



## Mitsubishi Corporation

*(incorporated with limited liability under the laws of Japan)*

## Mitsubishi Corporation Finance PLC

*(Incorporated with limited liability in England under the Companies Acts 1948 to 1981 Registered No. 1865061)*

## MC Finance & Consulting Asia Pte. Ltd.

*(Incorporated with limited liability in the Republic of Singapore. UEN/Company Registration No. 200308070H)*

### U.S.\$5,000,000,000

## Euro Medium Term Note Programme

guaranteed in respect of Notes issued by Mitsubishi Corporation Finance PLC and MC Finance & Consulting Asia Pte. Ltd. by

## Mitsubishi Corporation

Pursuant to this U.S.\$5,000,000,000 Euro Medium Term Note Programme (the "Programme"), each of Mitsubishi Corporation ("Mitsubishi"), Mitsubishi Corporation Finance PLC ("MCF") and MC Finance & Consulting Asia Pte. Ltd. ("MCFC" and together with Mitsubishi and MCF, the "Issuers" and each, in relation to Notes (as defined herein) issued by it, an "Issuer"), may from time to time issue Euro Medium Term Notes (the "Notes") denominated in any currency agreed by the relevant Issuer and the relevant Purchaser(s) (as defined below). Notes may be issued in bearer or registered form. Notes in bearer form may be issued in new global note ("NGN") form. Notes in bearer form not issued in NGN form shall be referred to herein as notes in classic global note ("CGN") form. Notes in registered form may be held under the New Safekeeping Structure (the "NSS"). Notes issued by MCF and MCFC will be guaranteed by Mitsubishi (in such capacity, the "Guarantor"), being the parent company of both MCF and MCFC.

The Notes will be issued on a continuing basis to one or more of the Dealers specified in "Description of the Programme and Terms and Conditions of the Notes" (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealer appointed under the Programme from time to time). Notes may also be issued to persons other than Dealers. Dealers and such other persons are referred to as "Purchasers".

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" beginning on page 13.**

Application has been made to the Financial Conduct Authority in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000, as amended (the "UK Listing Authority") for the Notes during the period of 12 months from the date of this Offering Circular under this Programme to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Offering Circular to Notes that are listed ("Listed Notes"), and all related references, shall be to Notes that have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions which are applicable to each Tranche (as defined herein) of Listed Notes will be set forth in a final terms document (the "Final Terms"), which will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Tranche of Listed Notes.

The Programme also provides for the issue of Notes that will not be admitted to the Official List or to trading on the London Stock Exchange's regulated market or that may be listed or admitted to trading on other stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer (such Notes being "Exempt Notes"). Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions which are applicable to each Tranche of Exempt Notes will be set forth in a pricing supplement document (the "Pricing Supplement").

**Information contained in this Offering Circular relating to Exempt Notes has not been reviewed or approved by the UK Listing Authority and does not constitute part of the prospectus for the purposes of the Prospectus Directive (as defined herein).**

Mitsubishi has been rated long-term: A1/short-term: P-1 by Moody's Japan K.K. ("Moody's Investor Service"), long-term: A+/short-term: A-1 by Standard & Poor's Ratings Japan K.K. ("Standard and Poor's") and long-term: AA-/short-term: a-1+ by Rating and Investment Information, Inc ("Rating and Investment"). The Programme has been rated A1 by Moody's Japan K.K., A+ by Standard & Poor's Ratings Japan K.K. and AA- by Rating and Investment Information, Inc. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated such rating will not necessarily be the same as the rating assigned to the Programme. A security 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. Moody's Japan K.K., Standard & Poor's Ratings Japan K.K. and Rating and Investment Information, Inc. are not established in the European Union and are not registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the "CRA Regulation"). However, Moody's Investor Services Ltd. and Standard & Poor's Credit Market Services Europe Limited, which are affiliates of Moody's Japan K.K. and Standard & Poor's Ratings Japan K.K., respectively, are 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. Moody's Japan K.K., Standard & Poor's Ratings Japan K.K. and Rating and Investment Information, Inc. are registered with the Financial Services Agency of Japan.

### Arrangers

Citigroup Global Markets Limited

Citigroup Global Markets Singapore Pte. Ltd.

### Dealers

Barclays  
BofA Merrill Lynch  
Citigroup Global Markets Singapore Pte. Ltd.  
Deutsche Bank  
J.P. Morgan  
Mizuho Securities  
Nomura

BNP Paribas  
Citigroup Global Markets Limited  
Daiwa Capital Markets Europe  
Goldman Sachs International  
MUFG  
Morgan Stanley  
UBS Investment Bank

This Offering Circular comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “Prospectus Directive”) in relation to the Issuers and the Guarantor.

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 Issuer and the Guarantor (each of whom has taken all reasonable care to ensure that such is the case) such information 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 deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” beginning on page 26). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the financial information contained in this Offering Circular, or any other financial statements or any further information supplied in connection with the Programme or the Notes. The Dealers accept no liability in relation to the financial or other information contained or incorporated by reference in this Offering Circular or any other financial statements or any further information supplied in connection with the Programme or the Notes or their distribution.

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

Neither this Offering Circular nor any other financial statements nor any further information supplied in connection with the Programme or the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers or the Guarantor or any of the Dealers that any recipient of this Offering Circular or any other financial statements or any further information supplied in connection with the Programme or the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and the Guarantor.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers or the Guarantor is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied in connection with the Programme or the Notes 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 the Issuers or the Guarantor and their respective subsidiaries during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recent financial statements of the relevant Issuer and the Guarantor when deciding whether or not to purchase any of the Notes.

The Issuers, the Guarantor and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers or the Guarantor or the Dealers which would permit a public offering of the Notes outside the European Economic Area or distribution of this Offering Circular in any jurisdiction

where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The distribution of this Offering Circular and the offer, sale or delivery of the 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, sale or delivery of the Notes in the United States, the European Economic Area (including the United Kingdom), Singapore and Japan (see “Subscription and Sale” beginning on page 114).

None of this Offering Circular, any other financial statements or any further information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor or the Dealers or any of them to any person to subscribe for or to purchase any of the Notes.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “FIEA”) and the Notes issued by (i) Mitsubishi or (ii) MCF or MCFC in circumstances where any interest on the Notes is attributable to a business in Japan conducted by MCF or MCFC in the manner provided for in the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the “Act on Special Taxation Measures”) will be subject to tax laws and regulations of Japan including the Act on Special Taxation Measures. See “Subscription and Sale” beginning on page 114.

EACH PURCHASER OF NOTES ISSUED BY (I) MITSUBISHI OR (II) MCF OR MCFC IN THE FOREGOING CIRCUMSTANCES, IN THE INITIAL DISTRIBUTION OF SUCH NOTES WILL BE DEEMED TO REPRESENT THAT IT IS NOT A SPECIALLY-RELATED PARTY OF MITSUBISHI. SEE “TAXATION” BEGINNING ON PAGE 102.

The Notes and the guarantee thereof (the “Guarantee”) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to or for the benefit of “U.S. persons” unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available (see “Subscription and Sale” beginning on page 114).

Each potential investor in the 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 Notes, the merits and risks of investing in the 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 Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant 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.

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

In this Offering Circular, all references to "\$", "U.S.\$" and "U.S. dollars" are to United States dollars, references to "¥" and "Yen" are to Japanese Yen, references to "Renminbi" and "CNY" are to the currency of the People's Republic of China (excluding Hong Kong, Macau and Taiwan) (the "PRC"), references to "Sterling" and "£" are to pounds sterling, references to "\$S" and "SGD" are to Singapore dollars and references to "€", "Euro" and "euro" are to the currency which was introduced at the commencement of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

In this Offering Circular, references to the "Group" are to Mitsubishi together with its subsidiaries and affiliates.

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

**Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## TABLE OF CONTENTS

	<i>Page</i>
DESCRIPTION OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES .....	6
RISK FACTORS .....	12
DOCUMENTS INCORPORATED BY REFERENCE.....	25
FORM OF THE NOTES .....	27
FORM OF FINAL TERMS IN RELATION TO LISTED NOTES.....	32
FORM OF PRICING SUPPLEMENT IN RELATION TO EXEMPT NOTES.....	41
TERMS AND CONDITIONS OF THE NOTES .....	50
BUSINESS - MITSUBISHI CORPORATION .....	81
BUSINESS - MITSUBISHI CORPORATION FINANCE PLC.....	98
BUSINESS – MC FINANCE & CONSULTING ASIA PTE. LTD. ....	99
USE OF PROCEEDS .....	100
TAXATION.....	101
SUBSCRIPTION AND SALE .....	113
GENERAL INFORMATION .....	118
FINANCIAL STATEMENTS OF MCFC .....	122

## **DESCRIPTION OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES**

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Words and expressions defined in “Form of the Notes” beginning on page 28 and the “Terms and Conditions of the Notes” beginning on page 51 shall have the same meaning in this overview:*

<b>Issuers:</b>	Mitsubishi Corporation Mitsubishi Corporation Finance PLC MC Finance & Consulting Asia Pte. Ltd.
<b>Guarantor:</b>	Mitsubishi Corporation (in respect of Notes issued by Mitsubishi Corporation Finance PLC and MC Finance & Consulting Asia Pte. Ltd.)
<b>Arrangers:</b>	Citigroup Global Markets Limited Citigroup Global Markets Singapore Pte. Ltd.
<b>Dealers:</b>	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Citigroup Global Markets Singapore Pte. Ltd. Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch Goldman Sachs International J.P. Morgan Securities plc Merrill Lynch International Mitsubishi UFJ Securities International plc Mizuho International plc Morgan Stanley & Co. International plc Nomura International plc UBS Limited  and any other Dealers appointed from time to time by Mitsubishi, MCF and MCFC, either generally for the Programme or in relation to a particular issue of Notes (including as a Manager in relation to a particular underwritten issue of Notes).
<b>Agent:</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch
<b>Registrar and Transfer Agent:</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch
<b>Amount:</b>	Up to U.S.\$5,000,000,000 (or its equivalent in other currencies) outstanding at any one time. Under the Programme Agreement (as defined in “Subscription and Sale” beginning on page 114) the nominal amount of Notes outstanding under the Programme may be increased, subject to the satisfaction of certain conditions set out therein.
<b>Description:</b>	Continuously offered Euro Medium Term Note Programme.
<b>Method of distribution:</b>	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a

syndicated or non-syndicated basis.

**Currencies:**

Euro, Sterling, U.S. dollars, Renminbi, Hong Kong dollars, Singapore dollars, Australian dollars, New Zealand dollars, Canadian dollars, Swiss francs, Swedish kronor, Norwegian krone, Danish kroner, Czech koruna, South African rand and Yen (or, subject to any applicable legal or regulatory restrictions, such other currency or currencies as may be agreed between the relevant Issuer and the relevant Purchaser(s)).

**Certain Restrictions:**

Each Tranche 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” beginning on page 114) including the following restrictions applicable at the date of this Offering Circular.

**Notes with a maturity of less than one year:**

Notes which have a maturity of less than one year from the date of their issue may constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in any other currency — see “Subscription and Sale” beginning on page 114.

**Maturities:**

Any maturity between one month and 30 years, as may be agreed between the relevant Issuer and the relevant Purchaser(s) and as indicated in the applicable Final Terms (or, in the case of Exempt Notes, 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 par or at a discount to, or premium over, par.

**Form:**

The Notes will be in bearer form or registered form and may be issued in NGN or CGN form (in the case of Notes in bearer form) or held under the NSS (in the case of Notes in registered form), each as indicated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) – see “Form of the Notes” beginning on page 28.

**Fixed Rate Notes:**

Fixed rate interest will be payable on such day(s) as agreed between the relevant Issuer and the relevant Purchaser(s) as indicated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), and on redemption.

Unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), interest will be determined on the basis of the Fixed Coupon Amount(s) and/or Broken Amount(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) or will be calculated on the basis of the Day Count Fraction determined in accordance with the Terms and Conditions

or as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

**Floating Rate Notes:**

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

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

The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Purchaser(s) for each Series of Floating Rate Notes.

**Foreign Exchange Interest Notes:**

Foreign Exchange Interest Notes will bear interest at a rate determined on the basis of the arithmetic mean of the offered and the bid rate for the exchange rate appearing on the agreed screen page of a commercial quotation service.

**Variable Interest Notes:**

Variable Interest Notes will bear interest at a rate determined on the basis of a formula either adding or subtracting a reference floating rate appearing on the agreed screen page of a commercial quotation service to or from a pre-determined fixed or floating rate with or without a margin ratchet.

