor in respect of the Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

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 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

If any of the following events (each an “Event of Default”) occurs and is continuing:

- (i) a default is made for more than seven days in the payment of principal due in respect of any of the Notes when and as the same ought to be paid in accordance with these Terms and Conditions; or
- (ii) a default is made for more than 14 days in the payment of interest due in respect of any of the Notes when and as the same ought to be paid in accordance with these Terms and Conditions; or
- (iii) a default is made by the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor in the performance or observance of any one or more of its other obligations contained in the Notes or the Guarantee relating to such Notes and such default continues for a period of 30 days next following the service by any Noteholder on the Agent at its specified office of notice requiring such default to be remedied; or
- (iv) any bonds, debentures, notes or other indebtedness for money borrowed (other than Non- Recourse Indebtedness as defined below) (hereinafter individually and collectively called “Indebtedness”) of the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary, having an aggregate outstanding nominal amount of at least U.S.\$3,000,000 (or its equivalent in any other currency or currencies), 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 (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary 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 Indebtedness of others given by the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary and having an aggregate outstanding nominal amount of at least U.S.\$3,000,000 (or its equivalent as aforesaid) shall not be honoured when due and called upon; or
- (v) an effective resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) a Principal

Subsidiary be wound up or dissolved otherwise than (a) 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 Noteholders, (b) (in the case of Mitsui O.S.K. Lines) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction relating to Mitsui O.S.K. Lines and where the continuing entity or the entity formed as a result thereof assumes the entire obligations (if any) of Mitsui O.S.K. Lines under the Notes, the Coupons, the Receipts, the Programme Agreement (as defined in the Agency Agreement), the Agency Agreement and the Deeds of Covenant, (c) (where Euromol is the Issuer) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction relating to such Issuer under which the continuing entity or the entity formed as a result thereof assumes the entire obligations of the Issuer under the Notes, the Coupons, the Receipts, the Programme Agreement, the Agency Agreement and the relevant Deed of Covenant, or (d) in the case of a Principal Subsidiary (I) a winding-up or dissolution for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction with or into Mitsui O.S.K. Lines or any other Subsidiary of Mitsui O.S.K. Lines or (II) a voluntary winding-up or dissolution of a Principal Subsidiary in relation to which the entire surplus assets arising from such voluntary winding-up or dissolution attributable to Mitsui O.S.K. Lines and/or any other Subsidiary of Mitsui O.S.K. Lines are distributed to Mitsui O.S.K. Lines and/or such Subsidiary; or

- (vi) an encumbrancer takes possession (otherwise than for the purpose of enforcement of any Non-Recourse Indebtedness) or a receiver is appointed of the whole or a material part of the assets or undertaking of the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) a Principal Subsidiary; or
- (vii) a distress, execution or seizure before judgment is levied or enforced upon or sued out against the whole or a part of the property of the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) a Principal Subsidiary (otherwise than by virtue of any rights or claim arising out of or in connection with any Non-Recourse Indebtedness) and such distress, execution or seizure before judgment is material in its effect upon the operations of such person and is not discharged within 60 days thereof; or
- (viii) the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary (a) (otherwise than in respect of any Non-Recourse Indebtedness) stops payment (within the meaning of Japanese, Dutch or any other applicable bankruptcy law) or (b) (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (v)) ceases or through an official action of its Board of Directors threatens to cease to carry on business (otherwise than in respect of the acquisition, construction, development, redevelopment or operation of the Relevant Property as defined in the definition of Non-Recourse Indebtedness) or (c) (otherwise than in respect of any Non-Recourse Indebtedness) is unable to pay its debts as and when they fall due; or
- (ix) proceedings shall have been initiated against the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary under any applicable bankruptcy, reorganisation or insolvency law (otherwise than by the creditor or counterparty in respect of any Non-Recourse Indebtedness) and such proceedings have not been discharged or stayed within a period of 60 days; or
- (x) the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors (otherwise than in respect of any Non-Recourse Indebtedness);
- (xi) where the Issuer is Euromol, the Issuer applies for a “*surséance van betaling*” (within the meaning of the Statute of Bankruptcy of The Netherlands (“*Faillissementswet*”)); or
- (xii) 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 Agent at its specified office, declare the Notes held by him to be immediately due and payable whereupon they shall become immediately due and payable without further formality, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Agent.

The Agency Agreement defines “Principal Subsidiary” to mean any Consolidated Subsidiary (as defined in the Agency Agreement) of Mitsui O.S.K. Lines (i) whose net sales, as shown by the accounts of such Consolidated Subsidiary (consolidated, if such Consolidated Subsidiary itself has Subsidiaries) based upon

which the latest Consolidated Accounts (as defined in the Agency Agreement) have been made up, are not less than 5 per cent. of the total net sales of Mitsui O.S.K. Lines and its Consolidated Subsidiaries as shown by such Consolidated Accounts, or (ii) whose gross assets, as shown by the accounts of such Consolidated Subsidiary (consolidated, if such Consolidated Subsidiary itself has Subsidiaries) based upon which the latest Consolidated Accounts have been made up, are not less than 5 per cent. of the total gross assets of Mitsui O.S.K. Lines and its Consolidated Subsidiaries as shown by such Consolidated Accounts, provided always that if any such Consolidated Subsidiary (the “transferor”) shall at any time transfer the whole or part of its assets or undertaking to another Subsidiary (the “transferee”) then:

- (A) if the whole of the assets and undertaking of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee shall thereupon become a Principal Subsidiary; and
- (B) if part only of the assets and undertaking of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee shall thereupon become a Principal Subsidiary.

Any Subsidiary which remains or becomes a Principal Subsidiary by virtue of (B) above shall continue to be a Principal Subsidiary until the date of issue of the first audited Consolidated Accounts prepared as at a date later than the date of the relevant transfer which show the net sales and gross assets of such Subsidiary, as shown by the accounts of such Subsidiary (consolidated, if such Subsidiary itself has Subsidiaries) based upon which such audited Consolidated Accounts have been made up, to be less than 5 per cent. of the net sales or gross assets, as the case may be, of Mitsui O.S.K. Lines and its Consolidated Subsidiaries as shown by such audited Consolidated Accounts.

A report by the Auditors (as defined in the Agency Agreement) that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer (where Mitsui O.S.K. Lines is not the Issuer), the Guarantor, the Noteholders, the Receiptholders and the Couponholders.

The Agency Agreement defines “Non-Recourse Indebtedness” to mean any indebtedness for borrowed money raised or incurred by the Issuer or (where Mitsui O.S.K. Lines is not the Issuer) the Guarantor or (whoever is the Issuer) any Principal Subsidiary (the “Borrower”) to finance or refinance the acquisition, construction, development, redevelopment or operation of any property or other asset or interest in relation thereto (the “Relevant Property”), or otherwise raised or incurred on the strength of security on the Relevant Property so acquired, constructed or developed, where in respect of such indebtedness the relevant creditor or counterparty has no recourse whatsoever to Mitsui O.S.K. Lines or any subsidiary of Mitsui O.S.K. Lines other than:

1. recourse to the Borrower for amounts limited to the cash flow or net cash flow from the Relevant Property; and/or
2. recourse to the Borrower for the purpose only of enabling amounts to be claimed in respect of such indebtedness for borrowed money in an enforcement of any encumbrance given by the Borrower over the Relevant Property or the income, cash flow or other proceeds deriving therefrom to secure such indebtedness for borrowed money, provided that (A) the extent of such recourse to the Borrower is limited solely to the amount of any recoveries made on any such enforcement, and (B) the relevant creditor or counterparty is not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness for borrowed money, to commence proceedings for the winding-up or dissolution of the Borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Borrower or any of its assets (save for the assets being the subject of such encumbrance); and/or
3. recourse to the Borrower generally or directly or indirectly to Mitsui O.S.K. Lines or any subsidiary of Mitsui O.S.K. Lines under any form of assurance, undertaking or support, which recourse is limited to (A) a claim for payment of such an amount or amounts as will make up all or a part of the shortage of a predetermined level of prospective income, cashflow or other proceeds deriving from the Relevant Property but such indebtedness shall cease to be Non- Recourse Indebtedness in the event that any such creditor or counterparty having obtained a final and conclusive order in excess of U.S.\$3,000,000 (or its equivalent in any other currency or currencies) to enforce a right of recourse to the Borrower generally or to Mitsui O.S.K. Lines or any Principal Subsidiary of Mitsui O.S.K. Lines, steps have been taken to enforce such order or (B) a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or an

obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against whom such recourse is available.

For the purposes of paragraph (iv), any Indebtedness which is in a currency other than U.S. Dollars may be translated into U.S. Dollars at the spot rate for the sale of U.S. Dollars against the purchase of the relevant currency quoted by any leading bank on any day on which any such obligations become payable or prematurely repayable, steps are taken to enforce such security or any such guarantee or indemnity is not honoured.

If any Note shall become so repayable, it shall be repaid at its Early Redemption Amount together, if appropriate, with accrued interest thereon, such interest to accrue and be paid in accordance with Condition 5.

11. Replacement of Notes, Receipts, Coupons and Talons

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

12. Agent and Paying Agents

The name of the initial Agent and its initial specified office is set out below.

The Issuer and (where Mitsui O.S.K. is not the Issuer) the Guarantor is entitled to vary or terminate the appointment of the Agent or any other Paying Agent and/or appoint a successor Agent and/or additional or other Paying Agents and/or approve any change in the specified office through which the Agent or any other Paying Agent acts, provided that the Issuer shall at all times maintain:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange which, so long as the Notes are listed on the official list of the UK Listing Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's Professional Securities Market, there will at all times be a Paying Agent with a specified office in London;
- (ii) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a city in continental Europe;
- (iii) there will at all times be a Paying Agent with a specified office in the relevant Financial Centre of the currency in which the relevant Notes are payable if so specified in the applicable Pricing Supplement;
- (iv) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and
- (v) there will at all times be an Agent.

In addition, the Issuer and (where Mitsui O.S.K. is not the Issuer) 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 6(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 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. Exchange of Talons

On and after the Interest Payment Date 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 any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. 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.

14. Notices

All notices regarding the Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication in such newspaper.

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders in definitive form are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver

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

The Agent, the Issuer and (where Mitsui O.S.K. is not the Issuer) the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders, Receiptholders or Couponholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the laws of the jurisdiction in which the Issuer is incorporated and/or to whose laws the Issuer is subject.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. 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 Issue Date, the amount and date of the first payment of interest thereon and/or the Issue Price and so that the same shall be consolidated and form a single Series with the outstanding Notes, and references in these Conditions to “Notes” shall be construed accordingly.

17. Substitution

If the Issuer is Euromol, any wholly-owned Subsidiary of Mitsui O.S.K. Lines may, without the consent of the holders of the Notes, Receipts or Coupons, provided that no payment of principal or interest in respect of any Notes issued by the Issuer is at the relevant time overdue and subject to such Subsidiary meeting the requirements of the UK Listing Authority and the London Stock Exchange, assume by deed poll (such deed poll to be substantially in the form set out in Schedule 7 to the Agency Agreement) liability for the due and punctual payment of the principal and interest in respect of the Notes, Receipts or Coupons and the performance of the Issuer’s obligations thereunder. Upon any such assumption, the assuming company (the “Substituted Issuer”) shall succeed to the rights and obligations of the Issuer under the Notes, Receipts or Coupons to the extent indicated in the deed poll referred to above, and the Issuer shall be released from its liability thereunder. Such assumption shall be permitted only if in addition to assuming the obligations of the Issuer under the Notes, Receipts or Coupons, (a) the Substituted Issuer shall, by means of such deed poll, agree to indemnify the holder of each Note, Receipt or Coupon against (i) any tax, duty, fee or governmental charge which is imposed on such holder by the jurisdiction of the country of its residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to such Note, Receipt or Coupon and which would not have been so imposed had such substitution not been made, (ii) any tax, duty, fee or governmental charge imposed on or relating to the act of substitution and (iii) any costs or expenses of the act of substitution, (b) the Substituted Issuer shall obtain all governmental and regulatory approvals and consents necessary for its assumption of the obligations and liabilities as principal debtor under the Notes, Receipts or Coupons, (c) the Issuer and the Substituted Issuer shall procure Mitsui O.S.K. Lines to, and Mitsui O.S.K. Lines shall, obtain all governmental and regulatory approvals and consents necessary in connection with its entry into the agreement and the deed poll referred to in (f) below (if any), (d) the Substituted Issuer shall enter into an agreement supplemental to the Agency Agreement (in which it shall agree to be bound by the terms of the Agency Agreement, with any appropriate consequential amendments, as fully as if the Substituted Issuer had been named therein as the original party) (e) legal opinions shall be delivered to the Noteholders, the Receiptholders and Couponholders (care of the Agent) from lawyers of recognised standing in the country of incorporation of the Substituted Issuer, Japan and England as to the validity of such assumption and the legal effectiveness of the other matters carried out pursuant to this Condition and (f) the Substituted Issuer shall enter into and the Issuer and the Substituted Issuer shall procure Mitsui O.S.K. Lines to enter into, a deed of covenant as the guarantor in terms substantially identical to the Deed of Covenant entered into by the relevant Issuer and the Guarantor. The Issuer shall give at least 14 days’ prior notice of such substitution to the Noteholders in accordance with Condition 14.

For the avoidance of doubt, and subject to the provisions of the deed poll referred to above pursuant to which such substitution shall be effected, where the context permits, after the substitution of the Substituted Issuer (as provided above), all references to Euromol by name or as the “Issuer” shall be deemed to be references to the Substituted Issuer.

18. Governing Law and Submission to Jurisdiction

- (a) The Agency Agreement, the Notes, the Receipts and 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) If the Issuer is Mitsui O.S.K. Lines, the provisions of the following paragraph shall apply.

The Issuer hereby irrevocably agrees for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts or the Coupons and that accordingly any suit, action or proceedings arising out of or in connection with the Notes, the Receipts and the Coupons (together referred to as “Proceedings”) may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum. Nothing contained herein shall limit any right to take Proceedings against the Issuer 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 Issuer hereby appoints Mitsui O.S.K. Bulk Shipping (Europe) Ltd. at its registered office for the time being (currently at Dexter House, Royal Mint Court, London EC3N 4JR), as its agent for service of process in England in respect of any Proceedings brought in the courts of England

and agrees that, in the event of Mitsui O.S.K. Bulk Shipping (Europe) Ltd. ceasing so to act or ceasing to have an address in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings brought in the courts of England and give notice thereof to the Noteholders in accordance with Condition 14. The Issuer has in the Agency Agreement and the Deed of Covenant 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.

- (c) If the Issuer is Euromol the provisions of the following paragraph shall apply.

Each of the Issuer and the Guarantor hereby irrevocably agrees for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts or the Coupons and that accordingly any suit, action or proceedings arising out of or in connection with the Notes, the Receipts and the Coupons (together referred to as "Proceedings") may be brought in such courts. Each of the Issuer and the Guarantor hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum. Nothing contained herein shall limit any right to take Proceedings against the Issuer or 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. Each of the Issuer and the Guarantor hereby appoints Mitsui O.S.K. Bulk Shipping (Europe) Ltd. at its registered office for the time being (currently at Dexter House, Royal Mint Court, London EC3N 4JR), as its agent for service of process in England in respect of any Proceedings brought in the courts of England and agrees that, in the event of Mitsui O.S.K. Bulk Shipping (Europe) Ltd. ceasing so to act or ceasing to have an address in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings brought in the courts of England and give notice thereof to the Noteholders in accordance with Condition 14. Each of the Issuer and the Guarantor has in the Agency Agreement and the Deed of Covenant 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.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Reference should also be made to “Form of the Notes” herein.

While the Notes are represented by a temporary global Note or a permanent global Note, the Terms and Conditions of the relevant Notes are modified in certain respects. The following is a summary of such modifications together with a description of certain other terms and conditions applicable to global Notes (see “Terms and Conditions of the Notes”):

1. Payments

- (a) For so long as any of the Notes is represented by a global Note and such global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (other than Clearstream, Luxembourg, where Clearstream, Luxembourg is an accountholder of Euroclear or *vice versa*) shall be treated as the holder of such nominal amount of Notes other than with respect to the payment of principal of and interest on the Notes. For such purpose, the bearer of the relevant global Note will be treated as the holder of such nominal amount of such Notes.
- (b) 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 Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment of principal or interest (if any) made by the relevant Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the relevant Issuer and (where Mitsui O.S.K. is not the Issuer) the Guarantor in respect of any payments due on that global Note.
- (c) Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the Exchange Date will be made through Euroclear and/or Clearstream, Luxembourg against presentation of the temporary global Note only to the extent of receipt of non-U.S. beneficial ownership certifications (as more fully described in “Form of the Notes”). The holder of a temporary global Note will not be entitled to collect any payment of principal or interest due on or after the Exchange Date, unless exchange for an interest in a permanent global Note or for definitive Notes is improperly withheld or refused.
- (d) Payments of principal of, and interest (if any) on, a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of such permanent global Note without any requirement for such certification as is referred to in (c) above.
- (e) A record of each payment so made will be endorsed in the appropriate schedule to each global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant global Notes.

2. Transfer

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

3. Redemption at the Option of the Issuer

- (a) In the case of partial redemption of Notes at the option of the relevant Issuer pursuant to Condition 7(c) of the Terms and Conditions of the Notes, no selection of Notes by lot will be required in relation to Notes to be redeemed which are represented by a global Note; in such event, the Notes to be redeemed will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be.
- (b) No exchange of the global Note representing Notes to be redeemed is permitted during the period from and including the relevant Selection Date (as defined in Condition 7(c) of the Terms and Conditions of the Notes) to and including the applicable Optional Redemption Date; notice to that effect will be given by the relevant Issuer to the Noteholders in accordance with Condition 14 of the Terms and Conditions of the Notes at least ten days prior to the Selection Date.

4. Redemption at the Option of the Noteholders

A Noteholder whose Notes are represented by a global Note will exercise his right to require redemption of any such Note (pursuant to Condition 7(d) of the Terms and Conditions of the Notes) by giving instructions therefor in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

5. Purchase and Cancellation

Cancellation of any Note represented by a global Note surrendered for cancellation following its purchase will be effected by reduction in the nominal amount of the relevant global Note.

6. Prescription

Claims in respect of Notes which are represented by a global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes).

7. Notices

- (a) Until such time as any definitive Notes of the relevant Series are issued, and so long as the relevant global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, notices regarding the Notes may be given to the Noteholders (in substitution for publication in a leading English language daily newspaper of general circulation in London) by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice was given to Euroclear and Clearstream, Luxembourg.
- (b) Notices to be given by any Noteholder under the Terms and Conditions of the relevant Notes (including to the relevant Issuer) are to be in writing and may be given, whilst any of the Notes is represented by a global Note, by the Noteholder to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as case may be, may approve for this purpose, rather than by lodging such notice with the Agent.

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

USE OF PROCEEDS

The net proceeds from each issue of Notes by Mitsui O.S.K. Lines will be applied by Mitsui O.S.K. Lines for its general corporate purposes including working capital purposes, investments and the repayment of loans. The net proceeds from each issue of Notes issued by Euromol will be used by Euromol for its general corporate purposes, which shall be done in compliance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

MITSUI O.S.K. LINES, LTD.

Mitsui O.S.K. Lines is one of the largest shipping companies in the world. Mitsui O.S.K. Lines' principal business on a consolidated basis consists of providing, through its operating fleet, worldwide shipping services which comprise containership services, as well as dry bulkers (tramp), specialised carrier and tanker services. The principal cargoes carried are containers, motor cars, iron ore, coal, woodchips, other dry bulk cargo, crude oil, petroleum products, chemicals and liquefied gases.

Mitsui O.S.K. Lines' other businesses include a shipping agency, terminal operations, cargo forwarding, warehousing operations, ferry transportation, travel agency and real estate, conducted directly or through its affiliated companies.

As at 31 March 2012, Mitsui O.S.K. Lines' operating fleet was one of the largest in the world, consisting of 954 ocean-going vessels totalling 67,418 thousand deadweight tonnage ("dwt"). The ship categories were as follows: 392 bulk carriers, 200 tankers, 69 liquefied gas carriers, 128 car carriers, 115 containerships and 50 other vessels such as passenger ships, ferries and coastal service ships. These vessels operate a worldwide network of routes.

Mitsui O.S.K. Lines was incorporated as a corporation (*kabushiki kaisha*) in 1942. Mitsui O.S.K. Lines' head office is located at 1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688 and the general telephone number at its head office is +81 3 3587 7034.

The shares of Mitsui O.S.K. Lines are listed on the Tokyo Stock Exchange, the Osaka Securities Exchange and two other stock exchanges in Japan.

The number of vessels includes those owned by joint ventures.

BUSINESS OPERATIONS

Unless otherwise stated, the business description set forth immediately below is on a consolidated basis.

1. *Dry Bulk carriers and Specialised Carriers other than Car Carriers*

Mitsui O.S.K. Lines' dry bulk carrier and specialised carrier fleet is engaged in the transportation of various natural resources and raw materials, such as ores, coal, woodchips, grain and other dry bulk cargoes.

As of 31 March 2012, Mitsui O.S.K. Lines operated 392 dry bulk carriers and specialised carriers totalling 34.9 million dwt.

As of 31 March 2012, Mitsui O.S.K. Lines operated 106 Cape-size bulk carriers (which averaged approximately 180,000 dwt. each) and 81 Panamax-class carriers (in the 60,000-80,000 dwt range) mainly to transport iron ore and coking coal for steel mills and steaming coal for electric power plants. A large portion of these classes of ships are operated under medium or long-term contracts with mills and power plants in Japan. In addition, Mitsui O.S.K. Lines also transports forest products, grain and other dry bulk commodities using Handy-size carriers (in the 15,000-60,000 dwt. range) and Panamax-class carriers.

Mitsui O.S.K. Lines is one of the world's largest transporters of wood chips. Most of its fleet of woodchip carriers operate under long-term contracts with major paper-manufacturing companies in Japan.