**CMS Interest Notes:**

CMS Interest Notes will bear interest at a rate determined on the basis of a formula either adding or subtracting one constant maturity swap rate as against another constant maturity swap rate, both as defined by reference to the 2006 ISDA Definitions.

**Other provisions in relation to Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes and CMS Interest Notes:**

Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes and CMS Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes and CMS Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Purchaser(s) or determined in accordance with the Terms and Conditions, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), and will be calculated on the basis of the Day Count Fraction determined in accordance with the Terms and Conditions.

**Dual Currency Interest Notes:**

Interest in respect of Dual Currency Interest Notes will be payable on such day(s) as agreed between the relevant Issuer and the relevant Purchaser(s) (as indicated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), and on redemption.

Unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), interest



will be determined on the basis of the Fixed Coupon Amount(s) and/or Broken Amount(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) or will be calculated on the basis of the Day Count Fraction determined in accordance with the Terms and Conditions or as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

The currency of payment of interest shall be in the currency specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Principal on Dual Currency Interest Notes shall be payable in the currency of denomination.

**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 relation to interest due after the Maturity Date.

**Extendible Notes:**

Notes may be issued with an Initial Maturity Date which may be extended from time to time upon the election of the holders on specified Election Date(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

**Instalment Notes:**

Instalment Notes are Fixed Rate Notes for which payments combining principal and interest are made in instalments over the life of the Note. Payments with respect to Instalment Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof.

Notes may be redeemed in two or more instalments of such amounts and on such dates as may be indicated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

**Redemption:**

The Final Terms (or, in the case of Exempt Notes, the Pricing Supplement) applicable to each Tranche of Notes will indicate whether such Notes may be redeemed prior to their stated maturity (other than in specified instalments (see above), if applicable, or for taxation reasons or following an Event of Default), or that such Notes will be redeemable at the option of the relevant Issuer and/or the relevant Noteholder(s), upon giving not less than 15 nor more than 30 Business Days or calendar days' irrevocable notice, as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), to the relevant Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices indicated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

Notes which have a maturity of less than one year from their date of issue may be subject to restrictions on their denomination and distribution — see “Certain Restrictions” and “Notes with a maturity of less than one year” beginning on page 8.

**Denominations of Notes:**

Notes will be issued in such denominations as may be agreed

between the relevant Issuer and the relevant Purchaser(s) save that the minimum denomination of each Note will be such amount 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 Specified Currency — see “Certain Restrictions” and “Notes with a maturity of less than one year” beginning on page 8, and save that the minimum denomination of each Listed Note will be €100,000. If the Notes are denominated in a currency other than euro, each of the amounts referred to in this paragraph shall mean the equivalent amount in such currency.

**Taxation:**

Subject to customary exceptions, all payments by the Issuers in respect of the Notes will be made without withholding or deduction for or on account of Japanese withholding taxes (in the case of Mitsubishi or, in certain circumstances, MCF or MCFC), United Kingdom withholding taxes (in the case of MCF) or Singapore withholding taxes (in the case of MCFC), as described in the section “Taxation-Singapore” beginning on page 107.

**Status of the Notes:**

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 equally with all its other unsecured obligations (other than statutorily preferred or subordinated obligations (if any) from time to time outstanding).

**Status of the Guarantee:**

The Guarantee of the Notes issued by MCF and MCFC will constitute a direct, unconditional and unsecured obligation of the Guarantor ranking equally with its other unsecured obligations (other than statutorily preferred or subordinated obligations (if any) from time to time outstanding).

**Cross Default:**

The terms of the Notes will contain a cross default clause in respect of indebtedness for borrowed money of the relevant Issuer or the Guarantor.

**Rating:**

The Programme has been rated A1 by Moody’s Japan K.K., A+ by Standard & Poor’s Ratings Japan K.K. and AA- by Rating and Investment Information, Inc. Tranches of Notes issued under the Programme may be rated or unrated. The rating, if any, applicable to a Tranche of Notes shall be set out in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement). Where a Tranche of Notes is rated such rating will not necessarily be the same as the rating assigned to the Programme. A security 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. Moody’s Japan K.K., Standard & Poor’s Ratings Japan K.K. and Rating and Investment Information, Inc. are not established in the European Union and are not registered under the CRA Regulation. However, Moody’s Investor Services Ltd. and Standard & Poor’s Credit Market Services Europe Limited, which are affiliates of Moody’s Japan K.K. and Standard & Poor’s Ratings Japan K.K., respectively, are 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.

Moody's Japan K.K., Standard & Poor's Ratings Japan K.K. and Rating and Investment Information, Inc. are registered with the Financial Services Agency of Japan.

**Listing-Listed Notes:**

Application has been made to the UK Listing Authority for Listed Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and to the London Stock Exchange for such Listed Notes to be admitted to trading on the London Stock Exchange's regulated market.

**Exempt Notes:**

Exempt Notes may be issued that are not to be admitted to the Official List or to trading on the London Stock Exchange's regulated market or that may be listed or admitted to trading on other stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer.

**Governing Law:**

English.

**Selling Restrictions:**

There are restrictions on the sale of Notes and the distribution of offering material — see "Subscription and Sale" beginning on page 114.

## **RISK FACTORS**

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

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

*Each of the Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of each Issuer to pay interest, principal or other amounts on or in connection with any Notes or of the Guarantor to make any payments under the Guarantee may occur for other reasons and neither the Issuers nor the Guarantor represents 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 the documents incorporated by reference) and reach their own views prior to making any investment decision.*

### **Factors that may affect Mitsubishi's ability to fulfil its obligations under the Notes issued by it under the Programme and under the Guarantee**

#### ***Risks of Changes in Global Macroeconomic Conditions***

As the Group conducts business on a global scale, its operating results are impacted by global economic conditions. For instance, a decline in prices of energy and metal resources could have a large impact on the Group's resource-related import transactions and earnings from business investments. Furthermore, the worldwide economic slowdown or any further downturn could affect the Group's entire export-related business, including plant, construction machinery parts, automobiles, steel products, ferrous raw materials, chemical products and other products.

In addition, in Thailand and Indonesia, the Group has various automobile businesses, including automobile assembly plants, distribution and sales companies and financial services companies jointly established with Japanese automakers. Because automobile sales volume reflects domestic demand in each of these countries, economic trends in both Thailand and Indonesia may have a significant bearing on earnings from the Group's automobile operations.

During the fiscal year ended 31 March 2014, the global economy saw an increase in volatility in the financial and commodity markets, mainly due to concerns about the outlook for the Chinese economy and rising geopolitical risk as a result of the situation in Ukraine and other developments. Volatility in the financial and commodity markets also increased due to expectations the U.S. would scale back its quantitative easing programme and following its decision to begin tapering.

In emerging countries, the pace of economic growth has slowed even among major countries such as China, mainly due to slower growth in exports, compounded by structural problems within these countries. Furthermore, certain countries have tightened their monetary policies in response to increasing inflation pressures and other factors.

Accordingly, negative changes in global macroeconomic conditions have had, and may continue to have, a significant impact on the Group's businesses and consolidated operating results.

#### ***Commodity Market Risk***

In the ordinary course of business, the Group is exposed to various risks relating to movements in prices of commodities as a trader, owner of rights to natural and energy resources, and producer and

seller of industrial products of the Group's investees. Product categories that have had, and may continue to have, a large impact on the Group's operating results are as follows:

- *Energy Resources.* the Group holds upstream rights to liquefied natural gas ("LNG") and crude oil, and/or liquefaction facilities in Australia, Malaysia, Brunei, Sakhalin, Indonesia, the U.S., including the Gulf of Mexico, Gabon, Angola and other regions. Fluctuations in LNG and crude oil prices have had, and may continue to have, a significant impact on the Group's operating results in these businesses.

Fundamentally, LNG prices are linked to crude oil prices. As an estimate, a U.S.\$1/BBL (barrel) fluctuation in the prices of crude oil would have an approximately ¥1.0 billion effect on the Group's consolidated net income for LNG and crude oil combined, mainly through a change in equity-method earnings. However, fluctuations in the prices of LNG and crude oil might not be immediately reflected in the Group's operating results because of timing differences.

- *Metal Resources.* Through a wholly-owned Australian subsidiary, Mitsubishi Development Pty Ltd. ("MDP"), the Group sells coking coal, which is used for steel manufacturing and thermal coal, which is used for electricity generation. Fluctuations in the price of coking coal have affected, and may continue to affect, the Group's consolidated operating results through MDP's earnings. However, MDP's operating results cannot be determined by the coal price alone since MDP's operating results are also significantly affected by other factors besides coal prices, such as fluctuations in exchange rates for the Australian dollar, U.S. dollar and Yen, as well as adverse weather and labour disputes.

In addition, as a producer, the Group is exposed to the risk of price fluctuations in copper and aluminium. As for copper, as an estimate, a U.S.\$100 fluctuation in the price per ton of copper would have an approximately ¥1.3 billion effect on the Group's consolidated net income for the year. However, variables besides price fluctuations such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditures) can have an impact on the Group's consolidated operating results. As such, the impact on earnings cannot be determined by the copper price alone. As for aluminium, as an estimate, a U.S.\$100 fluctuation in the price per ton of aluminium would have an approximately ¥1.2 billion effect on the Group's consolidated net income for the year. Other variables besides price fluctuations can also have an impact, such as the status of production operations, electricity charges, foreign exchange movements and other factors. As such, the impact on earnings cannot be determined by the aluminium price alone.

- *Petrochemical Products.* The Group is engaged in a broad range of trading activities for petrochemical products manufactured from raw materials such as naphtha and natural gas. The prices of petrochemical products are largely determined for each product on an individual basis, based on the prices of raw materials, supply-demand dynamics and other factors beyond the Group's control. Fluctuations in the prices of these raw materials may affect the Group's earnings from these trading transactions.

In addition, the Group has made investments in manufacturing and sales companies for petrochemicals such as ethylene glycol, paraxylene and methanol in Saudi Arabia, Malaysia and Venezuela. Operating results of these companies are affected by fluctuations in the prices of these chemicals and any decrease in their results will in turn have an adverse effect on the Group's equity-method earnings.

Prices for the commodities in which the Group is active have fluctuated in recent years. Further fluctuations in the prices for the above commodities, or any other key commodity in which the Group transacts, may have a significant impact on the Group's businesses and consolidated operating results.

### ***Foreign Currency Risk***

As the Group settles accounts for export, import and cross-border trade transactions in a number of foreign currencies, the Group bears the risk of fluctuations in exchange rates against the Yen, particularly with respect to U.S. dollars. While the Group uses forward contracts and other hedging strategies in order to minimise the impact of transacting in foreign currencies, the Group will not be able to completely avoid such foreign currency risks.

In addition, dividends received from overseas businesses and equity in earnings of overseas consolidated subsidiaries and equity-method investees are relatively high in proportion to the Group's consolidated net income. Because most of these earnings are denominated in foreign currencies, which are converted into Yen solely for financial reporting purposes, an appreciation in the Yen against these foreign currencies has a negative impact on the Group's consolidated net income. In terms of sensitivity, a ¥1 change relative to the U.S. dollar would have an approximately ¥2.5 billion effect on the Group's consolidated net income.

With respect to the Group's investments in overseas businesses, an appreciation in the Yen poses the risk of lowering shareholders' equity through a negative effect on exchange differences on translating foreign operations. Consequently, the Group implements various measures to prevent increased exposure to foreign currency risk on investments, such as by hedging foreign currency risks with respect to new large investments. However, the Group will not be able to completely avoid such foreign currency risks.

Fluctuations in foreign currency exchange rates in such situations have had, and may continue to have, a significant impact on the Group's businesses and consolidated operating results.

### ***Stock Price Risk***

As at 31 March 2014, the Group owned approximately ¥1,400.0 billion (fair value basis) of marketable equity securities, mostly equity issues of customers, suppliers and affiliated companies. These investments expose the Group to the risk of fluctuations in their prices.

In respect of the Group's corporate pension fund, a portion of the pension assets managed are marketable equity securities. Accordingly, a decline in the price of such securities may cause an increase in pension expenses by the reduction in pension assets.

### ***Interest Rate Risk***

As at 31 March 2014, the Group's gross interest-bearing liabilities were approximately ¥6,075.8 billion. Since almost all of these liabilities bear floating interest rates, an increase in interest expenses caused by a rise in interest rates could negatively impact the Group's businesses and consolidated operating results.

However, a majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are positively affected by changes in interest rates. Since a rise in interest rates produces an increase in income from these assets, the Group is able to offset the risks associated with interest rate fluctuations to a certain extent, although there is a time lag for the loss to be offset. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income as well as other income streams, such as dividends that are strongly correlated with economic cycles.