As part of its strategy to extend its world-wide route network, Mitsui O.S.K. Lines has either made investments in, or entered into co-operation agreements with, overseas bulk shipping companies.

2. *Tankers and Liquefied Petroleum Gas Carriers*

Mitsui O.S.K. Lines is one of the world's largest operators of oil tankers. As of 31 March 2012, it had in its fleet 33 very large crude carriers ("VLCCs"), about 60 per cent. of which were chartered to Japanese oil companies and the balance to foreign oil companies. Most of the VLCCs are operated under long-term charters.

Mitsui O.S.K. Lines takes pride in its focus on safety and reliability in its crude oil transport and is making major investments in double hulled VLCCs, to cope with increasing concern about protecting the marine environment from oil spillage. As of 31 March 2012, all of our VLCCs featured double-hull construction.

Mitsui O.S.K. Lines also engages in the transport of methanol and other chemicals, clean petroleum products (such as gasoline, naphtha and aviation fuel), and liquefied petroleum gas. Having targeted the methanol transport market, Mitsui O.S.K. Lines is now one of the leading transportation providers within this market. With its fleet of 17 methanol carriers, Mitsui O.S.K. Lines operates approximately 34 per cent. of all these carriers in the world.

3. *Liquefied Natural Gas Carriers*

Mitsui O.S.K. Lines, having played a pioneering role in this market, is one of the world's leading operators of liquefied natural gas ("LNG") transportation. It operates or participates in 69 vessels, as well as vessels under construction and is engaged in LNG transportation under long-term contracts world-wide. For example, it is a

leading member of a consortium of Japanese shipping companies involved in the transportation of LNG (under long-term contracts) from Qatar to several Japanese electric utilities and city gas companies. Mitsui O.S.K. Lines believes the outlook for LNG transportation remains positive because of the high interest in LNG as a clean source of energy. The use of floating storage and regasification facilities is also expected to rise. The first of two new purpose-built Shuttle and Regasification Vessels in which Mitsui O.S.K. Lines has a 50 per cent. interest was delivered in the fourth quarter of 2009 and started operations utilising the new offshore facilities near Boston, U.S.A. Mitsui O.S.K. Lines plans to leverage its experience from this project to tap into the high-potential LNG offshore market.

4. Car Carriers

As of 31 March 2012, Mitsui O.S.K. Lines operated 128 pure car carriers, which operate primarily on the routes which link Japan, Korea and the U.S.A., Europe and the rest of the world, as well as in trade routes between countries other than Japan, such as trades between North America and Mexico/South America, and between Europe and North/South America. As a result of Japanese car manufacturers having moved many of their production facilities to overseas locations, Mitsui O.S.K. Lines ships cars from such overseas production facilities to Japan and other areas.

In addition, Mitsui O.S.K. Lines has contracts to ship cars for other major car manufacturers in the United States and Europe. Mitsui O.S.K. Lines expects that markets outside Japan will be the main driver of growth in its car carrier business and, having many well-established relationships with major foreign car manufacturers, Mitsui O.S.K. Lines believes that it is well placed to capitalise on the growth in car shipments worldwide.

With respect to the fiscal year ended 31 March 2012, the revenues of Mitsui O.S.K. Lines arising from bulkships (dry bulkers, tankers, LNG carriers and car carriers) accounted for approximately 50.6 per cent. of the consolidated total revenues of Mitsui O.S.K. Lines.

5. Containerships

As of 31 March 2012, Mitsui O.S.K. Lines operated 115 containerships. With respect to the fiscal year ended 31 March 2012, the consolidated revenues of Mitsui O.S.K. Lines amounted to ¥1,435 billion and the revenue of Mitsui O.S.K. Lines arising from containership operations accounted for approximately 37.8 per cent. of the consolidated total revenues of Mitsui O.S.K. Lines.

Mitsui O.S.K. Lines offers its own high-quality services and works closely with other major carriers, particularly through The New World Alliance (“TNWA”) with APL CO., PTE LTD. and Hyundai Merchant Marine on the east-west trade. As of March 2012, three carriers of the TNWA and three carriers of the Grand Alliance (Hapag-Lloyd AG, Nippon Yusen Kaisha and Orient Overseas Container Line) are now cooperating under the title of the “G6 Alliance” to widen the Asia – Europe trade services. Mitsui O.S.K. Lines also provides stable, reliable services on trades serving emerging nations in Asia, South America, and Africa, meeting customer needs through an extensive network developed over a long period of liner operation.

SUBSIDIARIES AND AFFILIATES

Mitsui O.S.K. Lines and its subsidiaries and affiliates form a corporate group. Mitsui O.S.K. Lines is the controlling entity of the subsidiaries within the group.

As of 30 September 2012, Mitsui O.S.K. Lines had 445 subsidiaries and 133 affiliates (448 subsidiaries and 133 affiliates as of 31 March 2012). For the six months ended 30 September 2012, 341 subsidiaries were consolidated and 64 affiliates were accounted for by the equity method (335 subsidiaries were consolidated and 63 affiliates were accounted for by the equity method for the year ended 31 March 2012). In accordance with the Revised Accounting Principles applied in Japan effective from the year ended 31 March 2000, such companies that are controlled by Mitsui O.S.K. Lines through its direct or indirect ownership of more than 50 per cent. of the voting rights, and companies in respect of which Mitsui O.S.K. Lines holds not less than 40 per cent. but not more than 50 per cent. of the voting rights and has the ability to exercise an effective control over their decision making, are considered as subsidiaries, and such companies in respect of which Mitsui O.S.K. Lines has not less than 20 per cent. of the voting rights, or if its ownership is between 15 per cent. and 20 per cent. of the voting rights and is supposed to be able to exercise a significant influence over their operating and financial policies, are considered as affiliates.

The following table shows certain information with regard to Mitsui O.S.K. Lines' major consolidated subsidiaries as of 31 March 2012 (for Trapac, Inc. the information is as of 31 December 2011):

<i>Name</i>	<i>Issued share capital</i>	<i>Percentage owned by Mitsui O.S.K. Lines</i>	<i>Gross Revenues for the most recent fiscal year</i>	<i>Principal business</i>
	<i>(In millions) (* Thousand)</i>	<i>(Per cent.)</i>	<i>(In millions)</i>	
MOL Techno-Trade, Ltd.	¥490	100.00	¥62,895.2	Ship supplies
Trapac, Inc.	U.S.\$3,000*	100.00	¥13,765.3	Harbour Operation and Custom Clearance
MOL Ferry Co., Ltd.	¥1,577	100.00	¥27,568.6	Ferry transportation and related business
Mitsui O.S.K. Kinkai, Ltd.	¥660	100.00	¥22,094.6	Ship operation/ Chartering
Tokyo Marine Co., Ltd.	¥2,000	100.00	¥43,177.2	Ship operation/ Chartering
MOL Logistics (Japan) Co., Ltd.	¥756	75.06	¥15,043.1	Cargo Forwarding
Daibiru Corporation	¥12,227	51.07	¥25,363.6	Real Estate Managing
Utoc Corporation	¥1,455	67.55	¥35,654.4	Harbour Operation and Custom Clearance
Nissan Motor Car Carrier Co., Ltd.	¥640	70.01	¥65,440.0	Ship Operation/ Chartering

RECENT BUSINESS

Results for the Year ended 31 March 2012

In the global economy during the fiscal year ended 31 March 2012, while the economies of developed countries were stuck in slow growth, the emerging economies managed to support global economic growth due to the strong internal demand in those countries. However, the Great East Japan Earthquake and the sovereign debt problem in Europe casted a shadow over growth in the global economy, including that in the emerging countries. In the U.S., employment recovered on the back of rising stock prices and solid personal consumption, and although there are concerns that rising gasoline prices may cause a slowdown in consumption, the economy maintained a tone of recovery. In Europe, although Greece managed to avert disorderly default on its debts for the time being, the problem of sovereign risk continues to smolder among the southern European countries. Consumption was weakened by austere fiscal policy and high unemployment rates, crude oil prices hit historic highs and the economy continued to slow further. In China, where monetary tightening measures was successful in constraining inflation, the economy began to experience slowdown caused by a lull in exports to Europe, which was in an economic slump, and, as a result, China switched to monetary easing policy. Although China's growth rate has been softening, it continues to experience stable economic expansion. In Japan, production declined as result of supply chain disruptions, first from the Great East Japan Earthquake and then due to the flooding in Thailand. In addition, the yen continually strengthened to new records and demand declined because of the European economic slowdown, causing a severe environment to continue. Nevertheless, there was gentle tone of recovery in the Japanese economy as a result of economic expansion in the U.S., firm demand from the emerging countries, and the expansion of earthquake-related restoration demand in Japan.

Looking at the maritime shipping market conditions, in the dry bulker market, the hire rates in the Capesize bulker market, despite temporarily recovering in the October 2011 to December 2011 period, proceeded weakly from January 2012 onwards due to the pressure exerted on the market by the supply of new vessels and other factors. In the tanker market, although the hire rates in the crude oil tanker (VLCC) market were sluggish, they became firm from mid-March 2012 onwards due to unstable conditions in the Middle East. Regarding the automobile transport volume, although it recovered following the Great East Japan Earthquake and the flooding in Thailand, the growth was weak under the prolonged strong yen. In the containership business, there was less principal cargo volume than expected and supply and demand became weaker.

The average exchange rate against the US dollar during the fiscal year ended 31 March 2012 appreciated by ¥7.63 period on period to ¥78.85. Furthermore, the average bunker price during the fiscal year ended 31 March 2012 rose by US\$177/MT to US\$667/MT, which, like the exchange rate, negatively impacted our profits.

As a result of the above, consolidated revenue decreased approximately 7.0 per cent. period on period to ¥1,435,220 million, consolidated operating loss was ¥24,459 million, consolidated ordinary loss was ¥24,320 million and consolidated net loss was ¥26,009 million.

Results for the six-month period ended 30 September 2012

The Company's consolidated business results for the six months ended 30 September 2012 recorded total revenues of ¥756,968million, operating loss of ¥2,379million, ordinary loss of ¥6,793 million and net loss ¥13,082 million.

During the period indicated above, concerns about economic slowdown spread globally, leading to the implementation of further monetary easing measures to stimulate the economies of many countries.

Looking at the maritime shipping market conditions, in the dry bulker market, deliveries of new vessels remained at a record high, preventing further improvements in the balance of supply and demand, and the markets for Capesize and Panamax bulkers in particular remained at rock bottom levels. Despite performing firmly at the start of the period, the crude oil tankers (VLCC) market stagnated due to the combined effects of summer season, during which demand drops off, and weaker cargo volume due to slower economic growth in China. As for containerships, efforts were made to increase operation efficiency by such means as reorganizing global alliances and enhancing super-slow steaming. As a result, the supply and demand environment improved and progress was made in the restoration of freight rates. Even so, in addition to stagnation in Europe and slower growth in China partly caused by the situation in Europe, there was a slowdown in cargo volumes to European routes, and freight rate levels weakened.

The average exchange rate against the US dollar during the period indicated above appreciated by ¥0.07 year on year to ¥80.19. Furthermore, the average bunker price rose by US\$36/MT to US\$681/MT, which, like the exchange rate, negatively impacted Mitsui O.S.K. Lines' profits.

The following tables show certain consolidated and non-consolidated information for Mitsui O.S.K. Lines for the periods and as at the dates indicated which has been extracted from its audited annual financial statements and published unaudited interim financial information, in each case as at the relevant dates and for the relevant periods indicated:

Consolidated

	<i>Year ended or as of 31 March 2012</i>	<i>Six months ended or as of 30 September 2012</i>
	<i>(Millions of Yen)</i>	<i>(Millions of Yen)</i>
Vessel revenues ⁽¹⁾	1,320,572	699,565
Other revenues	114,648	57,402
Total revenues	1,435,220	756,968
Operating loss	(24,459)	(2,379)
Loss before income taxes and minority interests	(33,516)	(10,100)
Net loss	(26,009)	(13,082)
Total net assets	717,909	673,131
Total assets	1,946,161	2,039,542

Note:

(1) Vessel revenues consist of revenues of overseas shipping and ferry/domestic transport.

Non-Consolidated

	<i>Year ended or as of 31 March 2012</i>
	<i>(Millions of Yen)</i>
Vessel revenues.....	1,063,401
Dry Bulkers and specialised carriers	447,110
Tankers and liquefied gas carriers	154,676
Containerships.....	453,788
Other vessels	7,826
Other revenues.....	1,076
Total revenues.....	1,064,478
Operating loss.....	(64,989)
Loss before income taxes	(51,577)
Net loss.....	(31,704)
Total net assets	559,159
Total assets	976,318

DIRECTORS AND CORPORATE AUDITORS

The names of the Directors and Corporate Auditors of Mitsui O.S.K. Lines are shown below:

<i>Name</i>	<i>Title</i>
Akimitsu Ashida	Representative Director, Chairman of the Board, Chairman Executive Officer
Koichi Muto	Representative Director, President Executive Officer
Toshitaka Shishido	Representative Director, Executive Vice President Executive Officer
Masafumi Yasuoka	Director, Senior Managing Executive Officer
Tsuneo Watanabe	Director, Senior Managing Executive Officer
Shugo Aoto	Director, Managing Executive Officer
Takeshi Komura	Director (Outside Director, President of The Salt Science Research Foundation)
Sadayuki Sakakibara	Director (Outside Director, Chairman of the Board and Representative Member of the Board of Toray Industries, Inc.)
Masayuki Matsushima	Outside Director, Senior Advisor of the Boston Consulting Group K.K.
Junichi Narita	Corporate Auditor
Masaaki Tsuda	Corporate Auditor
Sumio Iijima*	Corporate Auditor (Attorney at Law, Tokyo Toranomon Law Office)
Hiroyuki Itami	Corporate Auditor (Professor of Innovation Studies, Tokyo University of Science)

* Outside Corporate Auditor

The business address of each of the Directors is 1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688.

None of the Directors or Corporate Auditors of Mitsui O.S.K. Lines have any potential conflicts of interests between their duties to Mitsui O.S.K. Lines and their private interests and/or other duties.

EUROMOL B.V.

Euromol, whose registered address is Prins Bernhardplein 200, 1097 JB Amsterdam and whose head office is at Hofhoek 7, 3176 PD Poortugaal, was incorporated in The Netherlands for an unlimited duration as a private company with limited liability under the laws of The Netherlands on 27 June 1974. The general telephone number at its head office is +31 10 201 3294.

Euromol is an indirect wholly-owned subsidiary of Mitsui O.S.K. Lines through Mitsui O.S.K. Holdings (Benelux) B.V., a direct wholly-owned subsidiary of Mitsui O.S.K. Lines, and has an authorised share capital of €42,222,000, of which €8,444,400 is paid-in. Euromol has no subsidiaries. As a wholly owned subsidiary of Mitsui O.S.K. Lines, Euromol's operations are carried out in pursuit of the policies, management direction and strategy established by Mitsui O.S.K. Lines.

The main function of Euromol B.V. is to raise funds outside Japan to finance operations of the various Mitsui O.S.K. Lines group companies.

RECENT DEVELOPMENTS

During the year 2011, Euromol decreased its loans to companies of the Mitsui O.S.K. Lines group. As of 31 December 2011, its loans to affiliated companies amounted to €514 million (as of 31 December 2010; €595 million), equivalent to 92.6 per cent. of its total assets (as of 31 December 2010; 92.6 per cent.).

As of 1 January 2006, Euromol changed its reporting currency from U.S. Dollars to euro.

DIRECTORS

The names, titles and business addresses of the members of the board of Euromol are as follows:

<i>Name</i>	<i>Title</i>
Hideyuki Ikemura *	Managing Director
Naotoshi Omoto*	Managing Director
Toshinobu Shinoda**	Managing Director
Shugo Aoto**	Supervising Director
Takashi Maruyama**	Supervising Director

* Business address: Hofhoek 7, 3176 PD, Poortugaal, The Netherlands.

** Business address: 1-1, Toranomom 2-chome, Minato-ku, Tokyo, 105-8688, Japan.

Mr. Ikemura is engaged in the business of Euromol on a full-time basis.

The other Directors are engaged in the business of Euromol on a part-time basis.

Mr. Omoto is a Managing Director of MOL (Europe) B.V.;

Mr. Shinoda is a General Manager of Ship Finance Group, Finance Division of Mitsui O.S.K. Lines;

Mr. Aoto is a Director and a Managing Executive Officer of Mitsui O.S.K. Lines; and

Mr. Maruyama is an Executive Officer and a General Manager of Finance Division of Mitsui O.S.K. Lines.

None of the Directors of Euromol have any potential conflicts of interests between their duties to Euromol and their private interests and/or other duties. The Directors of Euromol in taking any decisions in their capacity as a member of the board, do so after taking into account the best interests of Euromol.

TAXATION

The information provided in this section entitled “Taxation” is provided for the convenience only of investors, who are advised to consult their own legal, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation.

Japan

The following is a general description of certain Japanese tax aspects of the Notes and the Guarantees and does not purport to be a comprehensive description of the tax aspects of the Notes and the Guarantees. Investors should note that the Japanese tax treatment with respect to certain types of Notes is not clear and the Japanese tax authorities have not clarified such treatment and accordingly it may be different from the information herein. The Japanese tax consequences set out below may be affected by an interpretation of the term “bonds” under the Company Act of Japan. Prospective purchasers should consult their own tax advisers as to their exact tax position.

The statements below are based on current tax laws and regulations in Japan and current tax treaties executed by Japan all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any beneficial owner of the Notes or any person purchasing, selling or otherwise dealing in the Notes or any tax implication arising from the purchase, sale or other dealings in respect of the Notes.

Under Japanese tax laws currently in effect, the payment of principal and interest in respect of the Notes issued by Euromol, which has no permanent establishment within Japan, to an individual non-resident of Japan or a non-Japanese corporation (within the meaning given by Japanese tax laws) in accordance with the Terms and Conditions of the Notes will not be subject to any Japanese income tax by way of withholding. Such payment will not be subject to any Japanese income tax or corporate tax payable otherwise than by withholding unless such non-resident or non-Japanese corporation has a permanent establishment in Japan and the payment of interest is attributable to the business of such non-resident or non-Japanese corporation carried on in Japan through such permanent establishment.

Gains derived from sales outside Japan of Notes (whether issued by Mitsui O.S.K. Lines or Euromol) by an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment in Japan, are in general not subject to Japanese income tax or corporate tax.

The Guarantor has been advised that under existing Japanese laws, payments to an individual non-resident of Japan or a non-Japanese corporation of principal and interest in respect of the Notes issued by Euromol, which has no permanent establishment within Japan, (together with any additional amounts payable in respect thereof) by the Guarantor pursuant to the Guarantee will not be subject to Japanese withholding tax.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable in Japan by the Noteholders in connection with the issue of the Notes, nor will such taxes be payable by the Noteholders in connection with their transfer of the Notes if such transfer takes place outside of Japan.

Japanese inheritance tax and gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired Notes issued by Mitsui O.S.K. Lines as legatee, heir or donee from an individual. An individual non-resident of Japan who has acquired Notes issued by Euromol by inheritance, bequest or gift is, in general, not subject to Japanese inheritance tax or gift tax, unless such individual non-resident is a Japanese national and either such individual or the deceased or the donor, from whom such individual acquired the Notes issued by Euromol by inheritance, bequest or gift, used to reside in Japan at any time during the five-year period preceding the commencement of inheritance, the time of the bequest or the time of the gift, as the case may be.

By subscribing to the Notes issued by Mitsui O.S.K. Lines, an investor will be deemed to have represented it is a “Gross Recipient”, i.e., (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of Mitsui O.S.K. Lines, as defined below, (ii) a Designated Financial Institution, as defined below, that will hold Notes issued by Mitsui O.S.K. Lines for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest of the Notes issued by Mitsui O.S.K. Lines will be made through a Japanese Payment Handling Agent, as defined below. Among other restrictions, the Notes issued by Mitsui O.S.K. Lines are not as part of the initial distribution by the Dealers at any time to be directly or indirectly offered or sold to, or for the benefit of, any person other than a Gross Recipient.

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Notes issued by Mitsui O.S.K. Lines (the “Lines Notes”) and the difference between the issue price of the Lines Notes bearing interest and the amount which the holder receives upon redemption by such interest-bearing Lines Notes (the “Issue Differential”), where such Lines Notes are issued on or after 1 April 2010 outside Japan and payable outside Japan. It does not address the tax treatment of the original issue discount of the Lines Notes that fall under “discounted bonds” as prescribed by the Act on Special Measures Concerning Taxation. It is not intended to be exhaustive and Noteholders, Receiptholders and/or Couponholders and prospective investors are recommended to consult their tax advisers as to their exact tax position.

1. Non-resident Investors

If the recipient of interest on the Lines Notes or of the Issue Differential with respect to interest-bearing Lines Notes is an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes, as described below, the Japanese tax consequences on such individual non-resident of Japan or non-Japanese corporation are significantly different depending upon whether such individual non-resident of Japan or non-Japanese corporation is a specially-related person of Mitsui O.S.K. Lines (as defined below). Most importantly, if such individual non-resident of Japan or non-Japanese corporation is a specially-related person of Mitsui O.S.K. Lines, income tax at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of the amount of such interest will be withheld by Mitsui O.S.K. Lines under Japanese tax law.

Mitsui O.S.K. Lines will not, under this Programme, issue any Lines Notes of which the amount of interest is to be calculated by reference to certain indexes (as prescribed by the Cabinet Order under Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation) relating to Mitsui O.S.K. Lines or a specially-related person of Mitsui O.S.K. Lines.