Accordingly, even if interest rates increase as the economy improves, leading to higher interest expenses, the Group anticipates that a majority of any increase in interest expenses would be offset by an increase in income from the corresponding asset holdings. In order to monitor market movements in interest rates and respond flexibly to market risks, the Group has established an Asset Liability Management ("ALM") committee, which establishes fund procurement strategies and manages the risk

of interest rate fluctuations. However, there can be no assurance as to whether the Group's operating results may be negatively affected temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses.

### ***Credit Risk***

The Group extends credit to customers in the form of trade credit, including accounts receivable and advance payments, finance, guarantees and investments appertaining to the Group's various operating transactions. As a consequence, the Group is exposed to credit risk in the form of losses arising from deterioration in the credit of, or bankruptcy, of customers. Furthermore, the Group utilises derivative instruments, primarily swaps, options and futures, for the purpose of hedging risks, which exposes the Group to the credit risk of the counterparties to these derivative instruments.

To manage this risk, the Group has established credit and transaction limits for each customer as well as introduced an internal rating system. Based on internal rules determined by internal rating and the amount of credit, the Group also requires collateral or a guarantee depending on the credit profile of a counterparty. Where there is a deterioration in the credit condition of its customers, the Group reduces transactions and takes measures to protect its receivables and has in place a policy for dealing with bankrupt customers.

Notwithstanding the Group's efforts to manage these risks, there can be no guarantee that the Group will be able to completely avoid credit risks. Failure to collect receivables and other credit would affect the Group's businesses and consolidated operating results.

### ***Country Risk***

The Group bears country risk in relation to transactions with, and investments in, overseas companies in the form of delays in collecting, or an inability to collect, money owed to the Group, as well as risks in relation to conducting business activities due to political and socioeconomic conditions in the countries where they are domiciled.

The Group takes appropriate risk hedging measures that involve, in principle, hedges via third parties through such means as taking out insurance, depending on the nature of the project. Furthermore, the Group has established a country risk committee, under which country risk is managed through a country risk countermeasure system. The country risk countermeasure system classifies countries with which the Group trades into six categories based on risk money in terms of the sum total of the amount of investments, advances and guarantees, and the amount of trade receivables, net of hedges, as well as creditworthiness by country (country rating). Country risk is controlled through the establishment of risk limits for each category.

Notwithstanding the Group's efforts to manage country risk, there can be no assurance as to whether the Group can completely avoid risks caused by changes in the political, legislative, economic or social conditions in the countries or regions where customers, portfolio companies or the Group have ongoing projects. Such eventualities may have a significant impact on the Group's businesses and consolidated operating results.

### ***Business Investment Risk***

The Group participates in the management of various companies by acquiring equity and other types of interests. These business investment activities are carried out with the aim of increasing commercial rights and deriving capital gains. However, the Group bears various risks related to such business investments, including a possible inability to recover investments, exit losses and being unable to earn the planned profits. In order to manage business investment risk, the Group employs exit rules to effectively manage the portfolio of such equity and other types of interests and controls the risks involved through, where necessary, an early exit by way of sales or winding-up of such interests. New

investments are selected by evaluating the significance and purpose of each project and relevant risks, and are then quantitatively measured by an internally-set minimum expected rate of return. After investments are made, each project is managed under a specific management plan on a yearly basis to achieve its investment goals.

While the Group follows strict standards for the selection and management of investments, the Group is not able to completely avoid the risks arising from its investments and there can be no assurance that the Group will achieve increased commercial rights and capital gains from all its investments, or that any failure to deliver expected profits, or losses associated with such investments, or the exit from any such investments, will not have a materially adverse impact on the Group's businesses and consolidated operating results.

#### ***Risks Related to Investment in and Operations with Mitsubishi Motors Corporation (“MMC”)***

Following requests from MMC, Mitsubishi injected a total of ¥140.0 billion in MMC during the period from June 2004 to January 2006 by subscribing for ordinary shares and preferred shares issued by MMC. The Group invested a portion of MMC's preference shares in an anonymous association and converted the remaining shares into MMC's common shares on 5 March 2014. As a result, Mitsubishi's direct risk exposure to MMC, including the holding of its shares prior to June 2004, was approximately ¥160 billion as at 31 March 2014.

The Group also co-operates with MMC through developing business at sales companies mainly outside of Japan and across the related value chain. Risk exposure in connection with these dealings, such as investments in businesses, finance, trade receivables and other related business, was approximately ¥205 billion as at 31 March 2014 (of which, risk exposure in connection with the sales finance business was approximately ¥95.0 billion).

As a consequence, the Group's total MMC-related risk exposure, including both direct risk and risk relating to related business, was approximately ¥365 billion as at 31 March 2014.

For the year ended 31 March 2014, MMC posted consolidated sales of ¥2,093.4 billion, operating profit of ¥123.4 billion and a net profit of ¥104.7 billion.

#### ***Risks Related to Acquisition of Anglo American Sur, S.A. (“AAS”)***

On 10 November 2011, Mitsubishi completed the acquisition of 24.5 per cent. of AAS for US\$5.39 billion (approximately ¥420.0 billion). AAS is a Chilean copper mining and smelting company, wholly owned by Anglo American plc (“AAC”). The Acquisition was the result of a sales process initiated by AAC. AAS holds a significant portfolio of copper assets in Chile, including the Los Bronces mine, the El Soldado mine, the Chagres smelter and large-scale prospective exploration properties.

On 23 August 2012, Mitsubishi agreed to transfer 4.1 per cent. of its 24.5 per cent. shareholding in AAS to AAC for the sum of US\$895million. As a result of this deal, Mitsubishi's risk exposure to this project as at 31 March 2014 was approximately ¥350.0 billion and Mitsubishi owned a 20.4 per cent. shareholding in AAS.

AAC sold a 29.5% shareholding in AAS to a joint venture between Chile's state-run copper producer Corporación Nacional del Cobre de Chile and Mitsui & Co., Ltd., comprising this 4.1% share from Mitsubishi and 25.4% owned by AAC. Following completion of these transactions, AAC has a 50.1% shareholding in AAS, the aforementioned joint venture has a 29.5% shareholding and Mitsubishi has a 20.4% shareholding.

#### ***Risks Related to Compliance***

The Group is engaged in operations in a variety of industries through many offices around the world. These activities subject the Group to a wide variety of laws and regulations. Specifically, the Group must comply with the Companies Act of Japan (Act No. 86 of 2005, as amended) (the



“Companies Act”), tax laws, the FIEA, anti-monopoly laws, international trade-related laws, environmental laws and various other laws and regulations in Japan and the laws and regulations in the countries and regions in which the Group operates overseas.

The Group has established a compliance committee, which is headed by a chief compliance officer, who is at the forefront of the Group’s efforts to raise awareness of compliance. This officer also directs and supervises compliance with laws and regulations on a consolidated basis.

Notwithstanding the Group’s initiatives relating to compliance, the Group is not able to completely avoid risks relating to compliance with laws and procedures in its many operations and in the event that the Group is unable to fulfil any of its obligations under related laws and regulations, the Group’s businesses and consolidated operating results could be materially and negatively affected.

#### ***Risks from Natural and Other Types of Disasters***

A natural disaster, such as an earthquake, heavy rain or flood, infectious disease, large-scale accident or other unforeseen situations that may damage any of the Group’s major offices, facilities or systems and/or affect the Group’s management/employees, could hinder one or more aspects of the Group’s sales and production and other activities.

The Group has established adequate countermeasures, having implemented an employee safety check system; formulated a disaster contingency manual and a business contingency plan; implemented earthquake-proof measures for buildings, facilities or systems (including the backup of data); introduced a programme of disaster prevention drills; prepared stocks of necessary goods; and collaborated and shared information with offices, subsidiaries and affiliated companies both in Japan and overseas. However, no amount of preparation of this sort can completely avoid the risk of damage caused by a natural disaster. Accordingly, damage from a natural disaster could affect the Group’s operating results.

#### ***Risks Relating to Forward-looking Statements***

Statements in this Offering Circular with respect to the Group’s plans, strategies and beliefs, as well as other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. The important factors that could cause actual results to differ materially from such statements include, but are not limited to: the impact of general economic and market conditions in the markets where the Group operates; the level of consumer spending and demand for the Group’s products; the level of competition against the Group; and the Group’s ability to comply with various governmental regulations, along with the Group’s ability to adapt itself to market, industry and general economic, political and business conditions.

### **Factors that may affect MCF’s ability to fulfil its obligations under Notes issued by it under the Programme**

#### ***Counterparty Risk***

MCF will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Any inability of the counterparties to fulfil their credit obligations or contract duties could negatively impact business results and the financial condition of MCF.

#### ***Credit, Liquidity and Interest Rate Risk***

MCF invests in structured and corporate debt securities which are subject to risk of loss of principal and interest. Structured debt securities may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the borrower and general market liquidity risk (market risk). MCF will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies

throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

### ***Derivatives***

MCF utilises over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its hedging operations. When used for hedging purposes there may be an imperfect correlation between these instruments and the debt securities and other instruments being hedged. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction.

### ***Forward Foreign Exchange Contracts***

MCF may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges and are individually negotiated transactions. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. MCF will be subject to the risk of the inability or refusal of their counterparties to perform with respect to such contracts. Any such default could eliminate profit potential and could result in losses.

## **Factors which may affect MCFC's ability to fulfil its obligations under the Notes issued by it under the Programme**

### ***Counterparty Risk***

MCFC will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Any inability of the counterparties to fulfil their credit obligations or contract duties could negatively impact business results and the financial condition of MCFC.

### ***Derivatives***

MCFC utilises over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its hedging operations. When used for hedging purposes there may be an imperfect correlation between these instruments and the debt securities and other instruments being hedged. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction. In addition, MCFC may be subjected to regulatory risks arising from its onshore and/or offshore transactions.

### ***Forward Foreign Exchange Contracts***

MCFC may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges and are individually negotiated transactions. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts may or may not be regulated by any regulatory authority and are not guaranteed by an exchange or clearing house. MCFC will be subject to the risk of the inability or refusal of their counterparties to perform with respect to such contracts. Any such default could eliminate profit potential and could result in losses.

### ***Singapore Taxation Risk***

Subject to the fulfilment of certain conditions more particularly described in “Taxation - Singapore” beginning on page 107, Notes to be issued by MCFC under the Programme during the period from the date of this Offering Circular to 31 December 2018 pursuant to the Income Tax Act, Chapter 134 of Singapore (the “ITA”) and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the Monetary Authority of Singapore (the “MAS”) on 28 June 2013 (the “MAS Circular”), shall be “qualifying debt securities” for the purposes of the ITA. However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws, circulars or administrative guidelines be amended or revoked at any time.

The Qualifying Debt Securities Plus Scheme (the “QDS Plus Scheme”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), “prepayment fee”, “redemption premium” and “break cost” (as such terms are defined in the ITA) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) either (i) if the relevant qualifying debt securities are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue, or (ii) if the relevant qualifying debt securities are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any Tranche of the Notes issued with an original maturity of at least 10 years and which are “qualifying debt securities”, there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring or which may occur within 10 years from the date of issue of such Notes.

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

### *Risks related to the structure of a particular issue of Notes*

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

#### *Notes subject to optional redemption by the Issuers*

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

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.

#### *Foreign Exchange Interest Notes and Dual Currency Interest Notes*

The Issuers may issue Notes with interest determined by movements in currency exchange rates. In addition, the Issuers may issue Notes with interest payable in a currency which may be different from the currency in which the Notes are denominated. Potential investors should be aware that the market price of such Notes may be volatile.

#### *Variable rate Notes with a multiplier or other leverage factors*

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

#### *Fixed/Floating Rate Notes*

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

### *Notes issued at a substantial discount or premium*

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

### ***Risks related to Notes generally***

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

#### *Modification*

The 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.

#### *U.S. Foreign Account Tax Compliance Withholding*

The United States has passed legislation referred to as Foreign Account Tax Compliance Act (“FATCA”) which will impose new information reporting requirements and in some cases 30 per cent. withholding with respect to, among other things, payments made by certain securities (see “Taxation – U.S. Foreign Account Tax Compliance Withholding” beginning on page 112).

Whilst the Notes are in global form and held within Euroclear (as defined in “Form of the Notes”) and Clearstream, Luxembourg (as defined in “Form of the Notes”) in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by Euroclear and Clearstream, Luxembourg. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Each Issuer’s obligations under the Notes are discharged once it has paid the common depositary or the Common Safekeeper (as defined in “Form of the Notes”) for Euroclear and Clearstream, Luxembourg and the Issuers have therefore no responsibility for any amount thereafter transmitted through the hands of Euroclear, Clearstream, Luxembourg and custodians or intermediaries.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), each Member State of the European Union is required to provide to the tax authorities of another Member State of the European Union details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain other persons in that other Member State of the European Union. However, for a transitional period, Luxembourg and Austria will instead impose a withholding system (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. The Luxembourg government

has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories (including Switzerland) have adopted similar measures to the Savings Directive (a withholding system in the case of Switzerland).

The Council of the European Union has adopted a Directive (the “Amending Directive”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017. If a payment to an individual were to be made or collected through a Member State of the European Union which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law, neither the relevant Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuers are required to maintain a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meetings of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law. Investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

#### *Change of law*

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

#### *Notes where denominations involve integral multiples: Definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note (a “Definitive Note”) in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid

and difficult to trade. However, this will not affect Noteholders' entitlements to interest and principal in respect of any Note.

*The Notes are unsecured obligations*

The Notes are unsecured obligations of the relevant Issuer and as a consequence their repayment may be compromised if:

- (i) the relevant Issuer enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- (ii) there is a default in payment under the relevant Issuer's indebtedness; or
- (iii) there is otherwise an acceleration of any of the relevant Issuer's indebtedness.

If any of these events occurs, the relevant Issuer's assets may not be sufficient to pay amounts due on any of the Notes.

Further, upon any Event of Default (as defined under "Terms and Conditions of the Notes" beginning on page 51) occurring with respect to the Notes a declaration that the principal and interest shall be forthwith due and payable is only effective seven days after delivery by a holder and receipt by the agent of a notice to such effect.

*The Notes are not protected by restrictive covenants*

The Notes do not contain restrictive financial, operating or other covenants or restrictions, including those on change of control, payment of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the relevant Issuer, and the Terms and Conditions impose no negative pledge obligation on the Issuers. Therefore the Noteholders will have no influence on the taking of any such corporate action by the relevant Issuer.

*Certain currencies are not freely convertible; are subject to restrictions on transfer; and/or may be subject to other limitations*

Notes may be issued in one or more currencies that are not freely convertible into other currencies, or are subject to restrictions on remittance and transfer. Notes may also be issued in one or more currencies that are limited in their availability, which in turn may affect the liquidity of Notes denominated in such currencies and the relevant Issuer's ability to source such currencies to service the Notes. In addition, unanticipated changes in government regulation can, and may, further impact the availability and convertibility of certain currencies, which will impact the suitability of such Notes as well as the relevant Issuer's ability to source such currencies to service the Notes.

In particular, Renminbi is not freely convertible and is subject to certain conversion requirements. Subject to limited exceptions, the remittance of Renminbi into the PRC for settlement of capital account items is subject to restrictions, and foreign investors may only remit offshore Renminbi into the PRC for capital account purposes, such as shareholders' loan or capital contributions, upon completing certain regulatory procedures. The Renminbi is also a developing market and the liquidity of the Renminbi market remains limited. There can be no assurances that further government regulation will not cause a contraction in such market. Renminbi products may suffer significant losses in liquidating the underlying investments if such investments do not have an active secondary market and their prices have large bid/offer spreads. Further, pursuant to the Terms and Conditions, payments in respect of Notes denominated in Renminbi are subject to restrictions, including a restriction that payment will be made solely by transfer to an account denominated in Renminbi with a bank in Hong Kong.

*Notes in NGN form or held under the NSS may not be recognised as eligible collateral*

The NGN form and the NSS has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for the

monetary policy of the European Central Bank and the national central banks of the monetary union countries (the “Eurosystem”) and intra-day credit operation by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

### ***Risks related to the market generally***

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

#### *The secondary market generally*

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

#### *Exchange rate risks and exchange controls*

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

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

#### *Interest rate risks*

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

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the 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.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been approved by the Financial Conduct Authority or filed with it shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (1) the auditors' reports and financial statements of MCF for the financial years ended 31 March 2013 and 31 March 2014, included on pages 10 to 49 (inclusive) of MCF's annual report 2013 and pages 11 to 50 (inclusive) of MCF's annual report 2014, respectively;
- (2) the consolidated financial statements of Mitsubishi as of and for the financial year ended 31 March 2013 and auditor's report thereon, included on pages 38 to 39 and 46 to 153 (inclusive) of the financial section of Mitsubishi's annual report 2013;
- (3) the consolidated financial statements of Mitsubishi as of and for the financial year ended 31 March 2014 and auditor's report thereon, included on pages 34 to 35 and 42 to 162 (inclusive) of Mitsubishi's Financial Section <for the year ended March 2014>;
- (4) section 1. "Results of Operations" on pages 1 to 10 (excluding the section "Condensed Consolidated Financial Statements Based on Previous Accounting Standards (US GAAP)"); section 2. "Year Ended March 2014 Segment Information" on pages 10 to 13; and section 6. "Liquidity and Capital Resources" on pages 20 to 22 of Mitsubishi's Financial Section <for the year ended March 2014>;
- (5) section 1.(1). "Qualitative Information Related to Consolidated Results of Operations" and section 1.(2). "Qualitative Information Concerning Consolidated Financial Position" included on pages 2 to 8 (inclusive) of Mitsubishi's unaudited financial information for the six months ended 30 September 2014 entitled "Financial Results for the six months ended September 2014";
- (6) the condensed unaudited financial information for the six months ended 30 September 2014 included on pages 10 to 16 (inclusive) of Mitsubishi's financial report entitled "Financial Results for the six months ended September 2014"; and
- (7) the independent auditor's report and financial statements of MCFC for the financial year ended 31 March 2013.

In addition to the above, the Terms and Conditions of the Notes set out on the respective pages of the Offering Circulars listed below shall be incorporated by reference in, and form part of, this Offering Circular:

- (1) pages 33 to 50 of the Offering Circular dated 16 November 2009;
- (2) pages 34 to 51 of the Offering Circular dated 16 November 2010;
- (3) pages 41 to 66 of the Offering Circular dated 16 November 2011;
- (4) pages 38 to 67 of the Offering Circular dated 16 November 2012; and
- (5) Pages 47 to 77 of the Offering Circular dated 15 November 2013.

The terms and conditions of the following series shall also be incorporated by reference in, and form part of, this Offering Circular:

- (1) pages 15 to 22 of the prospectus dated 9 September 2010 with respect to U.S.\$500,000,000 2.75 per cent. Bonds due 2015 issued by Mitsubishi; and

- (2) pages 16 to 23 of the prospectus dated 9 September 2011 with respect to U.S.\$500,000,000 2.25 per cent. Bonds due 2016 issued by Mitsubishi.

Only the sections or pages of the documents referred to in (1) to (7), (1) to (4) and (1) to (2) above, respectively, shall be incorporated by reference in, and form part of, this Offering Circular. Any sections or pages of the documents which have been omitted therefrom are either not relevant for investors or are covered elsewhere in 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.

Copies of the documents incorporated by reference in this Offering Circular can be obtained from the registered or principal offices of each of the Issuers, as set out at the end of this Offering Circular and the principal office in England of The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch. In addition, copies of this Offering Circular, each Final Terms relating to Notes which are listed on the London Stock Exchange and each document incorporated by reference herein are available on the website of the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

Following the publication of this Offering Circular, a supplement may be prepared by the Issuers and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes. Each of the Issuers has undertaken to the Dealers in the Programme Agreement that it will comply with section 87G of the Financial Services and Markets Act 2000.

## FORM OF THE NOTES

### Bearer Notes

Each Tranche of Notes in bearer form (a “Bearer Note”) will be initially represented by a temporary bearer global Note (a “Temporary Bearer Global Note”) without receipts, interest coupons or talons or a permanent bearer global Note (a “Permanent Bearer Global Note”) without receipts, interest coupons or talons.

If the Temporary Bearer Global Note or Permanent Bearer Global Note, as the case may be, is stated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) to be issued in NGN form (together, the “NGNs”), the Temporary Bearer Global Note or Permanent Bearer Global Note will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear and Clearstream, Luxembourg. Temporary Bearer Global Notes or Permanent Bearer Global Notes which are not issued in NGN form (“CGNs”) will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not United States persons or persons who have purchased for resale to any United States person, as required by U.S. Treasury regulations has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, and Euroclear and/or Clearstream, Luxembourg has given a like certificate (based on the certifications it has received) to the Agent (as defined in “Terms and Conditions of the Notes” beginning on page 51).

On and after the date (the “Exchange Date”) which is 40 days after the date on which a Temporary Bearer Global Note is issued, interests in a Temporary Bearer Global Note will be exchangeable (free of charge to the Noteholder) upon a request as described therein (a) unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), for interests in a Permanent Bearer Global Note or (b) if specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and subject to such notice period as specified in the Final Terms (or, in the case of Exempt Notes, the Pricing Supplement), for Definitive Notes in bearer form (“Definitive Bearer Notes”), in each case against certification of beneficial ownership as described in the second sentence of the preceding paragraph unless such certification has already been given.

The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes (as the case may be) is improperly withheld or refused. Following such exchange, payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for further certification.

The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will specify that a Permanent Bearer Global Note will be exchangeable (free of charge to the Noteholder), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 45 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Agent as described therein or (ii) upon the occurrence of an

Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 7) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available or (iii) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 which would not be required were the Notes represented by Definitive Notes. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 11 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after receipt of the first relevant notice by the Agent.

The “exchange upon 45 days’ written notice” option shall not be expressed to be applicable in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement) if the Specified Denomination of the Notes includes language substantially to the following effect: “€100,000 and integral multiples of €1,000 in excess thereof up to and including €99,000”. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.

### **Registered Notes**

Each Tranche of Notes in registered form (“Registered Notes”), will initially be represented by a Global Note (as defined in “Terms and Conditions of the Notes” beginning on page 51) in registered form or, if so specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), Definitive Notes in registered form (“Definitive Registered Notes”).

If a Global Note in registered form is held under the NSS, the relevant Global Note will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes in registered form which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg. Persons holding beneficial interests in Global Notes in registered form will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Registered Notes.

Payments of principal, interest and any other amount in respect of a Global Note in registered form will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 1(a)) as the registered holder of the relevant Global Note in registered form. None of the relevant Issuer, the Agent, any Paying Agent, the Registrar or any transfer agent will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in a Global Note in registered form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of a Definitive Registered Note will, in the absence of provision to the contrary, be made to the person(s) shown on the Register on the relevant Record Date (as defined in Condition 5(d)) immediately preceding the due date for payment in the manner provided in the “Terms and Conditions of the Notes” beginning on page 51.

Interests in a Global Note in registered form will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached either (i) upon not less than 45 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Note in registered form) to the Registrar as described therein), (ii) upon the occurrence of an Exchange Event or (iii) at any time with the consent of

the relevant Issuer, in each case as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

### **Uridashi Notes**

Notes may be issued to be sold back into Japan to Japanese investors (“Uridashi Notes”). Uridashi Notes shall be denominated in a currency other than Japanese Yen and shall be issued subject to the Terms and Conditions contained herein.

### **Legends**

The following legend will appear on all Bearer Notes and on all coupons, receipts and talons relating to Notes with a maturity of one year or more:

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

The following legend will appear on all Notes and on all coupons, receipts and talons relating to Bearer Notes issued by (i) Mitsubishi or (ii) MCF or MCFC in circumstances where the interest on the Notes is attributable to a business in Japan conducted by MCF or MCFC in the manner provided for in the Act on Special Taxation Measures:

*“Interest payments on this Note will be subject to Japanese withholding tax unless the holder establishes that this Note is held by or for the account of a holder that is (i) 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 party having a special relationship with the Issuer as described in Article 6, Paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (a “specially-related party of the Issuer”), 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 Note paid up to and including 31 December 2015 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 party of the Issuer will be subject to Japanese income tax at a rate of 15 per cent. (an additional rate 0.315 per cent. will be added thereto as a special income surtax for reconstruction) of the amount specified in paragraph (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 party of the Issuer (except as provided in paragraph (B) below), the amount of such interest; or*

*(B) if interest is paid to a Japanese public corporation, a Japanese financial institution or a Japanese 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).*

*However, interest on securities issued of which the amount of interest is to be calculated by reference to certain indicators (as prescribed under the Cabinet Order relating to Article 6, Paragraph (4) of the Act on Special Measures Concerning Taxation of Japan) relating to the Issuer or a specially-related party of the Issuer will be subject to the 15 per cent. (an additional*

*0.315 per cent. will be added thereto as special income surtax for reconstruction) withholding tax even if paid to an individual non-resident of Japan or a non-Japanese corporation that is not a specially-related party of the Issuer.*

*With respect to interest payments on this Note paid on or after 1 January 2016, paragraphs (C) and (D) below are applicable:*

*(C) if interest is paid to an individual resident of Japan, to a Japanese corporation not described in paragraph (D) below, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the Issuer (except as provided in paragraph (D) below), the amount of such interest will be subject to Japanese income tax at a rate of 15 per cent. (for the period up to and including 31 December 2037, an additional 0.315 per cent. is added thereto as special income surtax for reconstruction), provided that an individual resident of Japan or an individual non-resident of Japan having a permanent establishment in Japan that is a specially-related person of the Issuer (except as provided in paragraph (D) below), either of whom meets certain requirements, although initially subject to such Japanese income tax, will ultimately be subject to Japanese income tax on income calculated by offsetting certain capital losses against certain incomes, including such interest, at a rate of 15 per cent. (for the period up to and including 31 December 2037, an additional 0.315 per cent. is added thereto as special income surtax for reconstruction); and*

*(D) if interest is paid (i) to a designated financial institution which has complied with the requirement under the Act on Special Measures Concerning Taxation of Japan or (ii) to a Japanese public corporation, a Japanese financial institution, a Japanese financial instruments business operator or certain other entities 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 will not be subject to Japanese income tax.”*

#### **NGNs and Notes held under the NSS**

If any Global Notes are stated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) to be issued in NGN form or to be held under the NSS (as the case may be), the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If any Bearer Notes are stated in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) to be issued in NGN form, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

#### **General**

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 as notified by the Agent after the completion of the distribution of the Notes of such issue to the relevant Purchaser(s).