1.1 Interest

- (1) If the recipient of interest on the Lines Notes is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the Lines Notes is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding or otherwise, if such recipient complies with certain requirements, *inter alia*:
 - (i) if the relevant Lines Notes, Receipts or Coupons are held through a certain participant in an international clearing organisation such as Euroclear and Clearstream, Luxembourg or a certain financial intermediary prescribed by the Act on Special Measures Concerning Taxation and the Cabinet Order (together with the Act on Special Measures Concerning Taxation the ministerial ordinance and the other regulation thereunder, the “Law”) (each, a “Participant”), the requirement to provide, at the time of entrusting a Participant with the custody of the relevant Notes, certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (the “Interest Recipient Information”, and to advise the Participant if such individual non-resident of Japan or non-Japanese corporation ceases to be so exempted (including the case where it became a specially-related person of Mitsui O.S.K. Lines (as defined below)); and
 - (ii) if the relevant Lines Notes, Receipts or Coupons are not held by a Participant, the requirement to submit to the relevant Paying Agent a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) (the “Application for Exemption”), together with certain documentary evidence.

Failure to comply with such requirements described above including the case where the Interest Recipient Information is not duly communicated as required under the Law will result in the withholding by Mitsui O.S.K. Lines of income tax at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of the amount of such interest.

- (2) If the recipient of interest on the Lines Notes is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of interest is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such interest will not be subject to a 15 per cent. (after 1 January, 2013, 15.315 per cent.) withholding tax by Mitsui O.S.K. Lines, if the recipient provides the Interest Recipient Information or submits the Application for Exemption as set out in paragraph 1.1(1) above. Failure to do so will result in the withholding by Mitsui O.S.K. Lines of income tax at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of the amount of such interest. The

amount of such interest will be aggregated with the recipient's other Japanese source income and will be subject to regular income tax or corporate tax, as appropriate.

- (3) Notwithstanding paragraphs 1.1(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a person who has a special relationship with Mitsui O.S.K. Lines (that is, in general terms, a person who directly or indirectly controls or is directly or indirectly controlled by, or is under direct or indirect common control with Mitsui O.S.K. Lines) within the meaning prescribed by the Cabinet Order under Article 6, Paragraph 4 of the Act on Special Measures Concerning Taxation (such person is referred to as a "specially-related person of Mitsui O.S.K. Lines") as of the beginning of the fiscal year of Mitsui O.S.K. Lines in which the relevant Interest Payment Date falls, the exemption from Japanese withholding tax on interest mentioned above will not apply, and income tax at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of the amount of such interest will be withheld by Mitsui O.S.K. Lines. If such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan, regular income tax or corporate tax, as appropriate, collected otherwise by way of withholding, will apply to such interest under Japanese tax law.
- (4) If an individual non-resident of Japan or a non-Japanese corporation (regardless of whether it is a specially-related person of Mitsui O.S.K. Lines) is subject to Japanese withholding tax with respect to interest on the Lines Notes under Japanese tax law, a reduced rate of withholding tax or exemption from such withholding tax may be available under the relevant income tax treaty between Japan and the country of tax residence of such individual non-resident of Japan or non-Japanese corporation.

As of the date of this Offering Circular, Japan has income tax treaties, conventions or agreements in force, whereby the above-mentioned withholding tax rate is reduced, generally to 10 per cent., with, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Luxembourg, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. Under the income tax treaty between Japan and the United States, certain limited categories of qualified United States residents receiving interest on the Lines Notes may be, subject to compliance with certain procedural requirements under Japanese law, fully exempt from Japanese withholding tax for interest on the Lines Notes. Under the income tax treaties with the United Kingdom, France, The Netherlands, Switzerland and Australia, exemption treatment similar to the one that is provided in the income tax treaty between Japan and the United States will be available (provided that no exemption will apply to pension funds in the case of Australia). In order to avail themselves of such reduced rate or such exemption of withholding tax, individual non-residents of Japan or non-Japanese corporations which are entitled to a reduced rate of withholding tax or exemption from withholding tax on payment of interest by Mitsui O.S.K. Lines are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax on Interest (as well as any other required forms of documents) in advance through Mitsui O.S.K. Lines to the relevant tax authority before payment of interest.

- (5) Under the Law, (a) if an individual non-resident of Japan or a non-Japanese corporation that is a beneficial owner of the Lines Notes becomes a specially-related person of Mitsui O.S.K. Lines, or an individual non-resident of Japan or a non-Japanese corporation that is a specially-related person of Mitsui O.S.K. Lines becomes a beneficial owner of the Lines Notes, and (b) if such Lines Notes are held through a Participant, then such individual non-resident of Japan or non-Japanese corporation would be obligated to notify the Participant of such change in status by the immediately following Interest Payment Date of the Lines Notes. As described in paragraph 1.1(3) above, as the status of such individual non-resident of Japan or non-Japanese corporation as a specially-related person of Mitsui O.S.K. Lines for Japanese withholding tax purposes is determined based on the status as of the beginning of the fiscal year of Mitsui O.S.K. Lines in which the relevant Interest Payment Date falls, such individual non-resident of Japan or non-Japanese corporation should, by such notification, identify and advise the Participant of the specific Interest Payment Date on which Japanese withholding tax starts to apply with respect to such individual non-resident of Japan or non-Japanese corporation as being a specially-related person of Mitsui O.S.K. Lines.

1.2 **Issue Differential**

- (1) If the recipient of the Issue Differential with respect to interest-bearing Lines Notes is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but the receipt of such Issue Differential is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation

carried on within Japan through such permanent establishment, no income tax or corporate tax is payable with respect to such Issue Differential.

- (2) If the recipient of the Issue Differential with respect to interest-bearing Lines Notes is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of such Issue Differential is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such Issue Differential will not be subject to any withholding tax but will be aggregated with the recipient's other Japanese source income which is subject to Japanese taxation and subject to regular income tax or corporate tax, as appropriate.
- (3) Notwithstanding paragraphs 1.2(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a specially-related person of Mitsui O.S.K. Lines as of the beginning of the fiscal year of Mitsui O.S.K. Lines in which such individual non-resident of Japan or non-Japanese corporation acquired such Lines Notes, the Issue Differential will not be subject to withholding tax but will be subject to regular income tax or corporate tax, as appropriate, under Japanese tax law, regardless of whether such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan; provided that exemption may be available under the relevant income tax treaty.

2. Resident Investors

If the recipient of interest on the Lines Notes is an individual resident of Japan or a Japanese corporation for Japanese tax purposes, as described below, regardless of whether such recipient is a specially-related person of Mitsui O.S.K. Lines, income tax will be withheld at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of (i) the amount of such interest, if such interest is paid to an individual resident of Japan or a Japanese corporation (except for a Designated Financial Institution (as defined below) which complies with the requirement for tax exemption under Article 6, Paragraph 9 of the Act on Special Measures Concerning Taxation) (except as provided in item (ii) below) or (ii) the amount of such interest minus the amount provided in the Cabinet Order relating to Article 3-3, Paragraph 6 of the Act on Special Measures Concerning Taxation, if such interest is paid to a Japanese Public Corporation, etc. (as defined below) or a Special Financial Institution (as defined below) through the Japanese Custodian (as defined below) in compliance with the requirement for tax exemption under Article 3-3, paragraph 6 of the Act on Special Measures Concerning Taxation.

2.1 Interest

- (1) If an individual resident of Japan or a Japanese corporation (other than Japanese banks, Japanese insurance companies, Japanese financial instruments business operator or other Japanese financial institutions falling under certain categories prescribed by the relevant cabinet order under Article 3-3, Paragraph 6 of the Act on Special Measures Concerning Taxation (each a "Specified Financial Institution") or a Japanese public corporation or a Japanese public-interest corporation designated by the relevant law (*Kokyohojin tou*) (a "Japanese Public Corporation, etc.") who complies with the requirement as referred to in paragraph 2.1(2) below), receives payments of interest on the Lines Notes through certain Japanese payment handling agents (each a "Japanese Payment Handling Agent"), income tax at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of the amount of such interest will be withheld by the Japanese Payment Handling Agent rather than Mitsui O.S.K. Lines. As Mitsui O.S.K. Lines is not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform Mitsui O.S.K. Lines through a Paying Agent of its status in a timely manner. Failure to so inform may result in double withholding. Individual Noteholders, Receiptholders or Couponholders being individual residents of Japan who receive interest on the Lines Notes through a Japanese Payment Handling Agent will be taxed in Japan on such interest separately from their other income and only by way of withholding of the foregoing withholding tax, as far as the national level income taxes are concerned. In the case of other recipients who are individual residents of Japan (other than those referred to in the immediately preceding sentence) or Japanese corporations referred to in the beginning of this paragraph, the amount of interest received by any such recipient will be included in such recipient's other taxable income and subject to regular income tax or corporate tax, as appropriate.
- (2) If the recipient of interest on the Lines Notes is a Specified Financial Institution or a Japanese Public Corporation, etc. that keeps its Lines Notes deposited with, and receives the interest through, a Japanese Payment Handling Agent with custody of the Lines Notes (the "Japanese Custodian") and such recipient submits through the Japanese Custodian to the competent tax authority the report prescribed by the Law, no income tax is levied, by way of withholding or otherwise, on such portion of interest as is prescribed by the relevant cabinet order as that which is corresponding to the period

the Lines Notes were held by such recipient, but if the recipient is a Specified Financial Institution, the recipient will be subject to regular corporate tax with respect to such interest. Additionally, if the recipient is a Japanese public-interest corporation designated by the relevant law and the interest is derived from the recipient's profit earning business designated by the relevant law, the recipient will be subject to regular corporate tax with respect to such interest. However, since Mitsui O.S.K. Lines is not in a position to know in advance the recipient's withholding tax exemption status, the recipient of interest falling within this category should inform Mitsui O.S.K. Lines through a Paying Agent of its status in a timely manner. Failure to so notify Mitsui O.S.K. Lines may result in the withholding by Mitsui O.S.K. Lines of a 15 per cent. (after 1 January, 2013, 15.315 per cent.) income tax. Any amount of interest received by such Japanese Public Corporation, etc. or Specified Financial Institution in excess of the non-taxable portion described above is subject to income tax of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of such excess amount to be withheld by the Japanese Custodian.

- (3) If an individual resident of Japan or a Japanese corporation (except for a Designated Financial Institution (as defined below), which complies with the requirements described in Paragraph 2.1(4) below) receives interest on the Lines Notes not through a Japanese Payment Handling Agent, income tax at the rate of 15 per cent. (after 1 January, 2013, 15.315 per cent.) of the amount of such interest will be withheld by Mitsui O.S.K. Lines, and, except where the recipient is a Public Corporation, etc. (other than a Japanese public-interest corporation designated by the relevant law that derives the interest from its profit-earning business designated by the relevant law), the amount of such interest will be aggregated with the recipient's other taxable income and subject to regular income tax or corporate tax, as appropriate.
- (4) If a Japanese bank, Japanese insurance company, Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the Cabinet Order under Article 6, Paragraph 9 of the Act on Special Measures Concerning Taxation (each, a "Designated Financial Institution") receives interest on the Lines Notes not through a Japanese Payment Handling Agent and such recipient complies with the requirement, *inter alia*, to provide the Interest Recipient Information or to submit the Application for Exemption as referred to in paragraph 1.1(1) above, no income tax will be imposed, either by way of withholding or otherwise, but the recipient will be subject to regular corporate tax with respect to such interest.

2.2 *Issue Differential*

If the recipient of the Issue Differential with respect to interest-bearing Lines Notes is an individual resident of Japan or a Japanese corporation, such Issue Differential will not be subject to any withholding tax but, except where the recipient is a Japanese Public Corporation, etc. (other than a Japanese public-interest corporation designated by the relevant law that derives the interest from its profit-earning business designated by the relevant law), will be included in the recipient's other taxable income and subject to regular income tax or corporate tax, as appropriate.

3. **Special Additional Tax for Reconstruction from the Great East Japan Earthquake**

Due to the imposition of a special additional withholding tax of 0.315 per cent. (or 2.1 per cent. of 15 per cent.) to secure funds for reconstruction from the Great East Japan Earthquake, the withholding tax rate, currently due and payable at 15 per cent., will be effectively increased to 15.315 per cent. during the period beginning on 1 January, 2013 and ending on 31 December, 2037. There will also be certain special additional tax imposed upon regular income tax or corporate tax, as referred to in the foregoing descriptions, for a certain period.

The Netherlands

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes issued by Euromol ("Euromol Notes"). This summary does not purport to describe all possible tax considerations or consequences that may be relevant to all categories of holders or prospective holders of Euromol Notes (each: a "holder"). In view of its general nature, it should be treated with corresponding caution. Holders should consult with their tax advisers with regard to the tax consequences of investing in the Euromol Notes in their particular circumstances. The summary below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

- (a) All payments made by Euromol under the Euromol Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that:
 - (i) none of the Euromol notes will be recharacterised as equity for Dutch purposes; and
 - (ii) none of the Euromol Notes will be redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by Euromol or an affiliated entity.
- (b) A holder of Euromol Notes will not be subject to Netherlands taxation on income or capital gains in respect of any payment under the Euromol Notes or in respect of any gain realised on the disposal or deemed disposal of the Euromol Notes, provided that:
 - (i) such holder is neither resident nor deemed to be resident in the Netherlands nor has made an election for the application of the rules of the Netherlands income tax act 2001 as they apply to residents of the Netherlands; and
 - (ii) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is effectively managed in the Netherlands and/or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Euromol Notes are attributable; and
 - (iii) in the event such holder is an entity, such holder does not have a substantial interest or deemed substantial interest (statutorily defined terms) in Euromol or, if such holder does have such interest, (i) such holder's interest forms part of the assets of an enterprise, or (ii) in case such holder's interest does not form part of the assets of an enterprise, evasion of Dutch personal income tax or Dutch dividend withholding tax is not the main motive, or one of the main motives, of holding that substantial interest; and
 - (iv) in the event such holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary active asset management (in Dutch "*normaal vermogensbeheer*") or that are (otherwise) taxable as benefits from other activities (in Dutch "*resultaat uit overige werkzaamheden*"); and
 - (v) in the event such holder is an individual, neither such holder nor individuals related to such holder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest (statutorily defined terms) in Euromol; and
 - (vi) in the event such holder is an individual, Euromol does not make (part of) the proceeds of the Notes, *de iure or de facto*, directly or indirectly, available to (A) an entity or part of an entity, which entity or part of an entity is established in the Netherlands and in which entity such holder or any other individual mentioned under condition (v) has a substantial interest (statutorily defined term); or to (B) an enterprise or an activity taxed as an enterprise or part of an enterprise or activity taxed as an enterprise, which enterprise or activity or which part thereof is established in the Netherlands and in which enterprise or activity or part thereof such holder or any other individual mentioned under condition (v) has an interest; and
 - (vii) in the event such holder is an individual, the benefits derived from the Notes are neither a remuneration or deemed to be a remuneration for activities performed in the Netherlands by such holder or an individual related to such holder (statutorily defined term).

Subject to above-mentioned conditions (iii), (v) and (vi), a holder of Euromol Notes will not become subject to Netherlands taxation on income and capital gains by reason only of the execution and or enforcement of the Euromol Notes or the performance by Euromol of its obligations under the Euromol Notes.

Generally speaking, a holder of Euromol Notes is considered to hold a substantial interest in Euromol, if such holder, alone or, in case of individuals, together with his/her partner (a statutorily defined term), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of Euromol or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of Euromol; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in Euromol that relate to 5 per cent. or more of Euromol's annual profits and/or to 5 per cent. or more of Euromol's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

- (c) No Netherlands gift, estate or inheritance taxes will arise on the transfer of Euromol Notes by way of a gift by, or on the death of, a holder of Euromol Notes who is neither resident nor deemed to be resident in The Netherlands, unless:

- (i) in the case of a gift of a Euromol Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

- (d) No Netherlands turnover tax will arise in respect of any payment in consideration for the issue of the Euromol Notes or with respect to any payment by Euromol of principal, interest or premium (if any) on the Euromol Notes.
- (e) No Netherlands registration tax, transfer tax, stamp duty or any other similar tax or duty, other than court fees, will be payable in The Netherlands by the holders of Euromol Notes in respect of or in connection with the signing and/or enforcement by legal proceedings (including the enforcement of any foreign judgement in the courts of The Netherlands) of the Programme Documents or the performance by Euromol of its obligations thereunder or under the Euromol Notes.

EU Directive on Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) to the Directive.

The European Commission has announced proposals to amend the Directive. If any of these proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 17 November 2008 as supplemented by a first supplemental programme agreement dated 17 November 2009, by a second supplemental programme agreement dated 26 November 2010, a third supplemental programme agreement dated 25 November 2011 and a fourth supplemental programme agreement dated 26 November 2012 (such programme agreement, as amended and/or supplemented and/or restated from time to time, the “Programme Agreement”), agreed with the Issuers and the Guarantor a basis upon which they 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 Programme Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and issue of Notes under the Programme.

(a) United States

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

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

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part, as determined and certified to the Agent by such Dealer (or, in the case of an identifiable Tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable Tranche purchased by or through it, in which case the Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

(b) European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed (and each further Dealer appointed under the Programme will be required to represent, warrant 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 contemplated 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 Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer to those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, all in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) 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

(d) 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 (b) to (d) above shall require the Issuer 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 of 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 Relevant 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.

(c) United Kingdom

Each Dealer has represented, warranted and agreed (and each further Dealer appointed under the Programme will be required to represent, warrant and agree) that:

- (i) in relation to any Notes which have a maturity of less than one year from the date of their issue, (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 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;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 the relevant Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

(d) Japan

Where the relevant Issuer is Mitsui O.S.K. Lines

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”) and are subject to the Act on Special Measures Concerning Taxation of Japan (Law No. 26 of 1957, as amended, the “Act on Special Measures Concerning Taxation”). Each Dealer has represented and agreed that, (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any of the Notes in Japan, or to any person resident in Japan for Japanese securities law purposes (including any corporation or 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 Act and any other applicable laws, regulations and ministerial guidelines of Japan, and, (ii) it (a) has not, directly or indirectly, offered or sold any of the Notes to, or for the benefit of, any person other than a Gross Recipient (as hereinafter defined), and (b) will not, directly or indirectly, offer or sell any of the Notes, (x) as part of its initial distribution at any time, to, or for the benefit of, any person other than a Gross Recipient, and (y) otherwise until 40 days after the date of issue, to, or for the benefit of, any individual resident of Japan or Japanese corporation for Japanese tax purposes (except for a Japanese financial institution, designated in Article 3-2-2, Paragraph 29 of the Cabinet Order relating to the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended) that will hold Notes for its own proprietary account (a “Designated Financial Institution”) and an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2-2, Paragraph 2 of the Cabinet Order relating to Article 3-3 of the Act on Special Measures Concerning Taxation (an “Article 3-3 Japanese Resident”)).

A “Gross Recipient” as used in (ii) above means (a) 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 person having a special relationship with Mitsui O.S.K. Lines as described in Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation, (b) a Designated Financial Institution, or (c) an Article 3-3 Japanese Resident.

Where the relevant Issuer is Euromol

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act and each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

(e) The Netherlands

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the applicable Pricing Supplement specifies that this provision does not apply because the standard exemption wording required by Article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (“DFSA”) is not applicable, it will not make an offer of Notes to the public in the Netherlands in reliance of Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Prospectus Directive or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the DFSA, provided that no such offer of Notes shall require the relevant Issuer 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.

Each Dealer represents, warrants and agrees, that Zero Coupon Notes (as defined below) in definitive form of any Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the issue and trading of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Note in global form) of any particular series are issued outside The Netherlands and are not distributed into The Netherlands in the course of their initial distribution or immediately thereafter. In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad* 129) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such notes. For purposes of this paragraph “Zero Coupon Notes” means notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

For the purposes of this provision, the expressions “an offer of Notes to the public”, “Prospectus Directive” and “2010 PD Amending Directive” have the same meaning as described in the European Economic Area selling restriction on page 61-62.

(f) General

These selling restrictions may be modified by the agreement of the Issuers and the Dealers following a change in a relevant law, regulation or directive. Any such change will be set out in the final terms issued in respect of the issue of Notes to which it relates.

Each Dealer has agreed (and each further Dealer appointed under the Programme will be required to agree) to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the 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 the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers or other Dealers shall have responsibility therefor.

None of the Issuers or the Dealers 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.

FORM OF PRICING SUPPLEMENT

Pricing Supplement dated [●]

mitsui o.s.k. lines, ltd. euromol b.v.

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

Euro Medium Term Note Programme

Guaranteed (in respect of Notes issued by Euromol B.V.)
by Mitsui O.S.K. Lines, Ltd.

Due from one month to 30 years from the date of original issue

PART A — CONTRACTUAL TERMS

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] [and the supplemental Offering Circular dated [●]] which constitutes listing particulars for the purposes of Chapter 4 of the Financial Services Authority's Listing Rules.

[The Offering Circular [and the supplemental Offering Circular] [is] [are] available for viewing at [address] during normal business hours [and] [website] and copies may be obtained from [address].]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions" set forth in the Offering Circular dated [original date]). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]] which constitutes listing particulars for the purposes of Chapter 4 of the Financial Services Authority's Listing Rules, save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[The Offering Circular [and the supplemental Offering Circular] are available for viewing at [address] during normal business hours [and] [website] and copies may be obtained from [address].]