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the relevant Issuer and the Agent and specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). In the case of Global Notes issued in NGN form or to be held under the NSS, such alternative clearing system must be authorised to hold such Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.

Any Note may be accelerated by the holder thereof in certain circumstances described in the Terms and Conditions of the Notes. In the case of an Event of Default (as defined under “Terms and Conditions of the Notes” beginning on page 51 below), where such Notes are still represented by a Global Note and a holder with an interest in such Note credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Notes, unless within a period of 15 days from the giving of such notice payment has been made in full in accordance with the terms of the relevant Global Note, the relevant Global Note will become void. At the same time, holders of interests in such Note with Euroclear or Clearstream, Luxembourg credited to their accounts will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg under the terms, as applicable, of a deed of covenant dated 15 November 2013, executed by Mitsubishi, MCF or MCFC (together, the “Deeds of Covenant”).

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s), and any specified integral multiples, only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant date of exchange, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

## FORM OF FINAL TERMS IN RELATION TO LISTED NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Listed Notes issued under the Programme.*

[Date]

**[Mitsubishi Corporation/  
Mitsubishi Corporation Finance PLC/  
MC Finance & Consulting Asia Pte. Ltd.]**  
**[Title of relevant Series of Notes]**

**Issued pursuant to the U.S.\$5,000,000,000 Euro Medium Term Note Programme**  
**[Guaranteed by Mitsubishi Corporation]**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular dated [●] (the “Offering Circular”) [and the Supplemental Offering Circular dated [●] (the “Supplemental Offering Circular”)] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [and such supplement to the Offering Circular]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms [and/,] the Offering Circular [and the supplement to the Offering Circular dated [●]]. The Offering Circular [and such supplement] [is/are] available for viewing at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and copies may be obtained from [●].]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

[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 [●], which is incorporated by reference into the offering circular dated [●] (the “Offering Circular”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC, as amended) (the “Prospectus Directive”) and must be read in conjunction with the Offering Circular [and the Supplemental Offering Circular dated [●] (the “Supplementary Offering Circular”),] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms [and/,] the Offering Circular [and the Supplementary Offering Circular]. Copies of such Offering Circular [and such Supplementary Offering Circular] are available for viewing at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and copies may be obtained from [●].]

1 (i) Issuer:

[Mitsubishi Corporation]



		[Mitsubishi Corporation Finance PLC] [MC Finance & Consulting Asia Pte. Ltd.]
	[(ii) Guarantor:]	[Mitsubishi Corporation]
2	[(i) Series Number:	[ ]
	[(ii) Tranche Number:	[ ]
3	Specified Currency or Currencies:	[ ]
4	Aggregate Nominal Amount of:	
	[Tranche:	[ ]]
	Series:	[ ]
5	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
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] [duration] [currency] [LIBOR/EURIBOR/BBSW/CAD BA/HIBOR/STIBOR/NIBOR/TIBOR/ <i>any other reference rate as defined in the ISDA Definitions</i> ] +/- [ ] per cent. [Floating Rate] [Zero Coupon] [Foreign Exchange Interest] [Variable Interest] [CMS Interest] [Dual Currency Interest] (further particulars specified below under “Provisions Relating to Interest (if any) Payable”)
10	Redemption/Payment Basis:	[Redemption at [par/[ ] per cent.] [Instalment] (further particulars specified below under “Provisions Relating to Redemption”)
11	Change of Interest Basis or Redemption/Payment Basis:	[Not Applicable][Convertible Interest Basis (in accordance with the provisions below under “Convertible Interest Basis Provisions”)]
12	Put/Call Options:	[Not Applicable] [Investor Put] [Issuer Call] [(further particulars specified below under “Provisions Relating to Redemption”)]
13	[Date [Board] approval for issuance of	[ ]]

Notes obtained:

**Provisions Relating to Interest (if any) Payable**

- 14 **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] in respect of the period from and including [ ] to but excluding [ ]  
[[ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] in respect of the period from and including [ ] to but excluding [ ]]
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount [payable on each Interest Payment Date] [from and including [ ] to and including [ ]]  
[ ] per Calculation Amount [payable on each Interest Payment Date] [from and including [ ] to and including [ ]]
- (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (v) Day Count Fraction: [ ]
- (vi) Determination Date(s): [Not Applicable][ ]
- 15 **Floating Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Specified Interest Payment Dates or (where the Floating Rate Convention is the applicable Business Day Convention) Specified Period(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [(unadjusted)]
- (iii) Additional Business Centre(s): [Not Applicable][ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount: [Not Applicable][Calculation Agent]
- (vi) Screen Rate Determination: [Not Applicable/Applicable]  
– Reference Rate: [duration] [currency]  
[LIBOR/EURIBOR/BBSW/CAD  
BA/HIBOR/STIBOR/NIBOR/TIBOR/any other reference rate as defined in the ISDA Definitions]

- Interest Determination Date(s): [ ]
- Relevant Screen Page(s): [ ]
- Relevant Time: [ ]
- Relevant Location: [ ]
- (vii) ISDA Determination: [Not Applicable/Applicable]
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- 16 **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
  - (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [ ]
- 17 **Other Interest Note Provisions:** [Applicable/Not Applicable]
  - (i) Foreign Exchange Interest: [Applicable/Not Applicable]
    - Variable: [ ]
    - First Currency: [ ]
    - Second Currency: [ ]
    - Amount per Specified Denomination: [ ]
    - Relevant Time: [ ]
    - Relevant Location: [ ]
    - Relevant Screen Page: [ ]
    - Back-up Relevant Screen Page: [ ]
    - Interest Determination Date: [ ]
  - (ii) Variable Interest: [Applicable/Not Applicable]
    - Reference Rate: [duration][currency]  
[LIBOR/EURIBOR/BBSW/CAD  
BA/HIBOR/STIBOR/NIBOR/TIBOR/*any other reference rate as defined in the ISDA Definitions*]
    - Interest Determination Date(s): [ ][ ]
    - Relevant Screen Page(s): [ ][ ]
    - Relevant Time: [ ]
    - Relevant Location: [ ]
    - Initial Rate: [For the period from and including [ ] to but excluding [ ]: [ ] per cent. per annum

	For the period from and including [ ] to but excluding [ ]: [ ] per cent. per annum
	For the period from and including [ ] to but excluding [ ]: [ ] per cent. per annum
	For the period from and including [ ] to but excluding [ ]: [ ] per cent. per annum] [Second Reference Rate]
-- Second Reference Rate:	[duration][currency] [LIBOR/EURIBOR/BBSW/CAD BA/HIBOR/STIBOR/NIBOR/TIBOR/ <i>any other reference rate as defined in the ISDA Definitions</i> ]
-- Second Interest Determination Date(s):	[ ][ ]
-- Second Relevant Screen Page(s):	[ ][ ]
-- Second Relevant Time:	[ ]
-- Second Relevant Location:	[ ]
(iii) CMS Interest:	[Applicable/Not Applicable]
-- Variable per annum:	[ ] per cent. per annum
-- First CMS Rate:	[ ]
-- First Designated Maturity:	[ ]
-- Second CMS Rate:	[ ]
-- Second Designated Maturity:	[ ]
-- Multiple:	[ ]
(iv) Calculation Agent:	[ ]
(v) Party responsible for calculating the Rate of Interest and Interest Amount:	[Not Applicable/Calculation Agent]
(vi) Specified Interest Payment Dates or (where Floating Rate Convention is the applicable Business Day Convention) Specified Period(s):	[ ]
(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [(unadjusted)]
(viii) Additional Business Centre(s):	[ ]
(ix) Minimum Rate of Interest:	[ ] per cent. per annum
(x) Maximum Rate of Interest:	[ ] per cent. per annum
(xi) Day Count Fraction:	[ ]
18 <b>Convertible Interest Basis Provisions:</b>	[Applicable/Not Applicable]
(i) First Interest Basis:	[ ] in accordance with paragraph [ ] above
(ii) Second Interest Basis:	[ ] in accordance with paragraph [ ] above
(iii) Interest Basis Conversion Date:	[ ]

- (iv) Automatic conversions: [Yes/No]
- (v) Conversion at Issuer's option [Yes/No]
- 19 **Dual Currency Interest Note Provisions:** [Applicable/Not Applicable]
- (i) Currency of Interest: [ ]
- (ii) Rate of Exchange: [ ]
- (iii) Party, if any, responsible for calculating the interest due: [Not Applicable/Calculation Agent ]

**Provisions Relating to Redemption**

- 20 Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Notice period: [ ] [calendar days/Business Days]
- (iii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iv) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ]
  - (b) Higher Redemption Amount: [ ]
- 21 Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Option Redemption Amount(s): [[ ] per Calculation Amount][ ]
- 22 Final Redemption Amount: [[ ] per Calculation Amount]
- 23 Early Redemption Amount(s) payable on redemption for taxation reasons or on an Event of Default: [[ ] per Calculation Amount]
- 24 [Extendible Notes: [Applicable/Not Applicable]]
  - (i) Initial Maturity Date: [ ]
  - (ii) Election Date(s): [ ]
  - (iii) Final Maturity Date: [ ]

**General Provisions Applicable to the Notes**

- 25 Form of Notes:
  - (i) Form: [Bearer:]
    - [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 45 days' notice/only upon an Exchange Event.]]
    - [Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]
    - [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 45 days' notice/only upon an Exchange Event.]]
  - [Registered:]
  - [Global Note in registered form exchangeable for Definitive

Registered Notes [on 45 days' notice/only upon an Exchange Event/with the consent of the Issuer]/Definitive Registered Notes]

- (ii) New Global Note: [Yes]/[No]
- 26 Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable][Where a date for payment is postponed to the next following Payment Day and such next following Payment Day falls in the calendar month following the date for payment, the date for payment shall be on the immediately preceding Payment Day][ ]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/Not Applicable]
- 28 Details relating to Instalment Notes:
- (i) Instalment Amount(s) [Not Applicable][ ]
- (ii) Instalment Date(s) [Not Applicable][ ]
- 29 Calculation Agency Agreement: [Not Applicable/Applicable]
- (i) Standard Calculation Agency Agreement applies: [Yes/No]
- (ii) Existing Calculation Agency Agreement applies: [Yes/No]
- (iii) Calculation Agency Agreement specific to the Notes applies: [Yes/No]

Signed on behalf of the Issuer:

**[MITSUBISHI CORPORATION/MITSUBISHI CORPORATION FINANCE PLC/MC FINANCE & CONSULTING ASIA PTE. LTD.]**

By: .....

Duly authorised

[Signed on behalf of the Guarantor:

By: .....

Duly authorised]

## PART B – OTHER INFORMATION

### 1. Listing

- (i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market and listing on the Official List of the UK Listing Authority with effect from [ ].
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. Ratings

Ratings: The Notes to be issued [have been/are expected to be] rated by:

### 3. Interests of Natural and Legal Persons Involved in the Issue

Save for the fees and commissions payable to the relevant [Purchasers]/[Dealers]/[Managers], namely [●], [●] and [●], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.

### 4. Yield

Indication of yield: [ ]

### 5. Operational Information

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/Applicable]
- (iv) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (v) U.S. Selling Restrictions: [TEFRA D/TEFRA not applicable]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together, the “ICSDs”) as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit

operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) *[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]



## **FORM OF PRICING SUPPLEMENT IN RELATION TO EXEMPT NOTES**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes issued under the Programme. [Date]*

**[Mitsubishi Corporation/  
Mitsubishi Corporation Finance PLC/  
MC Finance & Consulting Asia Pte. Ltd.]**  
**[Title of relevant Series of Notes]**

**Issued pursuant to the U.S.\$5,000,000,000 Euro Medium Term Note Programme**  
**[Guaranteed by Mitsubishi Corporation]**

### **PART A – CONTRACTUAL TERMS**

**Information contained in this Pricing Supplement has not been approved or reviewed by the UK Listing Authority and does not constitute part of the prospectus for the purposes of the Prospectus Directive.**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular dated [●] (the “Offering Circular”) [and the Supplemental Offering Circular dated [●] (the “Supplemental Offering Circular”)]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Circular [and such supplement to the Offering Circular]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement [and/,] the Offering Circular [and the supplement to the Offering Circular dated [●]]. The Offering Circular [and such supplement] [is/are] available for viewing at [●] and copies may be obtained from [●].]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

[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 [●], which is incorporated by reference into the offering circular dated [●] (the “Offering Circular”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Circular [and the Supplemental Offering Circular dated [●] (the “Supplementary Offering Circular”),] which [together] constitute[s] a base prospectus. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement [and/,] the Offering Circular [and the Supplementary Offering Circular]. Copies of such Offering Circular [and such Supplementary Offering Circular] are available for viewing at [●] and copies may be obtained from [●].]

- |   |                   |  |
|---|-------------------|--|
| 1 | [(i)]Issuer:      | [Mitsubishi Corporation]<br>[Mitsubishi Corporation Finance PLC]<br>[MC Finance & Consulting Asia Pte. Ltd.] |
|   | [(ii) Guarantor:] | [Mitsubishi Corporation]   |

- 2 [(i)] Series Number: [ ]  
 [(ii)] Tranche Number: [ ]  
 [(iii)] Uridashi Notes: [Applicable/Not Applicable]  
*(Delete the paragraph if not applicable)*  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
- 3 Specified Currency or Currencies: [ ]
- 4 Aggregate Nominal Amount of:  
 [Tranche: [ ]]  
 Series: [ ]
- 5 Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
- 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]  
 [duration] [currency]  
 [LIBOR/EURIBOR/BBSW/CADBA/HIBOR/STIBOR/NIBOR/TIBOR/*any other reference rate as defined in the ISDA Definitions*] +/- [ ] per cent.  
 [Floating Rate]  
 [Zero Coupon]  
 [Foreign Exchange Interest]  
 [Variable Interest]  
 [CMS Interest]  
 [Dual Currency Interest]  
 (further particulars specified below under “Provisions Relating to Interest (if any) Payable”)
- 10 Redemption/Payment Basis: [Redemption at [par/[ ] per cent.]  
 [Instalment]  
 (further particulars specified below under “Provisions Relating to Redemption”)
- 11 Change of Interest Basis or Redemption/Payment Basis: [Not Applicable][Convertible Interest Basis (in accordance with the provisions below under “Convertible Interest Basis Provisions”)]
- 12 Put/Call Options: [Not Applicable]  
 [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below under “Provisions Relating to Redemption”)]

13 [Date [Board] approval for issuance of [ ]]  
Notes obtained:

**Provisions Relating to Interest (if any) Payable**

- 14 **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] in respect of the period from and including [ ] to but excluding [ ]
  - (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
  - (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount [payable on each Interest Payment Date] [from and including [ ] to and including [ ]]  
*(Applicable to Notes in definitive form or uridashi Notes)*  
*(N.B. For uridashi Notes, the Fixed Coupon Amount applies if the Fixed Rate Notes are represented by a Global Note or are in definitive form.)*
  - (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
*(Applicable to Notes in definitive form or uridashi Notes)*  
*(N.B. For uridashi Notes, the Broken Amount applies if the Fixed Rate Notes are represented by a Global Note or are in definitive form.)*
  - (v) Day Count Fraction: [ ]
  - (vi) Determination Date(s): [Not Applicable][ ]
- 15 **Floating Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Specified Interest Payment Dates or (where the Floating Rate Convention is the applicable Business Day Convention) Specified Period(s): [ ]
  - (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [(unadjusted)]
  - (iii) Additional Business Centre(s): [Not Applicable][ ]
  - (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
  - (v) Party responsible for calculating the Rate of Interest and Interest Amount: [Not Applicable][Calculation Agent]
  - (vi) Screen Rate Determination: [Not Applicable/Applicable]
    - Reference Rate: [duration] [currency]  
[LIBOR/EURIBOR/BBSW/CAD  
BA/HIBOR/STIBOR/NIBOR/TIBOR/any other reference rate as defined in the ISDA Definitions]
    - Interest Determination Date(s): [ ]

- Relevant Screen Page(s): [ ]
- Relevant Time: [ ]
- Relevant Location: [ ]
- (vii) ISDA Determination: [Not Applicable/Applicable]
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- 16 **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
  - (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [ ]
- 17 **Other Interest Note Provisions:** [Applicable/Not Applicable]
  - (i) Foreign Exchange Interest: [Applicable/Not Applicable]
    - Variable: [ ]
    - First Currency: [ ]
    - Second Currency: [ ]
    - Amount per Specified Denomination: [ ]
    - Relevant Time: [ ]
    - Relevant Location: [ ]
    - Relevant Screen Page: [ ]
    - Back-up Relevant Screen Page: [ ]
    - Interest Determination Date: [ ]
  - (ii) Variable Interest: [Applicable/Not Applicable]
    - Reference Rate: [duration][currency]  
[LIBOR/EURIBOR/BBSW/CAD  
BA/HIBOR/STIBOR/NIBOR/TIBOR/*any other reference rate as defined in the ISDA Definitions*]
    - Interest Determination Date(s): [ ][ ]
    - Relevant Screen Page(s): [ ][ ]
    - Relevant Time: [ ]
    - Relevant Location: [ ]
    - Initial Rate: [For the period from and including [ ] to but excluding [ ]: [ ] per cent. per annum  
For the period from and including [ ] to but excluding [ ]:

- [ ] per cent. per annum  
For the period from and including [ ] to but excluding [ ]:  
[ ] per cent. per annum  
For the period from and including [ ] to but excluding [ ]:  
[ ] per cent. per annum] [Second Reference Rate]
- Second Reference Rate: [duration][currency]  
[LIBOR/EURIBOR/BBSW/CAD  
BA/HIBOR/STIBOR/NIBOR/TIBOR/*any other reference  
rate as defined in the ISDA Definitions*]
- Second Interest Determination Date(s): [ ][ ]
- Second Relevant Screen Page(s): [ ][ ]
- Second Relevant Time: [ ]
- Second Relevant Location: [ ]
- (iii) CMS Interest: [Applicable/Not Applicable]
- Variable per annum: [ ] per cent. per annum
- First CMS Rate: [ ]
- First Designated Maturity: [ ]
- Second CMS Rate: [ ]
- Second Designated Maturity: [ ]
- Multiple: [ ]
- (iv) Calculation Agent: [ ]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount: [Not Applicable/Calculation Agent]
- (vi) Specified Interest Payment Dates or (where Floating Rate Convention is the applicable Business Day Convention) Specified Period(s): [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [(unadjusted)]
- (viii) Additional Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- 18 **Convertible Interest Basis Provisions:** [Applicable/Not Applicable]
- (i) First Interest Basis: [ ] in accordance with paragraph [ ] above
- (ii) Second Interest Basis: [ ] in accordance with paragraph [ ] above
- (iii) Interest Basis Conversion Date: [ ]
- (iv) Automatic conversions: [Yes/No]

- (v) Conversion at Issuer's option [Yes/No]
- 19 **Dual Currency Interest Note Provisions:** [Applicable/Not Applicable]
- (i) Currency of Interest: [ ]
- (ii) Rate of Exchange: [ ]
- (iii) Party, if any, responsible for calculating the interest due: [Not Applicable/Calculation Agent ]

**Provisions Relating to Redemption**

- 20 Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Notice period: [ ] [calendar days/Business Days]
- (iii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Higher Redemption Amount: [ ]
- 21 Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Option Redemption Amount(s): [[ ] per Calculation Amount][ ]
- 22 Final Redemption Amount: [[ ] per Calculation Amount]
- 23 Early Redemption Amount(s) payable on redemption for taxation reasons or on an Event of Default: [[ ] per Calculation Amount]
- 24 [Extendible Notes: [Applicable/Not Applicable]]
- (i) Initial Maturity Date: [ ]
- (ii) Election Date(s): [ ]
- (iii) Final Maturity Date: [ ]

**General Provisions Applicable to the Notes**

- 25 Form of Notes:
- (i) Form: [Bearer:]
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 45 days' notice/only upon an Exchange Event.]]
- [Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]
- [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 45 days' notice/only upon an Exchange Event.]]
- [Registered:]
- [Global Note in registered form exchangeable for Definitive Registered Notes [on 45 days' notice/only upon an

Exchange Event/with the consent of the Issuer]/Definitive Registered Notes]

- (ii) New Global Note: [Yes]/[No]
- 26 Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable][Where a date for payment is postponed to the next following Payment Day and such next following Payment Day falls in the calendar month following the date for payment, the date for payment shall be on the immediately preceding Payment Day][ ]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/Not Applicable]
- 28 Details relating to Instalment Notes:
- (i) Instalment Amount(s) [Not Applicable][ ]
- (ii) Instalment Date(s) [Not Applicable][ ]
- 29 Calculation Agency Agreement: [Not Applicable/Applicable]
- (i) Standard Calculation Agency Agreement applies: [Yes/No]
- (ii) Existing Calculation Agency Agreement applies: [Yes/No]
- (iii) Calculation Agency Agreement specific to the Notes applies: [Yes/No]

Signed on behalf of the Issuer:

**[MITSUBISHI CORPORATION/MITSUBISHI CORPORATION FINANCE PLC/MC FINANCE & CONSULTING ASIA PTE. LTD.]**

By: .....

Duly authorised

[Signed on behalf of the Guarantor:

By: .....

Duly authorised]

## PART B – OTHER INFORMATION

### 1. Listing

Listing and admission to trading: [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [ ] and listing on [ ] with effect from [ ].] [Not Applicable]

### 2. Ratings

Ratings: The Notes to be issued [have been/are expected to be] rated by:

### 3. Interests of Natural and Legal Persons Involved in the Issue

Save for the fees and commissions payable to the relevant [Purchasers]/[Dealers]/[Managers], namely [●], [●] and [●], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.

### 4. Yield

Indication of yield: [ ]

### 5. Operational Information

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/Applicable]
- (iv) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (v) U.S. Selling Restrictions: [TEFRA D/TEFRA not applicable]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together, the “ICSDs”) as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as “no”



at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) *[include this text for registered notes]*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note (as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Purchaser(s) at the time of issue but if not so permitted and agreed, such Definitive Note will have endorsed upon or attached thereto such Terms and Conditions.*

*The applicable Final Terms in respect of Listed Notes (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to “Form of Final Terms in relation to Listed Notes for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.*

*In relation to Exempt Notes, the applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to “Form of Pricing Supplement in relation to Exempt Notes” for a description of the content of Pricing Supplement, which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Exempt Notes. **Information relating to Exempt Notes has not been approved or reviewed by the UK Listing Authority.***

The Notes are issued pursuant to and with the benefit of the amended and restated Agency Agreement dated 14 November 2014 (as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) made, in each case, among Mitsubishi Corporation (“Mitsubishi”), Mitsubishi Corporation Finance PLC (“MCF”), MC Finance & Consulting Asia Pte. Ltd. (“MCFC”), Mitsubishi Corporation (in respect of Notes issued by MCF and MCFC, the “Guarantor”), The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch as issuing and principal paying agent and agent bank (the “Agent”, which expression shall include any successor agent) and the paying agents named therein (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents) and The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch as registrar (the “Registrar”, which expression shall include any successor registrar) and the transfer agents named therein (together with the Registrar, the “Transfer Agents”, which expression shall include any additional or successor transfer agents). References to the “Issuer” herein shall be to the Issuer of the Notes to which these Terms and Conditions relate. References to the Guarantor and Guarantee (as defined below) only apply in respect of Notes issued by MCF and MCFC. Notes in definitive form are referred to as “Definitive Notes”. References herein to the “Notes” shall be references to the Notes of this Series (as defined below) and shall mean:

- (i) in relation to any Notes represented by a global Note (a “Global Note”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any Definitive Notes in bearer form (“Definitive Bearer Notes”) issued in exchange (or partial exchange) for a Global Note in bearer form; and
- (iv) any Definitive Notes in registered form (“Definitive Registered Notes”) whether or not issued in exchange for a Global Note in registered form,

in each case for the time being outstanding, or as the context may require or specific number of them.