1. [(i)] Issuer: [MITSUI O.S.K. LINES, LTD./
EUROMOL B.V.]
- [(ii)] Guarantor: MITSUI O.S.K. LINES, LTD.]
2. (i) Series Number: [●]
- [(ii)] [Tranche Number: [●]]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
 - (i) Series: [●]
 - (ii) [Tranche: [●]]
5. (i) Issue Price: [●] per cent. of the Aggregate Nominal Amount
[plus accrued interest from [●]]
- [(ii)] [Net proceeds: [●]]
6. (i) Specified Denominations: [●]
- [(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]
10. Redemption/Payment Basis: [Redemption at par]
[Instalment]

11. Change of Interest or Redemption/Payment Basis: ☐
12. Put/Call Options: ☐ Put
☐ Call

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions ☐ Applicable/Not Applicable
- (i) Rate[(s)] of Interest: ☐ per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): ☐ in each year/[not adjusted] [adjusted in accordance with ☐
- (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) Day Count Fraction (Condition 5(h)): ☐ 30/360/Actual/Actual (ICMA/ISDA)/☐
- ☐ in each year
- (vi) Determination Date(s) (Condition 5(h)): ☐ in each year.
14. Floating Rate Note Provisions ☐ Applicable/Not Applicable
- (i) Interest Period(s) ☐
- (ii) Interest Payment Dates: ☐
- (iii) Business Day Convention: ☐ Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/☐
- (iv) Business Centre(s) (Condition 5(b)(i)): ☐
- (v) Manner in which the Rate(s) of Interest is/are to be determined: ☐ Screen Rate Determination/ISDA Determination]
- (vi) Interest Period Date(s): ☐ [Not Applicable]/☐
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): ☐ [Calculation Agent]/☐
- (viii) Screen Rate Determination (Condition 5(b)(ii)(B)):
- Relevant Time: ☐
- Interest Determination Date: ☐
- Primary Source for Floating Rate: ☐
- Relevant Financial Centre: ☐
- Benchmark: ☐ [LIBOR] [LIBID] [LIMEAN] [EURIBOR]
- Representative Amount: ☐
- Effective Date: ☐
- Specified Duration: ☐
- (ix) ISDA Determination (Condition 5(b)(ii)(A)):
- Floating Rate Option: ☐
- Designated Maturity: ☐
- Reset Date: ☐
- (x) Margin(s): ☐ [+/-] ☐ per cent. per annum

- | | |
|---|-----------------------------|
| (xi) Minimum Rate of Interest: | [●] per cent. per annum |
| (xii) Maximum Rate of Interest: | [●] per cent. per annum |
| (xiii) Day Count Fraction (Condition 5(h)): | [●] |
| (xiv) Rate Multiplier: | [●] |
| (xv) Determination Date(s) (Condition 5(h)): | [●] |
| 15. Zero Coupon Note Provisions | [Applicable/Not Applicable] |
| (i) Amortisation Yield (Condition 7(e)(iii)): | [●] per cent. per annum |
| (ii) Reference Price (Condition 7(e)(iii)): | [●] |

PROVISIONS RELATING TO REDEMPTION

- | | |
|--|-----------------------------|
| 16. Call Option | [Applicable/Not Applicable] |
| (i) Optional Redemption Date(s): | [●] |
| (ii) Optional Redemption Amount(s) of each Note: | [●] per Calculation Amount |
| (iii) If redeemable in part: | |
| (a) Minimum nominal amount to be redeemed: | [●] per Calculation Amount |
| (b) Maximum nominal amount to be redeemed: | [●] per Calculation Amount |
| (iv) Option Exercise Date(s): | [●] |
| (v) Notice period: | [●] |
| 17. Put Option | [Applicable/Not Applicable] |
| (i) Optional Redemption Date(s): | [●] |
| (ii) Optional Redemption Amount(s) of each Note: | [●] per Calculation Amount |
| (iii) Option Exercise Date(s): | [●] |
| (iv) Notice period: | [●] |
| 18. Final Redemption Amount of each Note | [●] per Calculation Amount |
| 19. Early Redemption Amount | |
| (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 7(b) or an event of default (Condition 10)): | [●] |
| (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 7(b)): | [Yes/No] |
| (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(h)): | [Yes/No/Not Applicable] |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Temporary or permanent global Note: [temporary global Note exchangeable for a permanent global Note which is exchangeable for definitive Notes in the limited circumstances specified in the permanent global Note]
[temporary global Note exchangeable for definitive Notes on [●] days' notice]
[permanent global Note exchangeable for definitive Notes in the limited circumstances specified in the permanent global Note]
21. Financial Centre(s) (Condition 6(c)) or other special provisions relating to payment dates: [Not Applicable]
22. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No.]
23. Details relating to Instalment Notes: [Not applicable/Applicable]
(i) Instalment Amount(s): [●]
(ii) Instalment Date(s): [●]
(iii) Minimum Instalment Amount: [●]
(iv) Maximum Instalment Amount: [●]
24. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/Applicable]

DISTRIBUTION

25. (i) If syndicated, names of Managers: [Not Applicable/[●]]
(ii) Stabilising Manager (if any): [Not Applicable/[●]]
26. If non-syndicated, name of Dealer: [Not Applicable/[●]]

Signed on behalf of the Issuer:

By:.....

Duly authorised signatory

[Signed on behalf of the Guarantor:

By:.....

Duly authorised signatory]

PART B — OTHER INFORMATION

1. LISTING

- | | | |
|-------|--|---|
| (i) | Listing | [London PSM] |
| (ii) | Admission to trading: | [Application has been made for the Notes to be admitted to trading on the Professional Securities Market of the London Stock Exchange with effect from [●]] |
| (iii) | Estimate of total expenses related to admission to trading | [●] |

2. RATINGS

- | | |
|----------|--|
| Ratings: | The Notes to be issued have been rated by: |
| | [●] |

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

["Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

4. FIXED RATE NOTES ONLY — YIELD

- | | |
|----------------------|-----|
| Indication of yield: | [●] |
|----------------------|-----|

5. OPERATIONAL INFORMATION

- | | |
|--|------------------------------------|
| ISIN Code: | [●] |
| Common Code: | [●] |
| Any clearing system(s) and the address of such clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): | [Not Applicable] |
| Delivery: | Delivery [against/free of] payment |
| Names and address(es) of additional Paying Agent(s) (if any): | [●] |

6. GENERAL TRADE AMOUNT

- | | |
|----------------------------|----------------------------------|
| Applicable TEFRA exemption | [C Rules/D Rules/Not Applicable] |
|----------------------------|----------------------------------|

GENERAL INFORMATION

Authorisation

The establishment of the Programme by Mitsui O.S.K. Lines has been duly authorised by a resolution of the Board of Directors of Mitsui O.S.K. Lines dated 25 October 1996, certain amendments to the terms of the Programme, including the replacement of the Arranger for the Programme, have been duly authorised by resolutions of the Board of Directors of Mitsui O.S.K. Lines dated 29 October 1999 and 27 October 2008, the provision of the Guarantee by Mitsui O.S.K. Lines has been authorised by a resolution of the Board of Directors of Mitsui O.S.K. Lines dated 12 November 2003 and certain amendments to the terms of the Guarantee, including the increase of the maximum guaranteed amount has been authorised by a resolution of the Board of Directors of Mitsui O.S.K. Lines dated 27 October 2008. Each individual issue of Notes under the Programme by Mitsui O.S.K. Lines will be subject to approval by a resolution of the Board of Directors of Mitsui O.S.K. Lines.

The establishment of the Programme by Euromol was duly authorised by a resolution of the Board of Managing Directors of Euromol dated 11 November 1996 and the update of the Programme was authorised by a resolution of the Board of Managing Directors of Euromol dated 7 November 2012.

Listing

The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that approval for the listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or around 29 November 2012, subject only to the issue of a temporary or permanent Global Note in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.

Documents Available

So long as any of the Notes remains outstanding and throughout the life of the Programme, copies of the following documents will be available during normal business hours from the registered offices of Mitsui O.S.K. Lines and Euromol and from the specified office of the Agent:

- (i) English translations of the constitutional documents of Mitsui O.S.K. Lines;
- (ii) Constitutional documents of Euromol (in Dutch) and certified English translations thereof;
- (iii) the audited annual consolidated financial statements of Mitsui O.S.K. Lines in respect of the fiscal years ended 31 March 2011 and 2012 and the unaudited quarterly financial information published on 31 October 2012 in respect of the six months ended 30 September 2012; the audited annual financial statements of Euromol for the fiscal years ended 31 December 2010 and 2011;
- (iv) the Programme Agreement and any supplemental programme agreement, the Agency Agreement (which contains the forms of the temporary and permanent Global Notes, the definitive Notes, the Receipts, the Coupons and the Talons) and any supplemental agency agreement and the Deeds of Covenant and any supplemental deeds of covenant;
- (v) this Offering Circular (together with any amendment thereto); and
- (vi) each Pricing Supplement (save that a Pricing Supplement relating to any unlisted Note will only be available for inspection by the holder of such Note and such holder must produce satisfactory evidence as to ownership) and, in the case of a syndicated Tranche of listed Notes, the syndication agreement (or equivalent document).

The English translations at (i) and (ii) above are direct and accurate translations of the original documents in Japanese or Dutch (as relevant).

Clearing Systems

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

effected for settlement not earlier than three days after the date of the transaction. The address of Euroclear is 1, Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.

Post Issuance Information

The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement for each Tranche, based on then prevailing market conditions. The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

Material Change

There has been no significant change in the financial or trading position of Mitsui O.S.K. Lines since 30 September 2012, the date to which the unaudited interim financial information of Mitsui O.S.K. Lines were made up, and since 31 December 2011 for Euromol B.V., and there has been no material adverse change in the financial position or prospects of each of the Issuers since the date of their respective last audited accounts, being 31 March 2012 in the case of Mitsui O.S.K. Lines and 31 December 2011 in the case of Euromol B.V.

Litigation

Two litigation cases are in dispute where Chinese plaintiffs seek compensation for damages allegedly arising from the Japanese navy's capture of three Chinese vessels in 1937 and subsequent forfeiture by the Japanese Government during the Sino-Japanese War. These cases were originally filed in 1990 against the Navix Line prior to the merger with Mitsui O.S.K. Lines. At the time of capture, these vessels were time-chartered by the predecessor of Navix Line. While the Chinese Lower Court made a judgment which ordered Mitsui O.S.K. Lines to pay ¥2.91 billion and \$9.5 million, these disputes have not been settled yet.

Save as disclosed in the paragraph above, there are no nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers are aware) during the period of 12 months immediately preceding the date hereof which may have, or have had in the recent past, significant effects on either of the Issuers' or the Mitsui O.S.K. Lines group's financial position or profitability.

Auditors

KPMG AZSA LLC, independent certified public accountants to Mitsui O.S.K. Lines incorporated under the Japanese CPA Law, have audited, and rendered unqualified reports on, the accounts of Mitsui O.S.K. Lines for the two fiscal years ended 31 March 2012.

KPMG Accountants N.V., independent certified public accountants to Euromol (registered by the *Koninklijk Nederlands Instituut van Registeraccountants*), have audited, and rendered unqualified reports on, the accounts of Euromol for the two fiscal years ended 31 December 2011.

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INDEX TO THE FINANCIAL STATEMENTS

Mitsui O.S.K. Lines

The audited annual consolidated financial statements of Mitsui O.S.K. Lines are prepared in accordance with Japanese GAAP, which differ in certain material respects from generally accepted accounting principles in certain other countries. Potential investors should consult their own professional advisers for an understanding of the difference between Japanese GAAP and IFRS, or generally accepted accounting principles in other jurisdictions and an understanding of how those differences might affect the financial information contained herein.

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Euromol

The audited annual financial statements of Euromol are prepared and presented in accordance with Dutch generally accepted accounting principles and material differences exist between Dutch generally accepted accounting principles and International Financial Reporting Standards which might be material to the financial information therein. Prospective investors must make their own assessment of such differences.

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Audited Annual Financial Statements

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Consolidated Balance Sheets

Mitsui O.S.K. Lines, Ltd. March 31, 2012 and 2011

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Current assets:			
Cash and cash equivalents (Note 3)	¥ 82,837	¥ 65,477	\$ 1,007,872
Marketable securities (Notes 3 and 4)	23	29	280
Trade receivables (Note 3)	130,922	128,209	1,592,919
Allowance for doubtful accounts	(401)	(592)	(4,879)
Inventories (Note 5)	54,336	46,548	661,102
Deferred and prepaid expenses	53,744	51,172	653,900
Deferred tax assets (Note 15)	4,595	5,753	55,907
Other current assets	60,880	47,848	740,722
Total current assets	386,936	344,444	4,707,823
 Vessels, property and equipment (Notes 7 and 13):			
Vessels	1,354,315	1,291,685	16,477,856
Buildings and structures	252,043	251,390	3,066,590
Equipment, mainly containers	61,315	62,241	746,015
Land	215,959	216,104	2,627,558
Vessels and other property under construction	116,724	150,115	1,420,173
	2,000,356	1,971,535	24,338,192
Accumulated depreciation	(706,553)	(713,712)	(8,596,581)
Net vessels, property and equipment	1,293,803	1,257,823	15,741,611
 Investments and other assets:			
Investment securities (Notes 3, 4 and 7)	93,806	101,055	1,141,331
Investments in and advances to unconsolidated subsidiaries and affiliated companies	79,877	91,779	971,858
Long-term loans receivable (Note 3)	19,166	18,199	233,191
Intangible fixed assets	16,194	9,187	197,031
Deferred tax assets (Note 15)	11,692	7,117	142,256
Other assets	44,688	39,137	543,716
Total investments and other assets	265,423	266,474	3,229,383
Total assets	¥1,946,162	¥1,868,741	\$23,678,817

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Current liabilities:			
Short-term loans	¥ 38,751	¥ 41,966	\$ 471,480
Short-term bonds	—	961	—
Commercial paper	5,000	21,500	60,835
Total short-term debt (Notes 3 and 7)	43,751	64,427	532,315
Long-term bank loans due within one year	62,261	69,755	757,525
Bonds due within one year	4,191	9,281	50,992
Total long-term debt due within one year (Notes 3 and 7)	66,452	79,036	808,517
Trade payables (Note 3)	133,600	130,752	1,625,502
Advances received	19,809	20,282	241,015
Accrued income taxes	6,112	27,410	74,364
Deferred tax liabilities (Note 15)	902	93	10,975
Other current liabilities	52,225	52,269	635,418
Total current liabilities	322,851	374,269	3,928,106
Long-term bank loans due after one year	552,157	399,383	6,718,056
Bonds due after one year	187,031	160,158	2,275,593
Total long-term debt due after one year (Notes 3 and 7)	739,188	559,541	8,993,649
Employees' severance and retirement benefits (Note 16)	13,766	14,311	167,490
Directors' and corporate auditors' retirement benefits	2,160	2,028	26,281
Reserve for periodic drydocking	14,058	16,908	171,042
Deferred tax liabilities (Note 15)	18,733	19,441	227,923
Other non-current liabilities	117,497	141,996	1,429,577
Commitments and contingent liabilities (Note 8)			
Net assets (Note 9):			
Owners' equity			
Common stock;			
Authorized—3,154,000,000 shares			
Issued —1,206,286,115 shares	65,400	65,400	795,717
Capital surplus	44,487	44,516	541,270
Retained earnings	629,667	664,645	7,661,114
Treasury stock, at cost	(7,152)	(7,181)	(87,017)
Total owners' equity	732,402	767,380	8,911,084
Accumulated other comprehensive loss			
Unrealized holding gains on available-for-sale securities, net of tax	16,888	14,489	205,475
Unrealized losses on hedging derivatives, net of tax	(54,936)	(68,355)	(668,402)
Foreign currency translation adjustments	(56,932)	(52,719)	(692,688)
Total accumulated other comprehensive loss	(94,980)	(106,585)	(1,155,615)
Share subscription rights	2,006	1,871	24,407
Minority interests	78,481	77,581	954,873
Total net assets	717,909	740,247	8,734,749
Total liabilities and total net assets	¥1,946,162	¥1,868,741	\$23,678,817

Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2012 and 2011

(Consolidated Statements of Operations)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Shipping and other revenues (Note 14)	¥1,435,221	¥1,543,661	\$17,462,234
Shipping and other expenses	1,368,795	1,328,960	16,654,033
Gross operating income	66,426	214,701	808,201
Selling, general and administrative expenses	90,886	91,300	1,105,804
Operating income (loss)	(24,460)	123,401	(297,603)
Other income (expenses):			
Interest and dividend income	7,959	5,507	96,837
Interest expense	(11,511)	(11,372)	(140,054)
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	3,300	8,174	40,151
Others, net (Notes 10 and 11)	(8,804)	(30,343)	(107,118)
	(9,056)	(28,034)	(110,184)
Income (Loss) before income taxes and minority interests	(33,516)	95,367	(407,787)
Income taxes (Note 15):			
Current	(9,546)	(36,431)	(116,145)
Deferred	20,814	2,797	253,242
Income (Loss) before minority interests	(22,248)	61,733	(270,690)
Minority interests	(3,761)	(3,456)	(45,760)
Net income (loss)	¥ (26,009)	¥ 58,277	\$ (316,450)

(Consolidated Statements of Comprehensive Income)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Income (Loss) before minority interests	¥(22,248)	¥ 61,733	\$(270,690)
Other comprehensive income (loss) (Note 20):			
Unrealized holding gains (losses) on available-for-sale securities, net of tax	2,504	(7,081)	30,466
Unrealized gains (losses) on hedging derivatives, net of tax	18,731	(11,480)	227,899
Foreign currency translation adjustments	(1,303)	(14,034)	(15,853)
Share of other comprehensive loss of associates accounted for using equity method	(10,051)	(15,251)	(122,290)
	9,881	(47,846)	120,222
Comprehensive income (loss)	¥(12,367)	¥ 13,887	\$(150,468)
Comprehensive income (loss)			
Comprehensive income (loss) attributable to owners of the parent	¥(14,404)	¥ 11,717	\$(175,252)
Comprehensive income attributable to minority interests	2,037	2,170	24,784

(Amounts per share of common stock)

	Yen	U.S. dollars (Note 1)
Net income (loss)	¥(21.76)	¥48.75 \$(0.265)
Diluted net income	—	47.02 —
Cash dividends applicable to the year	5.00	10.00 0.061

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2012 and 2011

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available- for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at April 1, 2010	¥65,400	¥44,522	¥616,736	¥(7,126)	¥20,999	¥(45,454)	¥(35,570)	¥1,524	¥74,671	¥735,702
Due to change in consolidated subsidiaries	-	-	(693)	-	-	-	-	-	-	(693)
Due to change in affiliated companies accounted for by the equity method	-	-	(365)	-	-	-	-	-	-	(365)
Due to change in currencies of consolidated subsidiaries	-	-	259	-	-	-	-	-	-	259
Net income	-	-	58,277	-	-	-	-	-	-	58,277
Purchases of treasury stock	-	-	-	(88)	-	-	-	-	-	(88)
Disposal of treasury stock	-	(6)	-	33	-	-	-	-	-	27
Dividends paid	-	-	(9,569)	-	-	-	-	-	-	(9,569)
Net changes during the year	-	-	-	-	(6,510)	(22,901)	(17,149)	347	2,910	(43,303)
Balance at March 31 and April 1, 2011	¥65,400	¥44,516	¥664,645	¥(7,181)	¥14,489	¥(68,355)	¥(52,719)	¥1,871	¥77,581	¥740,247
Due to change in consolidated subsidiaries	-	-	12	-	-	-	-	-	-	12
Due to change in affiliated companies accounted for by the equity method	-	-	159	-	-	-	-	-	-	159
Due to change in accounting period of consolidated subsidiaries	-	-	(170)	-	-	-	-	-	-	(170)
Net loss	-	-	(26,009)	-	-	-	-	-	-	(26,009)
Purchases of treasury stock	-	-	-	(28)	-	-	-	-	-	(28)
Disposal of treasury stock	-	(29)	-	57	-	-	-	-	-	28
Dividends paid	-	-	(8,970)	-	-	-	-	-	-	(8,970)
Net changes during the year	-	-	-	-	2,399	13,419	(4,213)	135	900	12,640
Balance at March 31, 2012	¥65,400	¥44,487	¥629,667	¥(7,152)	¥16,888	¥(54,936)	¥(56,932)	¥2,006	¥78,481	¥717,909

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available- for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at April 1, 2011	\$795,717	\$541,623	\$8,086,689	\$(87,370)	\$176,287	\$(831,671)	\$(641,428)	\$22,764	\$943,923	\$9,006,534
Due to change in consolidated subsidiaries	-	-	146	-	-	-	-	-	-	146
Due to change in affiliated companies accounted for by the equity method	-	-	1,935	-	-	-	-	-	-	1,935
Due to change in accounting period of consolidated subsidiaries	-	-	(2,069)	-	-	-	-	-	-	(2,069)
Net loss	-	-	(316,450)	-	-	-	-	-	-	(316,450)
Purchases of treasury stock	-	-	-	(341)	-	-	-	-	-	(341)
Disposal of treasury stock	-	(353)	-	694	-	-	-	-	-	341
Dividends paid	-	-	(109,137)	-	-	-	-	-	-	(109,137)
Net changes during the year	-	-	-	-	29,188	163,269	(51,260)	1,643	10,950	153,790
Balance at March 31, 2012	\$795,717	\$541,270	\$7,661,114	\$(87,017)	\$205,475	\$(668,402)	\$(692,688)	\$24,407	\$954,873	\$8,734,749

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Income (Loss) before income taxes and minority interests	¥ (33,516)	¥ 95,367	\$ (407,787)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	85,624	77,446	1,041,781
Impairment loss	5,468	10,239	66,529
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	(3,300)	(8,174)	(40,151)
Loss on write-down of investment securities	9,163	500	111,486
Loss on write-down of securities issued by subsidiaries and affiliated companies	—	273	—
Various provisions (reversals)	(4,004)	(1,227)	(48,716)
Interest and dividend income	(7,959)	(5,507)	(96,837)
Interest expense	11,511	11,372	140,054
Gain on sale of investment securities	(224)	(1,017)	(2,725)
Gain on sale and disposal of vessels, property and equipment	(9,729)	(24)	(118,372)
Exchange loss, net	4,172	1,689	50,760
Changes in operating assets and liabilities:			
Trade receivables	(3,971)	(13,756)	(48,315)
Inventories	(7,932)	(8,451)	(96,508)
Trade payables	3,805	18,860	46,295
Others, net	(6,843)	22,075	(83,259)
Sub total	42,265	199,665	514,235
Cash received for interest and dividend	17,368	8,332	211,315
Cash paid for interest	(10,478)	(11,202)	(127,485)
Cash paid for corporate income tax, resident tax and enterprise tax	(44,141)	(15,040)	(537,060)
Net cash provided by operating activities	5,014	181,755	61,005
Cash flows from investing activities:			
Purchase of investment securities	(1,158)	(4,568)	(14,089)
Proceeds from sale of investment securities	699	4,846	8,505
Payments for purchase of vessels and other tangible and intangible fixed assets	(175,036)	(217,361)	(2,129,651)
Proceeds from sale of vessels and other tangible and intangible fixed assets	44,879	82,752	546,040
Payments for purchase of subsidiaries' securities due to change in consolidated subsidiaries	(4,936)	—	(60,056)
Net increase (decrease) in short-term loans receivable	127	49	1,545
Disbursements for long-term loans receivable	(4,528)	(4,394)	(55,092)
Collections of long-term loans receivable	8,384	2,391	102,008
Others, net	(2,744)	1,500	(33,387)
Net cash used in investing activities	(134,313)	(134,785)	(1,634,177)
Cash flows from financing activities:			
Net increase (decrease) in short-term bonds	56	154	681
Net increase (decrease) in short-term loans	(2,958)	(3,284)	(35,990)
Net increase (decrease) in commercial paper	(16,500)	13,000	(200,754)
Proceeds from long-term bank loans	270,357	68,899	3,289,415
Repayments of long-term bank loans	(115,662)	(94,287)	(1,407,252)
Proceeds from issuance of bonds	30,000	20,000	365,008
Redemption of bonds	(7,890)	(56,534)	(95,997)
Purchase of treasury stock	(28)	(89)	(341)
Sale of treasury stock	28	27	341
Cash dividends paid by the Company	(9,041)	(9,618)	(110,001)
Cash dividends paid to minority interests	(1,306)	(1,140)	(15,890)
Others, net	1,217	(887)	14,807
Net cash provided by (used in) financing activities	148,273	(63,759)	1,804,027
Effect of exchange rate changes on cash and cash equivalents	(1,940)	(3,699)	(23,604)
Net increase (decrease) in cash and cash equivalents	17,034	(20,488)	207,251
Cash and cash equivalents at beginning of year	65,477	85,894	796,654
Net cash increase from new consolidation/de-consolidation of subsidiaries	115	71	1,399
Increase in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries	211	—	2,568
Cash and cash equivalents at end of year	¥ 82,837	¥ 65,477	\$ 1,007,872

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2012 and 2011

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (together "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are made revisions according to ASBJ PITF No. 18. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui O.S.K. Lines, Ltd. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which was ¥82.19 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) PRINCIPLES OF CONSOLIDATION

All companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions.