Global Notes in bearer form may be issued in new global note (“NGN”) form and Global Notes in registered form may be held under the New Safekeeping Structure (“NSS”). Global Notes issued in NGN form are referred to as “NGNs” and all other Global Notes in bearer form are referred to as “CGNs”.

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable [Final Terms]\*[Pricing Supplement]\*\* have interest coupons (“Coupons”) and, if indicated in the applicable [Final Terms]\*[Pricing Supplement]\*\*, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes (as defined below) and Global Notes in registered form do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the [Final Terms]\*[Pricing Supplement]\*\* attached hereto or endorsed hereon and which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the [“applicable Final Terms”]\*[“applicable Pricing Supplement”]\*\* are, unless otherwise stated, to Part A of the [Final Terms]\*[Pricing Supplement]\*\* (or the relevant provisions thereof) attached hereto or endorsed hereon.

[The payment of all amounts in respect of Notes issued by the Issuer have been guaranteed by the Guarantor pursuant to a guarantee (the “Guarantee”) dated 16 November 2012 and executed by the Guarantor. The original of the Guarantee is held by the Agent on behalf of the relevant Noteholders, the relevant Receiptholders and the relevant Couponholders at its specified office.]<sup>1</sup>

Any reference herein to a “Noteholder” shall mean the bearer of the Bearer Note (as defined below), or the person in whose name the Registered Note is registered, as the case may be, 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 which are identical in all respects (including as to listing and admission to trading) 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 and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) executed by the Issuer on 15 November 2013. The original of the Deed of Covenant is held on behalf of Euroclear Bank S.A./N.V. (“Euroclear”), and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”).

Copies of the Agency Agreement[, the Guarantee]<sup>1</sup> and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Agent, the Registrar, the Transfer Agents and any other Paying Agents. Copies of the applicable Final Terms for Listed Notes are available for viewing and copies may be obtained from the registered office of the Issuer and from the specified office for the time being of the Agent. If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to

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\* Reference to Final Terms is applicable only to Listed Notes

\*\* Reference to Pricing Supplement is relevant only to Exempt Notes

<sup>1</sup> All references to the Guarantor and the Guarantee shall be deleted for Notes issued by Mitsubishi.

the benefit of, all the provisions of the Deed of Covenant, the Agency Agreement[, the Guarantee]<sup>1</sup> and the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> 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 [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> will prevail.

## **1. Form, Denomination, Title and Transfers of Registered Notes**

### **(a) Form, Denomination and Title**

The Notes are in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) as specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> and, in the case of Definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

The Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Foreign Exchange Linked Interest Notes, Variable Interest Notes, CMS Interest Notes, Dual Currency Interest Notes or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

The Notes may be Instalment Notes, Extendible Notes or a combination of the foregoing, depending on the Redemption/Payment Basis shown in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

Definitive Bearer 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.

Subject as set out below, title to the Bearer Notes, the Coupons and Receipts will pass by delivery and title to the Registered Notes will pass upon registration of title in the register (the “Register”) that the Issuer shall ensure be kept by the Registrar in accordance with the provisions of the Agency Agreement. The holder of each Coupon or Receipt, whether or not such Coupon or Receipt is attached to a Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. The Issuer[, the Guarantor]<sup>1</sup>, the Agent, the Registrar, any Transfer Agents and any Paying Agents may deem and treat the bearer of any Bearer Note, Coupon or Receipt and the registered holder of any Registered Note (except as otherwise required by law) as the absolute owner thereof (whether or not such Note, Coupon or Receipt shall be overdue and notwithstanding any notation 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 below.

For so long as any of the Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear and/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 such 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]<sup>1</sup>, the Agent, the Registrar, any Transfer Agents and any other Paying Agents as a holder of such nominal amount of such Notes for all purposes other than for the payment of principal (including premium (if any)) and interest on such Notes, the right to which shall be vested, as against the Issuer[, the Guarantor]<sup>1</sup>, the Agent and any other Paying Agent, solely in the bearer of the Global Note in bearer form or the registered holder of the relevant Global Note in registered form in accordance with and subject to its terms (and the expressions “Noteholder”, “holder of Notes” and related expressions shall be construed accordingly). Notes which are represented by a Global Note will only be transferable

in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

If a Global Note in bearer form is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Any reference in these Terms and Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system.

**(b) Transfers of Registered Notes**

**(i) Transfers of Definitive Registered Notes**

Subject as provided in Condition 1(b)(vi) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the Specified Denominations set out in the applicable [Final Terms] [Pricing Supplement] \*\*). In order to effect any such transfer (a) the holder or holders must (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in schedule 7 to the Agency Agreement).

**(ii) Transfers of interests in Global Notes in registered form**

Transfers of beneficial interests in Global Notes in registered form will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Note in registered form will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Global Note in registered form only in the Specified Denominations set out in the applicable [Final Terms] [Pricing Supplement] \*\* and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the Agency Agreement.

**(iii) Registration of transfer upon partial redemption**

In the case of a partial redemption of a holding of Registered Notes represented by a single Definitive Registered Note, a new Definitive Registered Note shall be issued to the holder to reflect the balance of the holding not redeemed. New Definitive Registered Notes shall only be issued against surrender of the existing Definitive Registered Notes to the Registrar or, as the case may be, the relevant Transfer Agent. In the case of a partial redemption of a holding of Registered Notes represented by a Global Note in registered form, the Global Note in registered form shall be endorsed to reflect such partial redemption.

**(iv) Delivery of New Definitive Registered Notes**

Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(v) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(vi) *Exchanges and transfers of Registered Notes generally*

Holder of Definitive Registered Notes may exchange such Notes for interests in a Global Note in registered form of the same type at any time.

(vii) *Closed periods*

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 4(c), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined below).

## **2. Status of the Notes [and the Guarantee]<sup>1</sup>**

(a) *Status of the Notes*

The Notes and the relative Coupons and Receipts are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably, without any preference among themselves, and equally with all its other unsecured obligations (other than statutorily preferred or subordinated obligations (if any) from time to time outstanding).

(b) *[Status of the Guarantee*

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.]<sup>1</sup>

## **3. Interest**

(a) *Interest on Fixed Rate Notes*

(i) Each Fixed Rate Note bears interest from the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest (in each case for the period(s) specified in the [Final Terms]\*[Pricing Supplement]\*\*) payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

- (ii) If the Notes are in definitive form, except as provided in the applicable [Final Terms]\*[Pricing Supplement]\*\*, the amount of interest payable on an Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, amount to the relevant Broken Amount(s) so specified. As used in these Terms and Conditions, “Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
- (iii) Except in the case of Definitive Notes where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, interest shall be calculated in respect of any period by applying the Rate of Interest to:
  - (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
  - (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. If no Day Count Fraction is specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, the applicable Day Count Fraction for Fixed Rate Notes shall be Actual/Actual (ICMA) other than for U.S. dollar denominated Notes where the applicable Day Count Fraction shall be “30/360”.

- (iv) In this Condition “sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes and CMS Interest Notes**

**(i) Interest Payment Dates**

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

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

Such interest will be payable in respect of each Interest Period (as defined in Condition 3(a)(ii)).

**(ii) Rate of Interest for Floating Rate Notes**

The Rate of Interest payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable [Final Terms]\*[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 [Final Terms]\*[Pricing Supplement]\*\*) the Margin (if any). For the purposes of this sub-paragraph (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 [Final Terms]\*[Pricing Supplement]\*\* under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of Notes (the “ISDA Definitions”) and under which:

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

For the purposes of this sub-paragraph (A), (i) “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions and (ii) “Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty on European Union.

(B) *Screen Rate Determination*

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

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (which shall be LIBOR, EURIBOR, Australian Financial Markets Association bank-bill swap rate (“BBSW”), the Canadian Dollar Bankers’ acceptance rate (“CAD BA”), the Hong Kong inter-bank offered rate (“HIBOR”), the Stockholm inter-bank offered rate (“STIBOR”), the Norwegian inter-bank offered rate (“NIBOR”), the Tokyo inter-bank offered rate (“TIBOR”), or such other Reference Rate (defined by reference to the ISDA Definitions) and identified in the [Final Terms]\*[Pricing Supplement]\*\*), which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time in the Relevant Location (which shall be 11.00 a.m. London time, in the case of LIBOR, or 11.00 a.m. Brussels time, in the case of EURIBOR) on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the applicable [Final Terms]\*[Pricing Supplement]\*\*)



Supplement]\*\*) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

Unless otherwise specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, the “Interest Determination Date” shall be the second London Banking Day (as defined in the ISDA Definitions) prior to the first day of the relevant Interest Period or, in the case of Notes denominated in Sterling, the first day of the relevant Interest Period.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(iii) *Interest Amount for Foreign Exchange Interest Notes*

The Interest Amount for each Interest Period shall be calculated by the Calculation Agent in accordance with the following formula, provided that the payments of interest shall never be less than the Minimum Rate of Interest.

(Variable x FX) - Amount per Specified Denomination

Where:

“FX” is the arithmetic mean of the offered and the bid rate for the exchange rate between the First Currency and the Second Currency on the Relevant Screen Page on each Interest Determination Date at the Relevant Time in the Relevant Location, as determined by the Calculation Agent, provided that:

(i) if no such rate is published on the Relevant Screen Page on any Interest Determination Date, then the Calculation Agent shall obtain such exchange rate from the Back-up Relevant Screen Page on such Interest Determination Date at the Relevant Time in the Relevant Location; and

(ii) if no such rate is published on the Back-up Relevant Screen Page on any Interest Determination Date, then the Calculation Agent will request five leading reference banks (selected by the Calculation Agent in its sole discretion) in the relevant interbank market for their mid market quotations of the spot exchange rate between the First Currency and the Second Currency at the Relevant Time in the Relevant Location on such date.

The highest and the lowest quotation will be disregarded and the arithmetic mean of the remaining quotations will be FX. If only four quotations are so provided, then FX shall be the arithmetic mean of such quotations without regard to the highest and the lowest values quoted. If fewer than four but at least two quotations can be obtained, then FX will be the arithmetic mean of such quotations. If only one quotation is available, then the Calculation Agent may determine that such quotation is FX. If no such quotation is available or if the Calculation Agent determines in its sole discretion that no suitable reference bank who is prepared to quote is available, then the Calculation Agent will determine FX in its sole discretion acting in good faith and in accordance with standard market practice.

“Amount per Specified Denomination” means the amount specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*.

“First Currency” means the currency specified in the applicable [Final Terms]\*[Pricing Supplement]\*\* as defined in the ISDA Definitions.

“Interest Determination Date” means the day specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

“Second Currency” means the currency specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> as defined in the ISDA Definitions.

“Variable” means the value specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

(iv) *Rate of Interest for Variable Interest Notes*

The Rate of Interest for each Interest Period shall be calculated by the Calculation Agent in accordance with the following formula, provided that the payments of interest shall never be less than the Minimum Rate of Interest:

Initial Rate (being a Fixed Rate of interest or Floating Rate of interest) plus or minus the Reference Rate (being a Floating Rate of interest)

Where:

“Initial Rate” means the rate specified and for the periods indicated in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> being, in the case of a fixed rate, either a constant rate of interest or a rate of interest which steps up across a pre-determined margin ratchet and in the case of a floating rate, the Second Reference Rate”.

“Interest Determination Date” shall mean the day specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

“Reference Rate” is one of LIBOR, EURIBOR, BBSW, CAD BA, HIBOR, STIBOR, NIBOR, TIBOR or such other Reference Rate (defined by reference to the ISDA Definitions) and identified in the [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>) as displayed on the Relevant Screen Page at the Relevant Time in the Relevant Location on the Interest Determination Date.

“Second Reference Rate” is one of LIBOR, EURIBOR, BBSW, CAD BA, HIBOR, STIBOR, NIBOR, TIBOR or such other Second Reference Rate (defined by reference to the ISDA Definitions) and identified in the [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> as displayed on the Second Relevant Screen Page at the Second Relevant Time in the Second Relevant Location on the Second Interest Determination Date

(v) *Rate of Interest for CMS Interest Notes*

The Rate of Interest for each Interest Period shall be calculated by the Calculation Agent in accordance with the following formula, provided that the payments of interest shall never be less than the Minimum Rate of Interest.