The consolidated financial statements include the accounts of the Company and 335 subsidiaries for the year ended March 31, 2012 (320 subsidiaries for the year ended March 31, 2011). All significant inter-company transactions and accounts have been eliminated.

Investments in unconsolidated subsidiaries and affiliated companies (20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method. Companies accounted for using the equity method include 63 affiliated companies for the year ended March 31, 2012, and 60 affiliated companies for the year ended March 31, 2011. Investments in other subsidiaries (113 for the year ended March 31, 2012 and 119 for the year ended March 31, 2011) and affiliated companies (71 and 76 for the respective years) were stated at cost since total revenues, total assets and the Company's equity in net income and retained earnings in such companies were not material.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

The difference between acquisition cost and net assets acquired is treated as goodwill and negative goodwill and is amortized principally over 5 years.

Net amortized amount is included in "Selling, general and administrative expenses" or "Other income" of the consolidated statements of operations.

Meanwhile, the negative goodwill incurred after April 1, 2010 is recognized as "Other income" at the time of occurrence in accordance with the revised Japanese GAAP.

(2) TRANSLATION OF FOREIGN CURRENCY

Revenues earned and expenses incurred in currencies other than Japanese yen of the Company and its subsidiaries keeping their books in Japanese yen are translated into Japanese yen either at a monthly exchange rate or at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into yen at the exchange rate prevailing at the balance sheet date.

Subsidiaries keeping their books in a currency other than Japanese yen translate the revenues and expenses and assets and liabilities in foreign currencies into the currency used for financial reporting in accordance with accounting principles generally accepted in their respective countries.

All the items in financial statements of subsidiaries, which are stated in currencies other than Japanese yen, were translated into Japanese yen at the year-end exchange rate, except for owners' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as foreign currency translation adjustments in the net assets section of the consolidated balance sheets.

(3) CASH AND CASH EQUIVALENTS

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) FREIGHT REVENUES AND RELATED EXPENSES

1. Containerships

Freight revenues and the related voyage expenses are recognized by the multiple transportation progress method.

2. Vessels other than containerships

Freight revenues and the related voyage expenses are recognized mainly by the completed-voyage method.

(5) SECURITIES

Securities are classified into (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost, net of the amount considered not collectible. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as separate component of net assets. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net assets value with a corresponding charge in the statements of operations in the event net assets value declines significantly. In these cases, such fair market value or the net assets value will be the carrying amount of the securities at the beginning of the next year.

(6) INVENTORIES

Inventories are stated principally at cost determined by the moving-average method (with regard to the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets).

(7) DEPRECIATION OF VESSELS, PROPERTY AND EQUIPMENT

Depreciation of vessels and buildings is computed mainly by the straight-line method. Depreciation of other property and equipment is computed mainly by the declining-balance method.

Depreciation of finance lease that transfer ownership to lessees is computed mainly by the identical to depreciation method applied to self-owned noncurrent assets. Depreciation of finance lease that do not transfer ownership to lessees is computed mainly by straight-line method on the assumption that the lease term is the useful life and an estimated residual is zero. With regard to finance lease that do not transfer ownership for which the starting date for the lease transaction is prior to March 31, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

(8) AMORTIZATION OF BOND ISSUE EXPENSE AND STOCK ISSUE EXPENSE

Bond issue expense and stock issue expense are charged to income as incurred.

(9) INTEREST CAPITALIZATION

In cases where a vessel's construction period is long and the amount of interest accruing during this period is significant, such interest expenses are capitalized as a part of the acquisition cost which amounted to ¥1,156 million (\$14,065 thousand) for the year ended March 31, 2012 and ¥2,210 million for the year ended March 31, 2011.

(10) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of the Company's collection losses.

(11) EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

In May 2010, the Company reviewed the pension plans for employees engaged in shore and sea services and adopts the defined benefit pension plans. Employees engaged in sea service who retire prior to a certain age are also entitled to a lump-sum payment.

Under the accounting standards for employees' severance and retirement benefits, liabilities and expenses for employees' severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries (the "Group") provided allowance for employees' severance and retirement benefits at March 31, 2012 and 2011 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at those dates.

Actuarial gains and losses are recognized in the statements of operations using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period. Past service liability is chiefly accounted for as expenses in lump-sum at the time of occurrence.

(12) DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

The Company and its domestic subsidiaries recognize liabilities for retirement benefits for directors and corporate auditors at an amount required in accordance with the internal regulations.

Effective from the shareholders' meeting of the Company, held on June 23, 2005, the Company abolished the retirement benefits plan for directors and corporate auditors. Accordingly, the Company recognizes liabilities for retirement benefit for directors and corporate auditors till the completion of the shareholders' meeting on June 23, 2005, which will be paid upon their retirement.

(13) INCOME TAXES

The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(14) AMOUNTS PER SHARE OF COMMON STOCK

Net income (loss) per share of common stock is computed based upon the weighted-average number of shares outstanding during the year.

Fully diluted net income per share of common stock assumes exercise of the outstanding stock options and conversion of the convertible bonds at the beginning of the year or at the date of issuance. For the year ended March 31, 2012, fully diluted net income per share is not disclosed because of the Company's net loss position.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

(15) DERIVATIVES AND HEDGE ACCOUNTING

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedging instruments and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed ("special treatment").

If foreign exchange forward contracts are used as hedging instruments and meet certain hedging criteria, hedged foreign currency assets and liabilities are translated at the rate of these contracts ("allocation method").

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments:

Loans payable in foreign currencies
Forward foreign exchange contracts
Currency option contracts
Currency swap contracts
Interest rate swap contracts
Crude oil swap contracts
Commodities futures
Freight futures

Hedged items:

Foreign currency future transactions
Foreign currency future transactions
Foreign currency future transactions
Foreign currency loans payable
Interest on loans and bonds payable
Fuel oil
Fuel oil
Freight

The derivative transactions are executed and managed by the Company in accordance with the established policies in order to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and foreign currency exchange rate risk.

The Company evaluates hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the cumulative changes in cash flows from or the changes in fair value of hedging instruments.

(16) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2012 presentation. These changes had no impact on previously reported results of operations or cash flows or net assets.

(17) CHANGES IN ACCOUNTING METHOD

1. Application of accounting standard for asset retirement obligations

Effective from the year ended March 31, 2011, the Company adopts the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

The effect on profit and loss is immaterial.

2. Application of accounting standards for business combinations

Effective from the year ended March 31, 2011, the Company adopts the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, December 26, 2008), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, December 26, 2008), Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, December 26, 2008), and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 26, 2008).

(18) ADDITIONAL INFORMATION

1. The Company reviewed the projected useful life of LNG carriers, given that over 20 years have passed since LNG carriers became part of the Company's fleet and adequate data on the use of LNG carriers have become available. Based on this review, the Company found that LNG carriers can be expected to have a longer period of useful life than the number of years conventionally recognized. Therefore, effective April 1, 2010, the Company adopts 20 years as the period of useful life of LNG carriers based on actual usage.

As a result, operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2011, increased by ¥5,500 million respectively compared with the results under the previous estimate.

2. Application of accounting standards for presentation of comprehensive income

Effective from the year ended March 31, 2011, the Company adopts the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, June 30, 2010) and Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, revised June 30, 2010).

3. Application of accounting standards for accounting changes and error corrections

For accounting changes and corrections of past errors which are implemented from the fiscal year beginning on April 1, 2011, the Company adopts the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009).

3. FINANCIAL INSTRUMENTS

(1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

I. Policies for using financial instruments

We raise capital investment funds to acquire vessels and other fixed assets primarily through bank loans and corporate bonds. In addition, we secure short-term operating funds through commercial papers and bank loans. Furthermore, we have established commitment line with Japanese banks in preparation for supplementing liquidity in emergency situations. Derivatives are utilized to hedge risks as discussed below and are executed within the scope of real requirements. Our policy is not to use derivatives for speculative purposes.

II. Details of financial instruments / Risk and its management

Trade receivables are exposed to the credit risks of customers. We strive to mitigate such risks in accordance with internal regulations. Besides, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risk. We avoid the risk mainly by, in principle, utilizing forward exchange contracts which cover the net position (The difference between trade receivables and trade payables denominated in foreign currencies). Investment securities are mainly stocks of companies with which we have business relationships. These investment securities are exposed to the price fluctuation risk. We identify the market value of listed stocks on a quarterly basis.

Trade payables are due within a year.

Short-term loans and commercial papers are primarily used for raising short-term operating funds, while long-term loans and bonds are mainly for capital investments. Although several items with variable interest rates are exposed to the interest rate risk, a certain portion of such variable interest rates is fixed with the use of interest rate swaps.

Long-term loans and bonds denominated in foreign currencies are exposed to the foreign currency exchange rate risk, a part of which is avoided by using currency swaps.

Our major derivative transactions and hedged risks are as follows.

* Forward foreign exchange contracts / Currency swap contracts

: To cover exchange volatility of foreign-currency-denominated trade receivables, trade payables, long-term loans, and corporate bonds.

* Interest rate swap contracts

: To avoid interest rate risk arising out of interest payment of long-term loans and corporate bonds.

* Crude oil swap contracts and Commodities futures

: To hedge fluctuation of fuel oil price.

With regard to the detail of hedge accounting (hedging instruments, hedged items, the way of evaluating hedge effectiveness), see Notes 2 (15) to the consolidated financial statements.

Derivative transactions are executed and managed in accordance with our internal regulations and dealt only with highly rated financial institutions to mitigate credit risks.

On the other hand, as trade payables, loan payables, bonds, and commercial papers are exposed to the risk of financing for repayment, we manage the risk by planning cash management program monthly, having established commitment line with several financial institutions, and adjusting funding period (balancing short-term/long-term combination), in consideration of market circumstances.

III. Supplemental information on fair value

Fair value of financial instruments that are actively traded in organized financial markets is determined by market value.

For those where there are no active markets, it is determined by reasonable estimation. Reasonably estimated value might vary depending on condition of calculation as several variation factors are included in the calculation. On the other hand, derivative transactions mentioned in following (2) do not indicate the market risk of such derivatives.

(2) FAIR VALUES OF FINANCIAL INSTRUMENTS

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2012 are the following;

	Millions of yen		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	¥ 82,837	¥ 82,837	¥ —
Time deposits with a maturity of more than three months	1,005	1,005	—
Trade receivables	130,922	130,922	—
Marketable securities			
Available-for-sale securities	23	23	—
Short-term loans receivable	1,534	1,534	—
Investment securities			
Available-for-sale securities	82,897	82,897	—
Long-term loans receivable ⁽¹⁾	19,598		
Allowance for doubtful accounts ⁽²⁾	(185)		
Total	19,413	26,031	6,618
Liabilities			
Trade payables	¥133,600	¥133,600	¥ —
Short-term loans	38,751	38,751	—
Commercial paper	5,000	5,000	—
Bonds ⁽³⁾	191,222	197,269	6,047
Long-term bank loans ⁽⁴⁾	614,418	616,014	1,596
Total	¥982,991	¥990,634	¥ 7,643
Derivative financial instruments ⁽⁵⁾	¥ (52,523)	¥ (54,374)	¥(1,851)

	Thousands of U.S. dollars (Note 1)		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	\$ 1,007,872	\$ 1,007,872	\$ —
Time deposits with a maturity of more than three months	12,228	12,228	—
Trade receivables	1,592,919	1,592,919	—
Marketable securities			
Available-for-sale securities	280	280	—
Short-term loans receivable	18,664	18,664	—
Investment securities			
Available-for-sale securities	1,008,602	1,008,602	—
Long-term loans receivable ⁽¹⁾	238,447		
Allowance for doubtful accounts ⁽²⁾	(2,251)		
	236,196	316,717	80,521
Total	\$ 3,876,761	\$ 3,957,282	\$ 80,521
Liabilities			
Trade payables	\$ 1,625,502	\$ 1,625,502	\$ —
Short-term loans	471,480	471,480	—
Commercial paper	60,835	60,835	—
Bonds ⁽³⁾	2,326,585	2,400,158	73,573
Long-term bank loans ⁽⁴⁾	7,475,581	7,495,000	19,419
Total	\$11,959,983	\$12,052,975	\$ 92,992
Derivative financial instruments ⁽⁵⁾	\$ (639,044)	\$ (661,565)	\$(22,521)

*1 The book value of long-term loans receivable includes current portion amounting to ¥432 million (\$5,256 thousand).

*2 Allowance identified for long-term loans receivable is deducted.

*3 The book value of bonds includes current portion amounting to ¥4,191 million (\$50,992 thousand).

*4 The book value of long-term bank loans includes current portion amounting to ¥62,261 million (\$757,525 thousand).

*5 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with () means that the net amount is liability.

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31,2011 are the following;

	Millions of yen		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	¥ 65,477	¥ 65,477	¥ —
Time deposits with a maturity of more than three months	311	311	—
Trade receivables	128,209	128,209	—
Marketable securities			
Available-for-sale securities	29	29	—
Short-term loans receivable	1,695	1,695	—
Investment securities			
Available-for-sale securities	90,824	90,824	—
Long-term loans receivable ⁽¹⁾	24,486		
Allowance for doubtful accounts ⁽²⁾	(188)		
	24,298	30,903	6,605
Total	¥310,843	¥317,448	¥ 6,605
Liabilities			
Trade payables	¥130,752	¥130,752	¥ —
Short-term bonds	961	961	—
Short-term loans	41,966	41,966	—
Commercial paper	21,500	21,500	—
Bonds ⁽³⁾	169,439	174,241	4,802
Long-term bank loans ⁽⁴⁾	469,138	470,605	1,467
Total	¥833,756	¥840,025	¥ 6,269
Derivative financial instruments ⁽⁵⁾	¥ (87,850)	¥ (89,818)	¥(1,968)

*1 The book value of long-term loans receivable includes current portion amounting to ¥6,287 million.

*2 Allowance identified for long-term loans receivable is deducted.

*3 The book value of bonds includes current portion amounting to ¥9,281 million.

*4 The book value of long-term bank loans includes current portion amounting to ¥69,755 million.

*5 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with () means that the net amount is liability.

The following is a description of the valuation methodologies used for the assets and liabilities measured at the fair value.

Cash and cash equivalents. Time deposits with a maturity of more than three months. Trade receivables and Short-term loans receivable

Since these assets are settled in a short term and their fair value is almost equal to the book value, the fair value is evaluated at the book value.

Marketable securities and Investment securities

The fair value of stocks is evaluated at market prices at stock exchange as of the end of the fiscal year and the fair value of bonds is evaluated at market prices at stock exchange or provided by financial institutions as of the end of the fiscal years.

Long-term loans receivable

The fair value of long-term loans receivable with variable interests rate is evaluated at the book value because the interest rate reflects the market rate in a short term and their fair value is almost equal to the book value, unless the creditworthiness of the borrower has changed significantly since the loan origination. The fair value of long-term loans receivable with fixed interest rates, for each category of loans based on types of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar borrowing were newly made.

Trade payables. Short-term bonds. Short-term loans and Commercial paper

Since these assets are settled in a short term and their fair value is almost equal to the book value, the fair value is evaluated at the book value.

Bonds

The fair value of corporate bonds with market price is evaluated based on their market price. The fair value of variable interest rates corporate bonds without market price is evaluated at the book value because the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after the issue.

The fair value of fixed interest rates corporate bonds without market price is evaluated by discounting the total amount of principal and interest using the rate adjusted for the creditworthiness of us and the remaining term. The fair value of corporate bonds qualifying for allocation method of interest and currency swap is evaluated at the book value because such bonds were deemed as the variable interest rates corporate bonds and the interest rate reflects the market rate in a short term.

Long-term bank loans

The fair value of long-term bank loans with variable interest rates is evaluated at the book value because the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after such bank loans were made. Long-term bank loans with fixed interest rates are classified by their duration, and based on their individual loan types, their fair value is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were newly taken out. The fair value of long-term bank loans qualifying for allocation method of interest and currency swap is evaluated at the book value because such bank loans were deemed as the variable interest rates bank loans and the interest rate reflects the market rate in a short term.

Derivative financial instruments

Please refer to Note 6 to the consolidated financial statements.

The following table summarizes financial instruments whose fair value is extremely difficult to estimate.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Book value	Book value	Book value
	2012	2011	2012
Unlisted stocks	¥ 7,667	¥ 6,977	\$ 93,284
Unlisted foreign securities	3,200	3,200	38,934
Others	42	54	511
Total.	¥10,909	¥10,231	\$132,729

The above items are not included in the amount presented under the line "Investments securities" in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to estimate as they have no quoted market price and the future cash flow cannot be estimated.

At March 31, 2012, the aggregate annual maturity of monetary claims and securities was as follow;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents.	¥ 82,837	¥ —	¥ —	¥ —
Time deposits with a maturity of more than three months	1,005	—	—	—
Trade receivables	130,922	—	—	—
Short-term loans receivable	1,534	—	—	—
Marketable securities and investments securities				
Held-to-maturity debt securities (Other).	—	—	—	3,200
Available-for-sale securities (Governmental bonds/Corporate bonds)	—	10	—	—
Long-term loans receivable	432	12,420	2,768	3,978
Total.	¥216,730	¥12,430	¥2,768	¥7,178

	Thousands of U.S. dollars (Note 1)			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents.	\$1,007,872	\$ —	\$ —	\$ —
Time deposits with a maturity of more than three months	12,228	—	—	—
Trade receivables	1,592,919	—	—	—
Short-term loans receivable	18,664	—	—	—
Marketable securities and investments securities				
Held-to-maturity debt securities (Other).	—	—	—	38,934
Available-for-sale securities (Governmental bonds/Corporate bonds)	—	122	—	—
Long-term loans receivable	5,256	151,113	33,678	48,400
Total.	\$2,636,939	\$151,235	\$33,678	\$87,334

At March 31, 2011, the aggregate annual maturity of monetary claims and securities was as follow;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents.	¥ 65,477	¥ —	¥ —	¥ —
Time deposits with a maturity of more than three months	311	—	—	—
Trade receivables	128,209	—	—	—
Short-term loans receivable	1,695	—	—	—
Marketable securities and investments securities				
Held-to-maturity debt securities (Other).	—	—	—	3,200
Available-for-sale securities (Governmental bonds/Corporate bonds)	—	10	—	—
Long-term loans receivable	6,287	12,000	1,422	4,777
Total.	¥201,979	¥12,010	¥1,422	¥7,977

4. SECURITIES

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2012 and 2011.

Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2012

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥24,930	¥56,798	¥31,868
Bonds	210	224	14
Others	—	—	—
Total.	¥25,140	¥57,022	¥31,882

Type	Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Book value	Difference
Equity securities	\$303,322	\$691,058	\$387,736
Bonds	2,555	2,725	170
Others	—	—	—
Total	\$305,877	\$693,783	\$387,906

Securities with book values exceeding acquisition costs at March 31, 2011

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥26,852	¥69,118	¥42,266
Bonds	210	214	4
Others	—	—	—
Total	¥27,062	¥69,332	¥42,270

Securities with book values not exceeding acquisition costs at March 31, 2012

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥34,171	¥25,875	¥(8,296)
Bonds	—	—	—
Others	23	23	—
Total	¥34,194	¥25,898	¥(8,296)

Type	Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Book value	Difference
Equity securities	\$415,756	\$314,819	\$(100,937)
Bonds	—	—	—
Others	280	280	—
Total	\$416,036	\$315,099	\$(100,937)

Securities with book values not exceeding acquisition costs at March 31, 2011

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥29,947	¥21,492	¥(8,455)
Bonds	—	—	—
Others	29	29	—
Total	¥29,976	¥21,521	¥(8,455)

B. There were no held-to-maturity debt securities sold in the years ended March 31, 2012 and 2011.

C. Total sales of available-for-sale securities sold in the years ended March 31, 2012 and 2011 and the related gains and losses were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Proceeds from sales	¥522	¥3,434	\$6,351
Gross realized gains	225	1,020	2,737
Gross realized losses	1	—	12

D. Impairment losses of securities

For the fiscal year ended March 31, 2012 and 2011, the Company reduced the book value on the securities and booked the reductions as impairment losses of ¥9,163 million (\$111,486 thousands) and ¥773 million, respectively.

With regard to the impairment losses, the Company principally reduces the book value on the securities to the amount which is considered the recoverability etc. in the event the fair market value declines more than 50% in comparison with the acquisition cost.

5. INVENTORIES

Inventories as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Fuel and supplies	¥52,848	¥45,523	\$642,998
Others	1,488	1,025	18,104
Total	¥54,336	¥46,548	\$661,102

6. DERIVATIVE TRANSACTIONS

The Group enters into derivative transactions to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange fluctuations, in accordance with the guidance determined by the management of the Company.

I. HEDGE ACCOUNTING NOT APPLIED

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2012 and 2011, for which hedge accounting has not been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
(1) Currency related:			
Forward currency exchange contracts			
Sell (U.S. dollar):			
Contracts outstanding	¥ 468	¥ 5,821	\$ 5,694
Fair values	(9)	(1)	(109)
Buy (U.S. dollar):			
Contracts outstanding	¥ 29	¥ –	\$ 353
Fair values	(0)	–	(0)
Buy (Others):			
Contracts outstanding	¥ 5	¥ –	\$ 61
Fair values	0	–	0
Currency swaps contracts			
Buy (U.S. dollar):			
Contracts outstanding	¥ 7,882	¥ 5,871	\$ 95,900
Fair values	(1,777)	(1,212)	(21,621)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
(2) Interest related			
Interest rate swaps			
Receive floating, pay fixed			
Contracts outstanding	¥51,276	¥51,102	\$623,872
Fair values	(2,966)	(3,420)	(36,087)
Receive fixed, pay floating			
Contracts outstanding	¥ –	¥ 1,907	\$ –
Fair values	–	6	–

Notes: 1. In calculating market values in Japanese yen at the end of the fiscal year, forward exchange rates prevailing at the end of the year for the same values of the respective contracts are used.

2. Market values of interest rate swaps at the end of the fiscal year are calculated using prices of the contracts at the end of the year quoted by the financial institutions or trading houses with which the relevant transactions were closed.

II. HEDGE ACCOUNTING APPLIED

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2012 and 2011, for which hedge accounting has been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
(1) Deferral hedge accounting			
a. Forward currency exchange contracts to hedge the risk for the foreign currency transactions			
Sell (U.S. dollar):			
Contracts outstanding	¥ 25,479	¥ 28,604	\$ 310,001
Fair values	(1,333)	126	(16,218)
Buy (U.S. dollar):			
Contracts outstanding	¥ 98,802	¥162,240	\$1,202,117
Fair values	(6,360)	(13,308)	(77,382)
Buy (Australian dollar):			
Contracts outstanding	¥ —	¥ 16	\$ —
Fair values	—	1	—
b. Currency swaps contracts to hedge the risk for charterages			
Sell (U.S. dollar):			
Contracts outstanding	¥ 1,863	¥ 2,308	\$ 22,667
Fair values	131	205	1,594
Buy (U.S. dollar):			
Contracts outstanding	¥609,265	¥641,203	\$7,412,885
Fair values	(29,780)	(64,062)	(362,331)
c. Interest rate swaps to hedge the risk for the long-term bank loans and charterages			
Receive floating, pay fixed			
Contracts outstanding	¥174,262	¥140,908	\$2,120,234
Fair values	(13,955)	(7,709)	(169,790)
Receive fixed, pay floating			
Contracts outstanding	¥ 14,336	¥ 17,439	\$ 174,425
Fair values	452	566	5,499
d. Commodities futures to hedge the risk for the fuel oil			
Contracts outstanding	¥ 25,371	¥ 9,075	\$ 308,687
Fair values	3,074	959	37,401
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
(2) Special treatment			
Interest rate swaps to hedge the risk for the long-term bank loans			
Receive floating, pay fixed			
Contracts outstanding	¥15,090	¥17,533	\$183,599
Fair values	(1,851)	(1,968)	(22,521)
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
(3) Allocation method			
Currency swaps to hedge the risk for the foreign bonds and long-term bank loans			
Contracts outstanding	¥30,354	¥16,512	\$369,315
Fair values	—	—	—

Notes: 1. Fair values are measured based on forward exchange rates prevailing at the end of the year and information provided by financial institutions, etc.

2. Currency swaps which are applied allocation method are recorded as the combined amount of such currency swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) SHORT-TERM DEBT

Short-term debt amounting to ¥43,751 million (\$532,315 thousand) and ¥64,427 million at March 31, 2012 and 2011, respectively, were principally unsecured. The interest rates on short-term debt were mainly set on a floating rate basis.

(2) LONG-TERM DEBT

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Bonds:			
Floating/fixed rate Euro medium term notes due 2012–2013	¥ 6,222	¥ 11,439	\$ 75,702
1.480% yen bond due 2011	—	1,000	—
1.460% yen bond due 2011	—	2,000	—
1.428% yen bond due 2013	15,000	15,000	182,504
1.760% yen bonds due 2014	10,000	10,000	121,669
1.278% yen bonds due 2014	30,000	30,000	365,008
1.590% yen bonds due 2015	15,000	15,000	182,504
0.573% yen bonds due 2016	10,000	—	121,669
2.070% yen bonds due 2016	15,000	15,000	182,504
1.106% yen bonds due 2016	20,000	20,000	243,339
1.999% yen bonds due 2019	20,000	20,000	243,339
1.670% yen bonds due 2019	10,000	10,000	121,669
1.400% yen bonds due 2020	15,000	15,000	182,504
1.361% yen bonds due 2021	20,000	—	243,339
1.650% yen bonds due 2022	5,000	5,000	60,835
Secured loans from:			
Japan Development Bank due through 2021 at interest rates of 0.25% to 4.70% . .	66,084	71,990	804,039
Other financial institutions due through 2024 at interest rates of 0.40% to 6.70% . .	14,581	13,814	177,406
Unsecured loans from:			
Other financial institutions due through 2026 at interest rates of 0.23% to 4.63% . .	533,753	383,334	6,494,136
	805,640	638,577	9,802,166
Amount due within one year	66,452	79,036	808,517
	¥739,188	¥559,541	\$8,993,649

At March 31, 2012, the aggregate annual maturity of long-term debt was as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2013	¥ 66,452	\$ 808,517
2014	103,801	1,262,939
2015	143,765	1,749,179
2016	70,277	855,055
2017	102,765	1,250,335
2018 and thereafter	318,580	3,876,141
	¥805,640	\$9,802,166

(3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2012, the following assets were pledged as collateral for short-term debt and long-term debt.

Assets pledged	Millions of yen	Thousands of U.S. dollars (Note 1)
Vessels	¥192,298	\$2,339,676
Buildings and structures	1,683	20,477
Land	891	10,841
Vessels and other property under construction	5,624	68,427
Investment securities	68,934	838,715
Others	31	377
	¥269,461	\$3,278,513

Secured debt	Millions of yen	Thousands of U.S. dollars (Note 1)
Short-term debt	¥ 130	\$ 1,582
Long-term debt due within one year	14,772	179,730
Long-term debt due after one year	65,893	801,715
	¥80,795	\$983,027

8. COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2012, the Company and its consolidated subsidiaries were contingently liable mainly as guarantors or co-guarantors of indebtedness of related and other companies in the aggregate amount of ¥66,765 million (\$812,325 thousand).

9. NET ASSETS

Net assets comprises four sections, which are the owners' equity, accumulated other comprehensive income (loss), share subscription rights and minority interests.

Under the Japanese Companies Act ("the Act") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

Under the Act, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Act, appropriations (legal earnings reserve and additional paid-in-capital could be used to eliminate or reduce a deficit or could be capitalized) generally require a resolution of the shareholders' meeting.

(A) SHARES ISSUED AND OUTSTANDING

Changes in number of shares issued and outstanding during the years ended March 31, 2012 and 2011 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at April 1, 2010	1,206,286	10,878
Increase during the year	—	154
Decrease during the year	—	(48)
Balance at March 31 and April 1, 2011	1,206,286	10,984
Increase during the year	—	76
Decrease during the year	—	(85)
Balance at March 31, 2012	1,206,286	10,975

(B) SHARE SUBSCRIPTION RIGHTS

Share subscription rights at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Stock options	¥2,006	¥1,871	\$24,407
Total	¥2,006	¥1,871	\$24,407

(C) DIVIDENDS

(1) Dividends paid for the year ended March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 23, 2011	¥5,980	\$ 72,758
Approved at the board of directors held on October 31, 2011	2,990	36,379
Total	¥8,970	\$109,137

(2) Dividends included in the retained earnings at March 31, 2012 and to be paid in subsequent periods were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 22, 2012	¥2,990	\$36,379
Total	¥2,990	\$36,379

10. IMPAIRMENT LOSSES

For the fiscal year ended March 31, 2012, the Group recorded an impairment loss on the following asset group.

Application	Type	Millions of yen	Thousands of U.S. dollars (Note 1)
Assets to be disposed of by sale	Vessels and Other	¥5,468	\$66,529

For the fiscal year ended March 31, 2011, the Group recorded an impairment loss on the following asset group.

Application	Type	Millions of yen
Assets to be disposed of by sale	Vessels and Other	¥10,239

The Group group operating assets based on management accounting categories, and also group assets to be disposed of by sale and idle assets by structure. For the fiscal year ended March 31, 2012 and 2011, with regard to the target price of assets to be disposed of by sale which fell below book value, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment losses.

The recoverable amount for this asset group is evaluated based on the asset's net selling price. And the asset's net selling price is appraised based on the target price of assets to be disposed of by sale.

11. OTHER INCOME (EXPENSES): OTHERS, NET—BREAKDOWN

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Others, net:			
Exchange loss, net	¥ (4,440)	¥ (4,584)	\$ (54,021)
Amortization of goodwill, net.	288	—	3,504
Gain on sale of vessels, investment securities and others	11,784	7,623	143,375
Loss on sale and disposal of vessels, investment securities and others	(1,831)	(6,975)	(22,278)
Loss arising from dissolution of subsidiaries and affiliated companies	(286)	(303)	(3,480)
Loss on write-down of investment securities and others	(9,163)	(773)	(111,486)
Provision for doubtful accounts	(28)	(7)	(340)
Special retirement	(361)	(438)	(4,392)
Cancellation fee for chartered ships, net	(199)	(10,503)	(2,421)
Impairment loss	(5,468)	(10,239)	(66,529)
Sundries, net.	900	(4,144)	10,950
Total.	¥ (8,804)	¥(30,343)	\$(107,118)

12. LEASES

AS LESSEE:

(A) INFORMATION ON FINANCE LEASES ACCOUNTED FOR AS OPERATING LEASES:

- (1) A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2012 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost.	¥34,800	¥89	¥34,889
Accumulated depreciation	32,316	85	32,401
Net book value	¥ 2,484	¥ 4	¥ 2,488

	Thousands of U.S. dollars (Note 1)		
	Equipment, mainly containers	Others	Total
Acquisition cost.	\$423,409	\$1,083	\$424,492
Accumulated depreciation	393,187	1,034	394,221
Net book value	\$ 30,222	\$ 49	\$ 30,271

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2011 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost.	¥36,459	¥192	¥36,651
Accumulated depreciation	32,087	178	32,265
Net book value	¥ 4,372	¥ 14	¥ 4,386

(2) Future lease payments at March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Amount due within one year.	¥2,631	¥2,882	\$32,011
Amount due after one year.	2,814	5,092	34,238
Total.	¥5,445	¥7,974	\$66,249

(3) Lease payments, Depreciation equivalent and Interest equivalent

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Lease payments	¥3,167	¥3,475	\$38,533
Depreciation equivalent	1,898	2,598	23,093
Interest equivalent	125	181	1,521

(4) Calculation of depreciation equivalent

Assumed depreciation amounts are computed using the declining-balance method or the straight-line method over the lease terms assuming no residual value.

(5) Calculation of interest equivalent

The excess of total lease payments over acquisition cost equivalents is regarded as amounts representing interest payable equivalents and is allocated to each period using the interest method.

(6) Impairment loss

There was no impairment loss on finance lease accounted for as operating leases.

(B) FUTURE LEASE PAYMENTS UNDER OPERATING LEASES FOR ONLY NON-CANCELABLE CONTRACTS AT MARCH 31, 2012 AND 2011:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Amount due within one year.	¥ 38,589	¥ 37,921	\$ 469,510
Amount due after one year.	240,143	266,156	2,921,803
Total.	¥278,732	¥304,077	\$3,391,313

AS LESSOR:

(A) FUTURE LEASE INCOME UNDER OPERATING LEASES FOR ONLY NON-CANCELABLE CONTRACTS AT MARCH 31, 2012 AND 2011:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Amount due within one year.	¥13,125	¥13,271	\$159,691
Amount due after one year.	42,020	47,700	511,254
Total.	¥55,145	¥60,971	\$670,945

13. RENTAL PROPERTIES

The Company and certain of its consolidated subsidiaries own real estate for office lease (including lands) in Tokyo, Osaka and other areas.

Information about the book value and the fair value of such rental properties is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Book value	¥267,295	¥264,815	\$3,252,160
Fair value	356,497	360,994	4,337,474

Notes: 1. The book value was calculated as the amount equivalent to the cost for acquisition deducting accumulated depreciation and impairment losses.
2. The fair value is mainly based upon the amount appraised by outside independent real estate appraisers.

In addition, information about rental revenue and expense from rental properties is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Rental revenue	¥26,223	¥27,361	\$319,053
Rental expense	14,431	15,222	175,581
Difference	¥11,792	¥12,139	\$143,472

Note: Rental revenue is mainly recorded as "shipping and other revenues" and rental expense (depreciation expense, repairs and maintenance fee, utilities, personnel cost, tax and public charge, etc.) is mainly recorded as "shipping and other expenses".

14. SEGMENT AND RELATED INFORMATION

(A) SEGMENT INFORMATION:

	Millions of yen								
	Reportable segment								
For the year ended March 31, 2012:	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Total	Adjustment	Consolidated
1. Revenues:									
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 726,011	¥542,426	¥52,134	¥106,710	¥1,427,281	¥ 7,940	¥1,435,221	¥ -	¥1,435,221
(2) Inter-segment revenues	978	1,700	206	17,729	20,613	7,206	27,819	(27,819)	-
Total revenues	¥ 726,989	¥544,126	¥52,340	¥124,439	¥1,447,894	¥ 15,146	¥1,463,040	¥ (27,819)	¥1,435,221
Segment income (loss)	¥ (6,922)	¥ (29,910)	¥ (534)	¥ 9,099	¥ (28,267)	¥ 4,304	¥ (23,963)	¥ (357)	¥ (24,320)
Segment assets	¥1,194,814	¥365,975	¥36,089	¥355,342	¥1,952,220	¥278,061	¥2,230,281	¥(284,119)	¥1,946,162
2. Others									
(1) Depreciation and amortization	¥ 58,371	¥ 13,433	¥ 3,867	¥ 8,254	¥ 83,925	¥ 1,446	¥ 85,371	¥ 253	¥ 85,624
(2) Amortization of goodwill, net	(558)	35	241	(12)	(294)	6	(288)	-	(288)
(3) Interest income	798	170	70	42	1,080	1,256	2,336	(1,163)	1,173
(4) Interest expenses	9,818	2,457	406	1,980	14,661	1,056	15,717	(4,206)	11,511
(5) Equity in earnings of unconsolidated subsidiaries and affiliated companies, net.	1,883	984	93	124	3,084	216	3,300	-	3,300
(6) Investment in affiliates.	59,381	5,082	1,096	1,370	66,929	2,228	69,157	-	69,157
(7) Tangible/intangible fixed assets increased.	158,188	8,210	829	5,442	172,669	2,768	175,437	289	175,726

Thousands of U.S. dollars (Note 1)

For the year ended March 31, 2012:	Reportable segment					Others	Total	Adjustment	Consolidated
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total				
1. Revenues:									
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	\$ 8,833,325	\$ 6,599,659	\$ 634,311	\$ 1,298,333	\$ 17,365,628	\$ 96,606	\$ 17,462,234	\$ -	\$ 17,462,234
(2) Inter-segment revenues	11,899	20,684	2,506	215,708	250,797	87,675	338,472	(338,472)	-
Total revenues	\$ 8,845,224	\$ 6,620,343	\$ 636,817	\$ 1,514,041	\$ 17,616,425	\$ 184,281	\$ 17,800,706	\$ (338,472)	\$ 17,462,234
Segment income (loss)	\$ (84,220)	\$ (363,913)	\$ (6,497)	\$ 110,707	\$ (343,923)	\$ 52,367	\$ (291,556)	\$ (4,344)	\$ (295,900)
Segment assets	\$ 14,537,219	\$ 4,452,793	\$ 439,092	\$ 4,323,421	\$ 23,752,525	\$ 3,383,148	\$ 27,135,673	\$ (3,456,856)	\$ 23,678,817
2. Others									
(1) Depreciation and amortization	\$ 710,196	\$ 163,438	\$ 47,050	\$ 100,426	\$ 1,021,110	\$ 17,593	\$ 1,038,703	\$ 3,078	\$ 1,041,781
(2) Amortization of goodwill, net	(6,789)	426	2,932	(146)	(3,577)	73	(3,504)	-	(3,504)
(3) Interest income	9,709	2,068	852	511	13,140	15,282	28,422	(14,150)	14,272
(4) Interest expenses	119,454	29,894	4,940	24,091	178,379	12,849	191,228	(51,174)	140,054
(5) Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	22,910	11,972	1,132	1,509	37,523	2,628	40,151	-	40,151
(6) Investment in affiliates	722,484	61,832	13,335	16,669	814,320	27,108	841,428	-	841,428
(7) Tangible/intangible fixed assets increased	1,924,662	99,891	10,086	66,213	2,100,852	33,678	2,134,530	3,516	2,138,046

Millions of yen

For the year ended March 31, 2011:	Reportable segment					Others	Total	Adjustment	Consolidated
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total				
1. Revenues:									
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 790,573	¥ 586,650	¥ 50,089	¥ 108,447	¥ 1,535,759	¥ 7,902	¥ 1,543,661	¥ -	¥ 1,543,661
(2) Inter-segment revenues	2,120	3,578	195	15,700	21,593	7,512	29,105	(29,105)	-
Total revenues	¥ 792,693	¥ 590,228	¥ 50,284	¥ 124,147	¥ 1,557,352	¥ 15,414	¥ 1,572,766	¥ (29,105)	¥ 1,543,661
Segment income (loss)	¥ 70,838	¥ 38,854	¥ (566)	¥ 10,677	¥ 119,803	¥ 3,361	¥ 123,164	¥ (1,542)	¥ 121,622
Segment assets	¥ 1,173,526	¥ 386,911	¥ 38,408	¥ 342,749	¥ 1,941,594	¥ 317,866	¥ 2,259,460	¥ (390,719)	¥ 1,868,741
2. Others									
(1) Depreciation and amortization	¥ 50,509	¥ 11,777	¥ 4,256	¥ 9,050	¥ 75,592	¥ 1,604	¥ 77,196	¥ 250	¥ 77,446
(2) Amortization of goodwill, net	(211)	195	240	(49)	175	(9)	166	-	166
(3) Interest income	988	106	58	87	1,239	1,604	2,843	(1,262)	1,581
(4) Interest expenses	10,093	2,525	457	2,086	15,161	1,484	16,645	(5,273)	11,372
(5) Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	6,354	1,009	127	154	7,644	530	8,174	-	8,174
(6) Investment in affiliates	69,002	5,315	1,045	1,230	76,592	2,018	78,610	-	78,610
(7) Tangible/intangible fixed assets increased	136,262	38,605	1,316	41,188	217,371	2,342	219,713	730	220,443

(Segment income (loss))

Segment income (loss) is calculated by adjusting operating income for gains on management of surplus funds (interest income, etc.) and the cost of raising funds (interest expense, etc.)

(B) RELATED INFORMATION:

(1) Information about geographic areas:

Our service areas are not necessarily consistent with our customer's location in our core ocean transport business.

That's why the revenues of geographic areas are revenues, wherever they may be earned, of companies registered in countries in the geographic areas.

	Millions of yen					
For the year ended March 31, 2012:	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	¥1,355,877	¥19,150	¥25,008	¥34,657	¥529	¥1,435,221
Tangible fixed assets	¥1,226,211	¥25,194	¥ 4,013	¥38,299	¥ 86	¥1,293,803

	Thousands of U.S. dollars (Note 1)					
For the year ended March 31, 2012:	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	\$16,496,861	\$232,997	\$304,271	\$421,669	\$6,436	\$17,462,234
Tangible fixed assets	\$14,919,224	\$306,534	\$ 48,826	\$465,981	\$1,046	\$15,741,611

	Millions of yen					
For the year ended March 31, 2011:	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	¥1,463,441	¥28,662	¥22,919	¥28,511	¥128	¥1,543,661
Tangible fixed assets	¥1,196,713	¥26,609	¥ 4,519	¥29,879	¥103	¥1,257,823

(2) Information about impairment loss by reportable segment:

	Millions of yen							
	Reportable segment							
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
For the year ended March 31, 2012:								
Impairment loss	¥5,468	¥—	¥—	¥—	¥5,468	¥—	¥—	¥5,468

	Thousands of U.S. dollars (Note 1)							
	Reportable segment							
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
For the year ended March 31, 2012:								
Impairment loss	\$66,529	\$—	\$—	\$—	\$66,529	\$—	\$—	\$66,529

	Millions of yen							
	Reportable segment							
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
For the year ended March 31, 2011:								
Impairment loss	¥4,224	¥5,858	¥—	¥—	¥10,082	¥—	¥157	¥10,239

(3) Information about goodwill (negative goodwill) by reportable segment:

	Millions of yen							
	Reportable segment							
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
For the year ended March 31, 2012:								
Goodwill (Negative goodwill) at the end of current year	¥(1,362)	¥62	¥977	¥1,155	¥832	¥14	¥—	¥846

	Thousands of U.S. dollars (Note 1)							
	Reportable segment							
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
For the year ended March 31, 2012:								
Goodwill (Negative goodwill) at the end of current year	\$(16,571)	\$754	\$11,887	\$14,053	\$10,123	\$170	\$—	\$10,293

	Millions of yen							
	Reportable segment							
	Bulkships	Containerships	Ferry & Domestic transport	Associated business	Sub Total	Others	Elimination	Consolidated
For the year ended March 31, 2011:								
Goodwill (Negative goodwill) at the end of current year	¥(2,076)	¥1,666	¥1,218	¥0	¥808	¥(1,545)	¥—	¥(737)

Additional information:

Effective from the fiscal year ended March 31, 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 27th/Mar/2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 21st/Mar/2008) are applied.

15. INCOME TAXES

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 37.25% for the years ended March 31, 2012 and 2011.

(A) Significant components of deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Deferred tax assets:			
Excess bad debt expenses	¥ 673	¥ 871	\$ 8,188
Reserve for bonuses expenses	1,495	1,818	18,190
Retirement benefits expenses	4,198	4,331	51,077
Retirement allowances for directors	702	814	8,541
Write-down of securities and other investments	2,404	2,137	29,249
Accrued business tax and business place tax	392	709	4,769
Operating loss carried forward	25,491	5,615	310,147
Unrealized gain on sale of fixed assets	2,052	2,310	24,967
Impairment loss	613	1,053	7,458
Unrealized losses on hedging derivatives	13,150	30,589	159,995
Others	3,787	3,891	46,077
Total deferred tax assets	54,957	54,138	668,658
Valuation allowance	(11,269)	(11,626)	(137,109)
Net deferred tax assets	43,688	42,512	531,549
Deferred tax liabilities:			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	(1,849)	(2,086)	(22,497)
Reserve deductible for tax purposes when appropriated for special depreciation	(1,173)	(1,726)	(14,272)
Unrealized holding gains on available-for-sale securities	(10,931)	(12,719)	(132,997)
Gain on securities contributed to employee retirement benefit trust	(3,698)	(4,339)	(44,993)
Revaluation reserve	(14,787)	(14,093)	(179,912)
Retained earnings of consolidated subsidiaries	(14,228)	(13,842)	(173,111)
Others	(370)	(371)	(4,502)
Total deferred tax liabilities	(47,036)	(49,176)	(572,284)
Net deferred tax liabilities	¥ (3,348)	¥ (6,664)	\$ (40,735)

Following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), Japanese corporation tax rates will be reduced and the special reconstruction corporation tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed for the fiscal years beginning on or after April 1, 2012. In line with these revisions, the Company changed the statutory tax rate to calculate deferred tax assets and liabilities from 37.25% to 34.25% for temporary differences which are expected to reverse during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014. Similarly, the Company changed the statutory tax rate to calculate deferred tax assets and liabilities from 37.25% to 31.75% for temporary differences which are expected to reverse from the fiscal years beginning on or after April 1, 2015.

As a result of this change, net deferred tax assets (after netting deferred tax liabilities) decreased by ¥527 million (\$6,412 thousand), and income taxes—deferred, unrealized holding gains on available-for-sale securities, net of tax increased by ¥556 million (\$6,765 thousand), ¥1,782 million (\$21,681 thousand), respectively and unrealized losses on hedging derivatives, net of tax decreased by ¥1,752 million (\$21,316 thousand).

(B) Significant difference between the statutory tax rate and the effective tax rate for the financial statement purpose for the year ended March 31, 2011 was as follows:

	2011
Statutory tax rate.	37.3 %
Non-deductible expenses.	0.5 %
Tax exempt revenues.	(5.0)%
Effect on elimination of dividend income	5.6 %
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(2.7)%
Others	(0.4)%
Effective tax rate.	35.3 %

* For the year ended March 31, 2012, the difference between the statutory tax rate and the effective tax rate is not stated as the Company recorded Loss before Income Taxes and Minority Interests.

16. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Projected benefit obligation	¥ 61,317	¥ 62,720	\$ 746,040
Unrecognized actuarial differences	(3,887)	(4,859)	(47,293)
Prepaid pension expenses	17,566	18,098	213,724
Less fair value of pension assets	(61,230)	(61,648)	(744,981)
Employees' severance and retirement benefits	¥ 13,766	¥ 14,311	\$ 167,490

Included in the consolidated statements of operations for the years ended March 31, 2012 and 2011 were severance and retirement benefit expenses, which comprise the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Service costs—benefits earned during the year	¥ 3,965	¥ 3,528	\$ 48,242
Interest cost on projected benefit obligation.	874	873	10,634
Expected return on plan assets.	(1,085)	(1,116)	(13,201)
Amortization of actuarial differences	685	374	8,334
Amortization of past service liabilities.	—	(957)	—
Others*.	459	453	5,585
Employees' severance and retirement benefits expenses	¥ 4,898	¥ 3,155	\$ 59,594

* "Others" represents expenses related to the defined contribution pension plan of consolidated subsidiaries.

The discount rate for the years ended March 31, 2012 and 2011 used by the Company is mainly 2.0%. Also, the rate of expected return on plan assets for the years ended March 31, 2012 and 2011 is mainly 2.0%.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years.

17. STOCK OPTIONS

(A) EXPENSED AMOUNT

Expensed amount on stock options for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Selling, general and administrative expenses	¥150	¥347	\$1,825
Total	¥150	¥347	\$1,825

(B) TERMS AND CONDITIONS

The following table summarizes terms and conditions of stock options for the years when they were granted:

	2002	2003	2004	2005
Number of grantees	Directors: 13 Executive officers: 19 Employees: 52	Directors: 11 Executive officers: 16 Employees: 37 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 16 Employees: 32 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 17 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 34
Number of stock options	Common stock 1,560,000	Common stock 1,590,000	Common stock 1,570,000	Common stock 1,650,000
Grant date	September 11, 2002	August 8, 2003	August 5, 2004	August 5, 2005
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 26, 2004 to June 25, 2012	From June 20, 2004 to June 25, 2013	From June 20, 2005 to June 24, 2014	From June 20, 2006 to June 23, 2015

	2006	2007	2008	2009
Number of grantees	Directors: 11 Executive officers: 17 Employees: 34 Presidents of the Company's domestic consolidated subsidiaries: 37	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 35
Number of stock options	Common stock 1,670,000	Common stock 1,710,000	Common stock 1,760,000	Common stock 1,640,000
Grant date	August 11, 2006	August 10, 2007	August 8, 2008	August 14, 2009
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 20, 2007 to June 22, 2016	From June 20, 2008 to June 21, 2017	From July 25, 2009 to June 24, 2018	From July 31, 2011 to June 22, 2019

	2010	2011
Number of grantees	Directors: 10 Executive officers: 21 Employees: 36 Presidents of the Company's domestic consolidated subsidiaries: 33	Directors: 10 Executive officers: 22 Employees: 34 Presidents of the Company's domestic consolidated subsidiaries: 33
Number of stock options	Common stock 1,710,000	Common stock 1,720,000
Grant date	August 16, 2010	August 9, 2011
Vesting conditions	No provisions	No provisions
Service period	No provisions	No provisions
Exercise period	From July 31, 2012 to June 21, 2020	From July 26, 2013 to June 22, 2021

(C) CHANGES IN NUMBER AND UNIT PRICES

The following tables summarize changes in number and unit prices of stock options for the years when they were granted:

(1) Changes in number of stock options

Non-vested stock options	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Balance at March 31, 2011	–	–	–	–	–	–	–	1,640,000	1,710,000	–
Options granted during the year . .	–	–	–	–	–	–	–	–	–	1,720,000
Options expired during the year . .	–	–	–	–	–	–	–	–	–	–
Options vested during the year . .	–	–	–	–	–	–	–	1,640,000	–	–
Balance at March 31, 2012	–	–	–	–	–	–	–	–	1,710,000	1,720,000

Vested stock options	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Balance at March 31, 2011	20,000	14,000	296,000	888,000	1,463,000	1,700,000	1,760,000	–	–	–
Options vested during the year . .	–	–	–	–	–	–	–	1,640,000	–	–
Options exercised during the year . .	–	–	–	–	–	–	–	–	–	–
Options expired during the year . .	–	–	10,000	10,000	20,000	20,000	10,000	10,000	–	–
Balance at March 31, 2012	20,000	14,000	286,000	878,000	1,443,000	1,680,000	1,750,000	1,630,000	–	–

(2) Unit prices of stock options exercised during the year

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exercise price	¥264	¥377	¥644	¥762	¥841	¥1,962	¥1,569	¥639	¥642	¥468
Average market price of share at exercise	–	–	–	–	–	–	–	–	–	–
Fair value per stock option at grant date	–	–	–	–	¥219	¥ 352	¥ 217	¥136	¥208	¥ 87

(D) KEY FIGURES FOR FAIR VALUE PER STOCK OPTION

The Company utilized the Black Scholes Model for calculating fair value per stock option. Key figures of the calculation were as follows:

	2011
Stock price volatility	44.0%
Expected remaining term of the option	5 years and 11 months
Expected dividends	¥10 per share
Risk-free interest rate	0.48%

18. MATERIAL NON-CASH TRANSACTIONS

Amount of lease assets and lease obligations recognized for the years ended March 31, 2012 and 2011 were ¥3,817 million (\$46,441 thousand) and ¥3,916 million, respectively.

19. BUSINESS COMBINATIONS

(1) Name and business description of companies subject to business combination

Surviving company: Utoc Corporation (business: harbor and transport business and other activities)

Absorbed company: International Container Terminal Co., Ltd. (business: harbor and transport business and other activities)

(2) Date of business combination (effective date)

April 1, 2011

(3) Legal form of business combination

Merger in which Utoc Corporation is the surviving company

(4) Name of company after business combination

Utoc Corporation

(5) Outline of transaction including its purpose

The merger was conducted between Utoc Corporation, which is engaged in a wide range of business activities including plant construction, warehousing and logistics in addition to harbor and transport business, and International Container Terminal Co., Ltd., which has made achievements as a high-quality container terminal operator. This merger thus promotes effective use of management resources and expanded service menus in pursuing aggressive business activities not only in the harbor and transport business but also in the logistics and plant businesses. By so doing, the Company will work to enhance the service quality that is well recognized by customers in various sectors in an aim to grow, expand and maximize corporate value.

The transaction underlying the business combination entails allotment of 1.04 shares of common stock of Utoc Corporation for every 1 share of common stock of International Container Terminal Co., Ltd.

(6) Overview of accounting treatment of transaction

The transfer was accounted for as a transaction under common control as per Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008) and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 26, 2008).

20. COMPREHENSIVE INCOME

For the fiscal year ended March 31, 2012, the amounts reclassified to net loss that were recognized in other comprehensive income and tax effects for each component of other comprehensive income are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Unrealized holding gains on available-for-sale securities, net of tax:		
Decrease during the year	¥ (7,682)	\$ (93,466)
Reclassification adjustments	8,891	108,176
Sub-total, before tax	1,209	14,710
Tax benefit	1,295	15,756
	2,504	30,466
Unrealized gains on hedging derivatives, net of tax:		
Increase during the year	19,784	240,710
Reclassification adjustments	9,894	120,380
Adjustments of acquisition cost.	6,316	76,846
Sub-total, before tax	35,994	437,936
Tax expense	(17,263)	(210,037)
	18,731	227,899
Foreign currency translation adjustments:		
Decrease during the year	(2,569)	(31,256)
Reclassification adjustments	1,266	15,403
	(1,303)	(15,853)
Share of other comprehensive loss of associates accounted for using equity method:		
Decrease during the year	(15,672)	(190,680)
Reclassification adjustments	5,621	68,390
	(10,051)	(122,290)
Total other comprehensive income	¥ 9,881	\$ 120,222

21. SUBSEQUENT EVENT

There are no applicable matters to report.

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Mitsui O.S.K. Lines, Ltd.:

We have audited the accompanying consolidated financial statements of Mitsui O.S.K. Lines, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui O.S.K. Lines, Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 22, 2012
Tokyo, Japan

The financial statements for the financial year 2011 of Euromol B.V. and the unqualified auditor's report on those financial statements dated 24 May 2012 are derived from the Annual Report 2011 of Euromol B.V. For the purpose of the Offering Circular the paragraph included in this unqualified auditor's report relating to other legal and regulatory requirements is not applicable.

Balance sheet as at 31 December 2011

(before appropriation of the result)

	31 December 2011		31 December 2010	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Assets				
Fixed assets				
Tangible fixed assets	-	-	-	-
Loans to affiliated companies	278,576		343,003	
		278,576		343,003
Current assets				
Loans to affiliated companies	234,955		252,203	
Prepaid expenses and other receivables	35,700		41,711	
Receivable from shareholder	3,703		4,047	
Cash and cash equivalents	1,725		1,911	
		276,083		299,872
		554,659		642,875
Shareholder's equity and liabilities				
Shareholder's equity		37,421		36,341
Long-term debt				
Medium-term notes issued	29,527		78,554	
Banks and institutions	197,302		314,600	
		226,829		393,154
Current liabilities				
Medium-term notes issued	52,479		87,373	
Banks and institutions	204,136		110,516	
Payable to group companies	33,422		15,046	
Other debts and accrued liabilities	372		445	
		290,409		213,380
		554,659		642,875

The accompanying notes form an integral part of the financial statements.

Profit and loss account for the year 2011

	2011		2010	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial income and expenses				
Interest income	4,702		5,343	
Interest expense	-2,896		-3,349	
Currency exchange (loss)/gain	31		3	
	<hr/>		<hr/>	
		1,837		1,997
Operating expenses		-413		-556
		<hr/>		<hr/>
Result before income taxes		1,424		1,441
Income taxes		-344		-358
		<hr/>		<hr/>
Net result		1,080		1,083
		<hr/>		<hr/>

The accompanying notes form an integral part of the financial statements.

Cash flow statement for the year 2011

	31 December 2011		31 December 2010	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Net result	1,080		1,083	
Depreciation of tangible fixed assets	-		-	
Operating cash flow before working capital movements	1,080		1,083	
Movement prepaid expenses other receivables ¹	128		-30	
Movement payable to group companies ²	18,376		-10,970	
Movement receivable from shareholder	344		113	
Movement in other debts and accrued liabilities	-73		103	
Cash flow from operating activities		19,855		-9,701
Additions to tangible fixed assets	-		-	
Decrease in loans to affiliated companies (current)	17,248		27,017	
Decrease / (increase) in loans to affiliated companies (fixed)	64,427		-15,105	
Cash flow from investing activities		81,675		11,912
Decrease in medium term notes issued ³	-75,667		-45,661	
Decrease in loans to banks and institutions (long-term) ²	-119,669		-9,452	
Increase in loans to banks and institutions (short-term) ²	93,620		52,815	
Cash flow from financing activities		-101,716		-2,298
Cash flow		-186		-87
Movements in cash at bank				
Cash at bank at the start of the year	1,911		1,998	
Cash at bank at the end of the year	1,725		1,911	
Decrease/(increase) in cash at bank	-186		-87	

The accompanying notes form an integral part of the financial statements.

¹ Movements excluding the movement in unrealized exchange result.

² Movements including the movement in unrealized exchange result.

³ Movements including the movement in unrealized exchange result.

Notes to the 2011 financial statements

General

Relationship with parent company and principal activities

Euromol B.V. (“the Company”) is legally seated in Amsterdam, The Netherlands. The Company is engaged in the financing of Mitsui O.S.K. Lines Ltd. affiliated companies. In addition, funds are invested in deposits.

Funding is obtained by issuance of medium term notes and loans from banks and institutions. These funds are secured by a guarantee, credit or keepwell arrangement by Mitsui O.S.K. Lines Ltd.

The sole shareholder of the Company is Mitsui O.S.K. Holdings (Benelux) B.V., located in Poortugaal, The Netherlands. The Company is ultimately a wholly owned subsidiary of Mitsui O.S.K. Lines Ltd., located in Tokyo, Japan. Other subsidiaries owned by Mitsui O.S.K. Lines Ltd. are referred to as affiliated companies.

The financial statements of the Company are included in the consolidated annual accounts of Mitsui O.S.K. Lines Ltd., which have been filed at the Chamber of Commerce in Tokyo, Japan.

Solvency

Given the objectives of the Company as a financing company, the Company is economically interrelated with the ultimate holding company, Mitsui O.S.K. Lines Ltd. In assessing the solvency of the Company also the solvency of the group as a whole needs to be considered.

Summary of significant accounting principles

General

The financial statements are presented on a historical cost basis in accordance with accounting principles generally accepted in the Netherlands and are in compliance with the financial reporting requirements of Part 9 of the Netherlands Civil Code, Book 2.

Assets and liabilities are stated at nominal value unless indicated otherwise.

Translation of foreign currencies

The reporting currency in the financial statements of the Company is Euro (EUR).

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rate, ruling at the balance sheet date. Transactions in foreign currencies are translated at the

exchange rates at the time of the transactions. The exchange differences are recognised in the profit and loss account.

Assets and liabilities, which are swapped into a currency other than the original currency of denomination, are recorded at the exchange rate ruling as at balance sheet date. The net exchange difference gain or loss from the translation of these assets and liabilities to be settled with the swap contract counter party (bank or institution) is recorded under “prepaid expenses and other receivables” or “other debt and accrued liabilities”, respectively, in the balance sheet.

The foreign currency exchange rates used by the Company based on the EUR are:

	31 December 2011	31 December 2010
USD	1.3071	1.3133
JPY (per EUR 10,000)	101.600	107.700

Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, trade and other payables.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. Derivatives embedded in contracts shall be separated from the host contract and accounted for as a separate financial instrument if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognised through profit and loss.

Financial instruments, including derivatives separated from their host contracts, are initially recognised at fair value. If instruments are not measured at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

Financial instruments embedded in contracts that are not accounted for separately from the host contract are recognised in accordance with the host contract.

After initial recognition, financial instruments are valued in the manner described below.

Financial instruments held for trading

Financial instruments (assets and liabilities) that are held for trading purposes are carried at fair value and changes in the fair value are recognised in the profit and loss account. In the first period of recognition, attributable transaction costs are charged to the profit and loss account.

Purchased loans and bonds

Purchased loans and bonds which the company intends to hold to maturity (and is capable of doing so), are measured at amortised cost on the basis of the effective interest method, less impairment losses.

If listed on a stock exchange, other purchased loans and bonds are carried at fair value. Changes in the fair value are recognised in the profit and loss account. Unlisted purchased loans and bonds are carried at amortised cost on the basis of the effective interest method, less impairment losses.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses.

Other financial commitments

Financial commitments that are not held for trading purposes are carried at amortised cost on the basis of the effective interest rate method.

Derivatives

Derivatives are carried at the lower of cost and market value, except if the cost model for hedge accounting is applied.

If forward exchange contracts are concluded to hedge monetary assets and liabilities in foreign currencies, cost hedge accounting is applied. Hedge accounting is applied to ensure that the gains or losses arising from the translation of the monetary items recognised in the profit are offset by the changes in the value of forward exchange contracts arising from the difference between their forward and spot rates as at reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised over the term of the contract.

If cost hedge accounting is applied, derivatives are measured at fair value upon initial recognition. As long as a derivative hedges a specific risk in connection with an expected future transaction, it is not remeasured. As soon as an expected transaction leads to the recognition in the profit and loss account of a financial asset or financial liability, the gains or losses associated with the derivative are recognised in the profit or loss account in the same period in which the asset or liability affects profit or loss.

If a hedged position in respect of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset, the company adjusts the cost price of this asset in line with the hedging results that have not yet been recognised in the profit and loss account.

Any loss incurred in respect of the percentage by which the amount of the derivate exceeds the hedged position is recognised directly in the profit and loss account at the lower of cost and market value.

Hedging relationships are terminated upon the expiry or sale of the respective derivatives. The cumulative gain or loss that has not yet been included in the profit and loss account is recognised as a deferred item in the balance sheet until the hedged transactions have taken place. If the transactions are no longer expected to take place, the cumulative gain or loss is accounted for in the profit or loss account.

The company documents its hedging relationships by means of specific hedging documentation and regularly assesses the effectiveness of its hedging relationships by determining whether there are any overhedges.

Tangible fixed assets

Tangible fixed assets are valued at the acquisition cost against the original currency, less accumulated depreciation. Depreciation is based on the estimated useful economic life of the related assets, applying the straight-line method.

The estimated useful live is:

- Office equipment 3 years

Tangible fixed assets are revaluated in case of any impairment.

Determination of result

Result is determined as a difference between revenues and costs for the period. Profits are recognised in the period in which they are realised. Losses are recognised in the period in which they become foreseeable.

Taxation on result

Taxes are calculated on the result before taxation at the current tax rate, taking into account non-taxable and non-deductible items. Deferred tax assets are only recognised if there is reasonable certainty these will be realised in the near future.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currency are translated into EUR using the average weighted exchange rates for the periods in question.

Cash flows from financial derivatives that are stated hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, fair value is determined on the basis of the following methods. Where applicable, detailed information concerning the principles for determining fair value are included in the section that specifically relates to the relevant asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Derivatives

The fair value of forward exchange transactions is based on the quoted market price, if available. If there is no market price available, the fair value is estimated on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

Non-derivative financial commitments

The fair value of non-derivative financial commitments is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate with which a mark-up is included for the relevant risks as at the reporting date. For financial leases, the market interest rate is determined using comparable leasing agreements.

Notes to the financial statements as at 31 December 2011

Tangible fixed assets

The movements in tangible fixed assets can be summarised as follows:

	Office equipment EUR 1,000
Balance as at 31 December 2010	
Costs	59
Accumulated depreciation	-59
	<hr/>
Book value as at 31 December 2010	-
	<hr/>
Movements in book value	
Additions / Disposal	-
Depreciation	-
	<hr/>
	-
	<hr/>
Balance as at 31 December 2011	
Costs	59
Accumulated depreciation	-59
	<hr/>
Book value as at 31 December 2011	-
	<hr/>

Loans to affiliated companies

The movements in (long term) loans to affiliated companies are as follows:

	2011 EUR 1,000
Balance as at 1 January	343,003
Movements:	
• Loans acquired	35,887
• Loans repaid	-14,167
• Transfer to current assets	-86,953
• Translation result	806
	<hr/>
Balance as at 31 December	278,576
	<hr/>

The total loans to affiliated companies (both the long and short-term part) are mainly denominated in USD (93.3%, 2010: 92.6%), and JPY (3.6%, 2010: 4.5%), on a floating rate

basis (99.9%, 2010: 99.9%) and a fixed rate basis (0.1%, 2010: 0.1%). The average effective interest rate on USD-loans is 0.85% (2010: 0.87%) and on JPY-loans 0.68% (2010: 0.76%). The average remaining term of the loans is 5-10 years.

The current portion of the loans including current accounts with affiliated companies amounting to EUR 235.0 million (2010: EUR 252.2 million) has been presented under current assets.

Prepaid expenses and other receivables

The prepaid expenses and other receivables can be specified as follows:

	31 December 2011 EUR 1,000	31 December 2010 EUR 1,000
Interest receivable	392	466
Unrealized exchange differences	35,209	41,092
Other receivables	99	153
	<hr/>	<hr/>
Total prepaid expenses and other receivables	35,700	41,711
	<hr/>	<hr/>

Cash and cash equivalents

All cash and cash equivalents as at 31 December 2011 are at the free disposal of the Company.

Shareholder's equity

The movement in shareholder's equity is as follows:

	Issued and paid-in capital EUR 1,000	Retained earnings EUR 1,000	Undistributed profit EUR 1,000	Total EUR 1,000
Balance as at 1 January 2010	8,444	24,974	1,840	35,258
Appropriation of net result 2009	-	1,840	-1,840	-
Net result for the year 2010	-	-	1,083	1,083
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2010	8,444	26,814	1,083	36,341
Appropriation of net result 2010	-	1,083	-1,083	-
Net result for the year 2011	-	-	1,080	1,080
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2011	8,444	27,897	1,080	37,421
	<hr/>	<hr/>	<hr/>	<hr/>

The authorised share capital amounts to EUR 42,222,000, divided into 93,000 common shares, each with a value of EUR 454 of which 18,600 shares were issued and fully paid as at 31 December 2011 and 31 December 2010.

Long-term debt

	Medium term notes issued EUR 1,000	Banks and institutions EUR 1,000	Total EUR 1,000
Between 2 and 5 years	29,527	131,714	161,241
After 5 years	-	65,588	65,588
	<hr/>	<hr/>	<hr/>
Total long-term debt	29,527	197,302	226,829
	<hr/>	<hr/>	<hr/>

The current portion of the long-term debt amounting to EUR 256.6 million is presented under current liabilities.

Medium term notes, loans from banks and institutions and payables to group companies are originally (before swap) mainly denominated in USD (74.2%, 2010: 63.6%), JPY (23.5%, 2010: 34.5%) and EUR (2.3%, 2010: 2.0%) have fixed (24.2%, 2010: 32.7%) and floating (75.8%, 2010: 67.3%) interest rates. The ratio in denominations and nature of interest is swapped into 93.7% USD (2010: 92.9%) and 3.8% JPY (2010: 4.9%) and 2.5% EUR (2010: 2.1%) respectively 94.7% (2010: 90.2%) floating rate basis and 5.3% (2010: 9.8%) fixed rate basis. The average effective interest rate on USD-borrowings is 0.55% (2010: 0.58%) and on JPY-borrowings 0.52% (2010: 0.49%).

As a result of the effective floating rate basis, the fair value of the medium term notes and loans from banks and institutions does not differ significantly from its stated value.

Credit facility

The Company has uncommitted credit facilities available amounting to EUR 213,612,577 (2010: EUR 189,902,536). At 31 December 2011, the Company has short-term loans from several banks under uncommitted credit facilities amounting to EUR 9,945,681 (2010: EUR 43,287,901), some of which are secured by letters of awareness issued by Mitsui O.S.K Lines Ltd.

Financial instruments

During the normal course of business, the Company makes use of various types of financial instruments. Financial instruments include those recognized in the balance sheet and derivatives.

The estimated fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The Company has procedures and policies in place to control risks related to financial instruments. The Company's management is involved in the risk management process.

To reduce the foreign currency risk and interest risk the funds and investments are primarily denominated in US dollars at floating interest rates. For those assets and liabilities which are not originally denominated in US dollars or not on a floating interest rate basis, the Company enters into interest and foreign currency swap transactions to the effect that the assets and liabilities are actually denominated in US dollars on a floating rate basis. In addition, swaps are used in order to change actual interest payment dates of notes and borrowings into a desired date.

The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy. The Company deposits available cash with various banks.

The contract amounts of financial instruments, specified below, are indicative of the Company's use of derivatives but are not necessarily a measure for the exposure to market or credit risk through its use of financial instruments.

Fair value

Financial instruments in the balance sheet substantially include long-term loans to affiliated companies, time deposits and cash as well as notes issued and loans obtained from banks and institutions. The estimated fair values of these time deposits and cash at 31 December 2011 approximate their stated amounts. The estimated fair values of long-term loans to affiliated companies as well as medium term notes issued and loans obtained from banks and institutions approximate their stated amounts, due to their mainly floating interest rates.

Interest derivatives

Interest derivatives are related to long-term loans and issued medium term notes and are mainly used to adjust the fixed interest rate nature of long-term loans and issued medium term notes to floating interest rates.

Under interest rate swap contracts only interest is exchanged with the counterparty in the same currency during the contract period. At the end of the contract period, no notional amounts are exchanged.

Under cross currency interest swap contracts interest is exchanged with the counterparty in different currencies. At the end of the contract period, both parties also exchange the notional amounts with the agreed exchange rate.

The total notional amounts, specified by year of expected maturity at 31 December 2011 and 2010 are specified as follows:

	2011			2010
	Remaining period			
	< 1 year	1-5 years	> 5 years	Total notional amount
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Interest rate swaps	-	-	-	17,735
Cross currency interest swaps	49,213	9,842	44,291	181,058
	<u>49,213</u>	<u>9,842</u>	<u>44,291</u>	<u>198,793</u>

As a result of the interest rate swaps and cross currency interest swaps used by the Company both interest income and interest expense are substantially based on USD or JPY LIBOR rates, which mitigate the interest rate exposure of the Company.

The estimated market value of the interest derivatives as at 31 December 2011 amounts to EUR 42,921 thousand.

Foreign exchange derivatives

The total notional amounts of foreign exchange derivatives at 31 December 2011 and 2010 are specified as follows:

Currency		2011	2010
		EUR 1,000	EUR 1,000
Forward exchange contract	Sell USD buy EUR	27,766	26,040
Forward exchange contract	Sell JPY buy EUR	344	323
		<u>28,110</u>	<u>26,363</u>

The estimated negative market value of the foreign exchange derivatives as at 31 December 2011 amounts to EUR 336 thousand.

Other debts and accrued liabilities

The Other debts and accrued liabilities can be specified as follows:

	31 December 2011 EUR 1,000	31 December 2010 EUR 1,000
Interest payable	292	306
Other payables	80	139
	<hr/>	<hr/>
	372	445
	<hr/>	<hr/>

Off-balance sheet commitments

The Company is part of a fiscal unity. As a result, the Company is jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

Interest income and expense

Included in interest income is an amount of EUR 4,699 thousand (2010: EUR 5,330 thousand) received from affiliated companies.

An amount of EUR 211 thousand has been paid to affiliated companies in 2011 for interest expenses (2010: EUR 102 thousand).

Personnel

The average number of personnel during the year was 2 (2010: 2).

Income taxes

The Company forms a fiscal unity for corporate income taxes with its Dutch parent company, Mitsui O.S.K. Holdings (Benelux) B.V., and two other affiliated companies in the Netherlands.

The corporate income tax charge of the Company has been calculated as if it is independently taxable. The current income tax payable amounts are settled through the intercompany account with Mitsui O.S.K. Holdings (Benelux) B.V., which settles the tax balances with the tax authorities on behalf of the fiscal unity.

The Company had a tax ruling with the Dutch tax authorities, which expired at 31 December 2005. The tax ruling defined minimum taxable income as a percentage of the principal amount of funding of the Company. The percentage depended on the total amount of the Company's finance volume and was approximately 1/8%.

The nominal tax rate is 25.0%. The effective tax rate is 25.0% (2010: 25.5%).

Transactions with related parties

Transactions with related parties include relationships between the company, the company's participating interests and the company's directors and executive officers (key management personnel).

In its normal course of business, the company issues loans to affiliated companies and receives interest income. Generally, these transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

Remuneration of statutory directors and supervisory directors

In accordance with Article 383, Book 2 of the Dutch Civil Code the remuneration of the statutory directors is not presented, as only one of the statutory directors has received remuneration.

The Supervisory Directors did not receive any remuneration in 2011 and 2010.

Amsterdam, 24 May 2012

Managing Directors:

H. Ikemura

N. Omoto

T. Shinoda

Supervisory Board:

S. Aoto

T. Maruyama

Other information

Independent auditors' report

The independent auditors' report is set forth on the next page.

Appropriation of net result

The Articles of Incorporation of the Company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

Proposed appropriation of net result

Management proposes to add the net income for the year to the retained earnings. This proposal has not yet been reflected in the accompanying financial statements.

Independent auditor's report

To: the General Meeting of Shareholders of Euromol B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Euromol B.V., Amsterdam, which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Accountants N.V., ingeschreven bij het handelsregister in Nederland onder nummer 33263683, is een dochtermaatschappij van KPMG Europe LLP en lid van het KPMG-netwerk van zelfstandige ondernemingen die verbonden zijn aan KPMG International Cooperative ("KPMG International"), een Zwitserse entiteit.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Euromol B.V. as at 31 December 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 24 May 2012

KPMG Accountants N.V.

P.M. Goudriaan RA

INDEX TO THE INTERIM FINANCIAL INFORMATION

Mitsui O.S.K. Lines

The interim financial information included in this Offering Circular for Mitsui O.S.K. Lines has been derived from the summary quarterly financial information (shi hanki kessan tanshin) of Mitsui O.S.K. Lines for the six months ended 30 September 2012, published in accordance with the rules of the Tokyo Stock Exchange, Inc., and which has not been audited or reviewed by the auditors to Mitsui O.S.K. Lines.

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Unaudited Consolidated Interim Financial Information

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Consolidated Balance Sheets for Mitsui O.S.K. Lines, Ltd. as of 30 September 2012 and 31 March 2012

	<i>Millions of yen</i>	
	<i>As of</i>	<i>As of</i>
	<i>31 March</i>	<i>30 September</i>
	<i>2012</i>	<i>2012</i>
Assets		
Current assets		
Cash and deposits	50,864	52,510
Trade receivables	130,921	143,091
Marketable securities	10,023	34,025
Inventories	54,335	52,584
Deferred and prepaid expenses	53,744	52,448
Deferred tax assets	4,594	4,940
Other current assets	82,852	126,106
Allowance for doubtful accounts	(401)	(501)
Total Current Assets	<u>386,936</u>	<u>465,206</u>
Fixed assets		
Tangible fixed assets		
Vessels	822,280	856,736
Buildings and structures	124,294	121,788
Equipments, mainly containers	9,210	8,780
Equipments and parts	3,597	3,926
Land	215,958	216,580
Vessels and other property under construction	116,724	108,564
Other tangible fixed assets	1,735	2,291
Total tangible fixed assets	<u>1,293,802</u>	<u>1,318,668</u>
Intangible fixed assets	<u>16,193</u>	<u>20,295</u>
Investments and other assets		
Investment securities	172,746	148,100
Long-term loans receivable	19,166	21,708
Prepaid expenses	20,479	20,346
Deferred tax assets	11,692	22,275
Other long-term assets	27,696	25,229
Allowance for doubtful accounts	(2,551)	(2,288)
Total investments and other assets	<u>249,228</u>	<u>235,371</u>
Total fixed assets	<u>1,559,225</u>	<u>1,574,335</u>
Total assets	<u>1,946,161</u>	<u>2,039,542</u>

	<i>Millions of yen</i>	
	<i>As of</i>	<i>As of</i>
	<i>31 March</i>	<i>30 September</i>
	<i>2012</i>	<i>2012</i>
Liabilities		
Current liabilities		
Trade payables	133,599	137,931
Short-term bonds	4,190	5,652
Short-term bank loans	101,012	115,816
Accrued income taxes	6,112	5,583
Advances received	19,808	19,351
Deferred tax liabilities	902	907
Allowance for provision for bonuses	3,928	3,493
Allowance for provision for directors' bonuses	152	33
Allowance for provision for loss related to U.S. antitrust matter	151	142
Commercial paper	5,000	3,500
Other current liabilities	47,993	49,486
Total Current Liabilities	322,851	341,898
Fixed liabilities		
Bonds	187,030	226,410
Long-term bank loans	552,156	608,750
Lease obligations	19,011	19,315
Deferred tax liabilities	18,732	18,196
Allowance for employees' severance and retirement benefits	13,766	13,531
Allowance for directors' and corporate auditors' retirement benefits	2,159	1,706
Allowance for provision for special repairs	14,058	14,111
Other fixed liabilities	98,484	122,488
Total Fixed Liabilities	905,401	1,024,511
Total Liabilities	1,228,252	1,366,410
Net Assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	44,486	44,496
Retained earnings	629,667	613,592
Treasury stock, at cost	(7,151)	(7,006)
Total owners' equity	732,402	716,483
Accumulated gains (losses) from valuation and translation adjustments		
Unrealized holding gains on available for-sale-securities, net of tax	16,888	9,419
Unrealized losses on hedging derivatives, net of tax	(54,936)	(76,470)
Foreign currency translation adjustments	(56,932)	(56,235)
Total accumulated losses from valuation and translation adjustments	(94,980)	(123,286)
Share subscription rights	2,005	2,115
Minority interests	78,481	77,820
Total Net Assets	717,909	673,131
Total Liabilities and Total Net Assets	1,946,161	2,039,542

Consolidated Statements of Operations for Mitsui O.S.K. Lines, Ltd. for the six months ended 30 September 2011 and 2012

	<i>Millions of yen</i>	
	<i>(1 April – 30 September 2011)</i>	<i>(1 April – 30 September 2012)</i>
Shipping and other operating revenues	717,345	756,968
Shipping and other operating expenses	680,474	716,043
Gross operating income	36,871	40,924
Selling, general and administrative expenses	46,926	43,303
Operating loss	(10,054)	(2,379)
Non-operating income:		
Interest income	721	521
Dividend income	1,782	1,916
Equity in earnings of unconsolidated subsidiaries and affiliated companies	1,545	–
Gain on sale of containers	1,159	2,239
Others	1,949	1,624
Total	7,158	6,302
Non-operating expenses:		
Interest expense	5,567	6,123
Equity in losses of unconsolidated subsidiaries and affiliated companies	–	2,243
Exchange loss	1,949	1,247
Loss on valuation of derivatives	1,036	445
Others	651	655
Total	9,204	10,716
Ordinary loss	(12,100)	(6,793)
Extraordinary profit:		
Gain on sale of fixed assets	3,944	5,446
Cancellation fee for chartered ships	62	1,514
Others	1,803	1,317
Total	5,810	8,277
Extraordinary loss:		
Loss on sale of fixed assets	569	2,739
Loss on retirement of fixed assets	1,017	535
Loss on valuation of investment securities	8,139	7,452
Others	1,567	857
Total	11,293	11,585
Loss before income taxes and minority interests	(17,583)	(10,100)
Income taxes	(2,606)	977
Loss before minority interests	(14,977)	(11,078)
Minority interests in earnings of consolidated subsidiaries	1,486	2,004
Net loss	(16,463)	(13,082)

Consolidated Statements of Comprehensive Income for Mitsui O.S.K. Lines, Ltd. for the six months ended 30 September 2011 and 2012

	<i>Millions of yen</i>	
	<i>(1 April – 30 September 2011)</i>	<i>(1 April – 30 September 2012)</i>
Loss before minority interests	<u>(14,977)</u>	<u>(11,078)</u>
Other comprehensive loss		
Unrealized holding losses on available-for-sale securities, net of tax	(6,884)	(7,227)
Unrealized losses on hedging derivatives, net of tax	(13,096)	(20,082)
Foreign currency translation adjustments	1,994	1,427
Share of other comprehensive income of associates accounted for using equity method	<u>(1,471)</u>	<u>(3,000)</u>
Total	<u>(19,457)</u>	<u>(28,883)</u>
Comprehensive loss	<u>(34,435)</u>	<u>(39,961)</u>
(Breakdown)		
Comprehensive loss attributable to owners of the parent	(35,323)	(41,389)
Comprehensive income attributable to minority interests	887	1,427

Consolidated Statements of Cash Flows for Mitsui O.S.K. Lines, Ltd. for the six months ended 30 September 2011 and 2012

	<i>Millions of yen</i>	
	<i>(1 April – 30 September 2011)</i>	<i>(1 April – 30 September 2012)</i>
Cash flows from operating activities:		
Loss before income taxes and minority interests	(17,583)	(10,100)
Depreciation and amortization	41,690	45,201
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(1,545)	2,243
Loss on valuation of investment securities	8,139	7,452
Various provisions (reversals)	(4,065)	(1,208)
Interest and dividend income	(2,504)	(2,438)
Interest expense	5,567	6,123
Loss (gain) on the sale of investment securities	(224)	160
Gain on sale of fixed assets	(2,357)	(2,171)
Exchange loss, net	1,233	2,375
Changes in operating assets and liabilities		
– Trade receivables	394	(11,985)
– Inventories	(3,099)	1,820
– Trade payables	(7,458)	4,209
Other, net	(3,549)	(4,886)
Sub total	14,636	36,796
Cash received from interest and dividend	5,690	5,188
Cash paid for interest	(5,365)	(6,584)
Cash (paid) refund for corporate income tax, resident tax and enterprise tax	(29,118)	5,081
Net cash provided by (used in) operating activities	(14,156)	40,481
Cash flows from investing activities:		
Purchase of investment securities	(859)	(898)
Proceeds from sale and redemption of investment securities	604	292
Payments for purchases of vessels and other tangible / intangible fixed assets	(89,523)	(99,071)
Proceeds from sale of vessels and other tangible / intangible fixed assets	24,035	31,885
Net (increase) decrease in short-term loans receivable	326	470
Disbursements for loans receivable	(921)	(4,153)
Collections of loans receivable	7,004	734
Other, net	(1,236)	704
Net cash used in investing activities	(60,570)	(70,035)
Cash flows from financing activities:		
Net increase (decrease) in short-term bonds	(87)	–
Net increase (decrease) in short-term bank loans	(5,011)	(8,708)
Net increase (decrease) in commercial paper	(16,000)	(1,500)
Proceeds from long-term bank loans	133,154	120,106
Repayments of long-term bank loans	(38,575)	(42,478)
Proceeds from issuance of bonds	30,000	45,000
Redemption of bonds	(5,057)	(4,313)
Purchase of treasury stock	(18)	(6)
Sale of treasury stock	18	15
Cash dividends paid by the company	(6,013)	(3,040)
Cash dividends paid to minority interests	(380)	(2,082)
Other, net	(402)	(722)
Net cash provided by financing activities	91,625	102,268
Effect of exchange rate changes on cash and cash equivalents	(501)	1
Net increase in cash and cash equivalents	16,397	72,716
Cash and cash equivalents at beginning of the year	65,477	82,837
Cash and cash equivalents at end of Q2 of the year	81,874	155,553

Segment Information for Mitsui O.S.K. Lines, Ltd.

Millions of yen

(1 April – 30 September 2011)	Segment report					Others *1	Total	Adjustment *2	Consolidated *5
	Bulk-ships	Container-ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1. Revenues from customers, unconsolidated subsidiaries and affiliated companies	353,411	281,853	25,123	52,881	713,269	4,076	717,345	–	717,345
2. Inter-segments revenues	505	936	108	8,796	10,347	3,965	14,313	(14,313)	–
Total Revenues	353,916	282,789	25,232	61,677	723,616	8,042	731,658	(14,313)	717,345
Segment income(loss)	(6,185)	(10,529)	(1,206)	4,715	(13,205)	1,040	(12,164)	64	(12,100)

Millions of yen

(1 April – 30 September 2012)	Segment report					Others *1	Total	Adjustment *3	Consolidated *5
	Bulk-ships	Container-ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1. Revenues from customers, unconsolidated subsidiaries and affiliated companies	369,286	302,915	27,363	53,919	753,484	3,483	756,968	–	756,968
2. Inter-segments revenues	606	871	107	8,920	10,505	4,049	14,554	(14,554)	–
Total Revenues	369,893	303,786	27,470	62,839	763,990	7,532	771,522	(14,554)	756,968
Segment income (loss)	(10,904)	(2,642)	732	5,743	(7,071)	950	(6,120)	(672)	(6,793)

*1 “Others” consist of the businesses which are not included in “segment report”, such as vessels’ operation, vessels’ management, vessels’ chartering business, financial business and shipbuilding business.

*2 The adjustment of segment income (64 million yen) include the following element:-318 million yen of corporate loss which is unable to be distributed to each segment, 836 million yen of adjustment for management accounting, -454 million yen of intersegment transaction elimination.

*3 The adjustment of segment loss (-672 million yen) include the following element:-3,056 million yen of corporate loss which is unable to be distributed to each segment, 2,337 million yen of adjustment for management accounting, 46 million yen of intersegment transaction elimination.

*4 The method of allocating general and administrative expenses was changed from the first quarter of FY2012 to reflect global expansion of our business locations on segment information appropriately. In case of calculating allocation of general and administrative expenses of the second quarter of FY2011 by the modified method, segment loss would be decreased by 1,153 million yen in “Bulk-ships”, 348 million yen in “Container-ships”, 38 million yen in “Ferry & Domestic Transport”. And segment income would be increased by 43 million yen in “Associated Business” and decreased by 16 million yen in “Others”, 1,567 million yen in “Adjustment”.

*5 The segment income (loss) is the ordinary income (loss), and the consolidated statements of operations mentions the total figure after the adjustment.

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