First CMS Rate plus or minus a multiple of (as indicated in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>) the Second CMS Rate (with the sum being multiplied by the Multiple).

Where:

“First CMS Rate” means the constant maturity swap rate calculated for the First Designated Maturity in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> (and defined by reference to the ISDA Definitions).

“First Designated Maturity” means the maturity designated as such in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

“Reset Date” means the first day of each Interest Period.

“Second CMS Rate” means the constant maturity swap rate calculated for the Second Designated Maturity in the applicable [Final Terms] [Pricing Supplement]\*\* (and defined by reference to the ISDA Definitions).

“Second Designated Maturity” means the maturity designated as such in the applicable [Final Terms] [Pricing Supplement]\*\*.

For the avoidance of doubt, the rate shall be determined two Business Days prior to each Reset Date. The provisions of Clause 3(b)(ii)(A) shall apply for determination of the Rate of Interest for CMS Interest Notes.

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

If the applicable [Final Terms] [Pricing Supplement]\*\* [specify] [specifies]\*\* a Minimum Interest Rate for any Interest Period and in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Interest Rate, then (unless stated otherwise in the applicable [Final Terms] [Pricing Supplement]\*\* ) the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. If the applicable [Final Terms] [Pricing Supplement]\*\* [specify] [specifies]\*\* a Maximum Interest Rate for any Interest Period and in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Interest Rate, then (unless stated otherwise in the applicable [Final Terms] [Pricing Supplement]\*\* ) the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(vii) *Determination of Rate of Interest and Calculation of Interest Amount*

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of all other Notes in this Condition 3(b), will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of all other Notes in this Condition 3(b), the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. The Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes and CMS Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes or CMS Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes or CMS Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (as defined in Condition 3(a)(iv)) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, a Foreign Exchange Interest Note, a Variable Interest Note or a CMS Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

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

The Agent will cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and to any stock exchange or other relevant authority on which the relevant Floating Rate Notes or any other Note referred to in this Condition 3(b) may be, for the time being, listed and to be published in accordance with the provisions of Condition 11 as soon as possible but in any event not later than the fourth London Banking Day (as defined in Condition 3(b)(ii)(B))

after their determination. Each Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which this Note, if it is a Floating Rate Note or any other Note referred to in this Condition 3(b), is for the time being listed.

**(c) Zero Coupon Notes**

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 4(e)(ii). As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield. Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note, and (ii) the day on which the Agent has notified the holder thereof (either in accordance with Condition 11 or individually) of receipt of all sums due in respect thereof up to that date. Such interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed.

**(d) Dual Currency Interest Notes**

In the case of Dual Currency Interest Notes, the Rate of Interest on any Interest Payment shall be determined in accordance with the provisions of Condition 3 in the Specified Currency, save that the payment of such interest will be made in the Currency of Interest as specified in the [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> converted into the Currency of Interest at the Rate of Exchange. Payments in respect of Dual Currency Interest Notes shall otherwise be made in accordance with Condition 5.

**(e) Instalment Notes**

In the case of an Instalment Note (other than an Instalment Note which is a Zero Coupon Note) interest will accrue as aforesaid on the original nominal amount of such Note less all Instalment Amounts which have been repaid.

**(f) Accrual of Interest**

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

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) 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 in accordance with Condition 11 or individually.

**(g) Business Day Conventions**

(i) If a Business Day Convention is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> as being applicable to Interest Payment Dates (or other dates) then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, and (i) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur, such Interest Payment Date shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply *mutatis mutandis* or (ii) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next

day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, and if any Interest Payment Date (or other applicable date) would otherwise fall on a day which is not a Business Day, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, and if any Interest Payment Date (or other applicable date) would otherwise fall on a day which is not a Business Day, 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 shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, and if any Interest Payment Date (or other applicable date) would otherwise fall on a day which is not a Business Day, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

(ii) In these Terms and Conditions, “Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and in any Additional Business Centre specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro and CNY, 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 (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in CNY, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong.

In these Terms and Conditions, “TARGET2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System and “CNY” or “Renminbi” means the lawful currency of the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) (the “PRC”).

(iii) Where any date which is specified as being subject to adjustment in accordance with a Business Day Convention and “(unadjusted)” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> in relation thereto the amount of any interest which would be payable on the date which is subject to adjustment shall not change by virtue of any adjustment of such date.

**(h) Day Count Fraction**

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period (whether or not an Interest Period):

- (i) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the actual number of days in the relevant 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 the portion of that period falling in a leap year divided by 366 and (B) the actual number of days in the portion of that period falling in a non-leap year divided by 365);

- (ii) if “Actual/Actual (ICMA)” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> in relation to Fixed Rate Notes:
- (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;

where

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

“Determination Date(s)” means, unless otherwise specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the Interest Payment Date(s) specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>.

- (C) if “Actual/365 (Fixed)” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the actual number of days in the relevant period divided by 365;
- (D) if “Actual/360” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the actual number of days in the relevant period divided by 360;
- (E) if “30/360”, is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> in relation to Fixed Rate Notes only, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (F) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup> in relation to Floating Rate Notes, Foreign Exchange Interest Notes, Variable Interest Notes or CMS Interest Notes, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

- “Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and
- “D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (G) if “30E/360” or “Eurobond Basis” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the number of days in the relevant 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:

- “Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and
- “D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (H) if “30E/360 (ISDA)” is specified in the applicable [Final Terms]<sup>\*</sup>[Pricing Supplement]<sup>\*\*</sup>, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

- “Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

- “Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and
- “D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(i) ***Convertible Interest Basis Notes***

- (i) If specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, the basis upon which interest accrues in respect of the Notes may change from one interest basis (the “First Interest Basis”) to another (the “Second Interest Basis”) either at the option of the Issuer in accordance with Condition 3(i)(iii) or, if specified in the [Final Terms]\*[Pricing Supplement]\*\*, automatically with effect from the Interest Basis Conversion Date. Interest on the Notes will accrue on the First Interest Basis from (and including) the Interest Commencement Date to (but excluding) the Interest Basis Conversion Date. Interest on the Notes will accrue on the Second Interest Basis from (and including) the Interest Basis Conversion Date in accordance with Condition 3(f).
- (ii) If either the First Interest Basis or the Second Interest Basis is a Fixed Rate, the Interest Basis Conversion Date as specified in the applicable [Final Terms]\*[Pricing Supplement]\*\* shall not be adjusted in accordance with any Business Day Convention or otherwise.

If the First Interest Basis is a Floating Rate, Foreign Exchange Interest Note, Variable Interest Note or CMS Interest Note, interest in respect of the period from the Interest Payment Date preceding the Interest Basis Conversion Date (which period will be deemed to be an “Interest Period” for the purposes of Condition 3(b)) will be payable on the Interest Basis Conversion Date.

If the First Interest Basis is a Fixed Rate and the Interest Basis Conversion Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or, as the case may be, the Interest Commencement Date) to the Interest Basis Conversion Date will amount to the final Broken Amount which will be payable on the Interest Basis Conversion Date.

If the Second Interest Basis is a Fixed Rate and the Interest Basis Conversion Date is not an Interest Payment Date, interest from the Interest Basis Conversion Date to the Interest Payment Date next following the Interest Basis Conversion Date (or, as the case may be, the Maturity Date) will amount to the initial Broken Amount.

- (iii) If the Issuer is specified in the applicable [Final Terms]\*[Pricing Supplement]\*\* as having an option to convert the basis upon which interest accrues in respect of the Notes, the Issuer may exercise that option in respect of all or (but only if specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*) some only of the Notes having given:
  - (A) notice to the Noteholders in accordance with Condition 11 at any time within the period from the 30th to the 15th day prior to the relevant Interest Basis Conversion Date; and
  - (B) not less than 15 days before the giving of the notice referred to in (A), notice to the Agent,



which notices shall be irrevocable.

**(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 this Condition 3, or otherwise for the purpose of establishing the amount of principal and/or interest payable in respect of the Notes or making any other determination required for the purposes of the Notes whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer[, the Guarantor,]<sup>1</sup> the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer[, the Guarantor]<sup>1</sup>, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**4. Redemption and Purchase**

**(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable [Final Terms]\*[Pricing Supplement]\*\* in the Specified Currency on the Maturity Date.

**(b) Redemption for Tax Reasons**

If, as a result of an amendment to or change in the laws, regulations or rulings of a Tax Jurisdiction (as defined in Condition 6) or in the interpretation or administration of such laws, regulations or rulings which becomes effective on or after the Issue Date of the first Tranche of Notes of this Series [either]<sup>1</sup>:

- (i) the Issuer would, on the occasion of the next payment due in respect of the Notes, be required for reasons outside its control and after using such endeavours as may be reasonable to avoid such requirement, to pay any additional amounts pursuant to Condition 6[, or]<sup>1</sup>
- (ii) [the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts (and such requirement cannot be avoided by the Issuer using such endeavours as may be reasonable)]<sup>1</sup>,

[in each case]<sup>1</sup> then the Issuer may at any time (in the case of Notes other than Floating Rate Notes or any other Note referred to in Condition 3(b)) or on any Interest Payment Date (in the case of Floating Rate Notes or any other Note referred to in Condition 3(b)), at its option, upon giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 11, redeem all (but not some only) of the Notes then outstanding in accordance with paragraph (e) below together with accrued interest, if any, to the date of repayment.

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

If Issuer Call is specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, the Issuer may, having given:

- (i) notice to the Noteholders in accordance with Condition 11 at any time within the period from the 30th to the 15th calendar day or Business Day, as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), prior to the relevant Optional Redemption Date); and
- (ii) not less than 15 calendar days or Business Days, as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), or such shorter period as may be agreed

with the Agent before the giving of the notice referred to in (i), notice to the Agent (and, in the case of a redemption of Registered Notes, the Registrar);

(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 [Final Terms]\*[Pricing Supplement]\*\* together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any redemption of some only of the Notes must be of a principal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, both as indicated in the applicable [Final Terms]\*[Pricing Supplement]\*\*. In the case of redemption of some only of the 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 (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 11 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 11 at least five calendar days or Business Days, as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), prior to the Selection Date.

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

If Investor Put is specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, upon the holder of any Note giving not less than 15 nor more than 30 day’s notice to the Issuer in accordance with Condition 11, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable [Final Terms]\*[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 [Final Terms]\*[Pricing Supplement]\*\* together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable [Final Terms]\*[Pricing Supplement]\*\*.

If a 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 (in the case of Definitive Bearer Notes) or the Registrar (in the case of Definitive Registered Notes) at any time during normal business hours of such Paying Agent or the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition and, in the case of Definitive Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Definitive Registered Notes so surrendered is to be redeemed, an address to which a new Definitive Registered Note in respect of the balance of such Definitive Registered Notes is to be sent subject to and in accordance with the provisions of Condition 1(b)(iv). If the Note is represented by a Global Note, held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Note the holder of the Note must, within the notice period, give notice to any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if the Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Paying Agent (in the case of Bearer

Notes) or the Registrar (in the case of Registered Notes) (for Global Notes in bearer form, where the Global Note is a CGN) for notation accordingly. Where the Global Note is an NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default (as defined in Condition 7) shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 7.

**(e) Early Redemption Amounts**

For the purpose of paragraph (b) above and Condition 7, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) (other than Zero Coupon Notes but including Instalment Notes) at the amount specified in the applicable [Final Terms]\*[Pricing Supplement]\*\* or, if no such amount or manner is so specified in the [Final Terms]\*[Pricing Supplement]\*\*, at their outstanding nominal amount; or
- (ii) in the case of Zero Coupon Notes, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

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

where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

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

**(f) Purchases**

The Issuer or any of its subsidiaries may at any time purchase or otherwise acquire the Notes in the open market or otherwise. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to the Agent for cancellation (together with (in the case of Definitive Bearer Notes) any unmatured Coupons or Receipts attached thereto or purchased therewith).

**(g) Cancellation**

All Notes redeemed shall, and all Notes purchased or otherwise acquired as aforesaid may, at the option of the Issuer, be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Coupons and Receipts and all unexchanged Talons presented therewith to a Paying Agent and, in the case of Definitive Registered Notes, by surrendering such Definitive Registered Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith)), and thereafter may not be re-issued or re-sold.

In the case of Global Notes in bearer form, such cancellation shall, in the case of a CGN, be effected by reduction in the nominal amount of the relevant Global Note and, in the case of an NGN, be entered *pro rata* in the records of the relevant clearing systems and, upon any such entry being made, the nominal amount

of the Note recorded in the records of the relevant clearing systems and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

**(h) Instalments**

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable [Final Terms] [Pricing Supplement] \*\*. On each Instalment Date the outstanding nominal amount of each such Note shall be reduced by the applicable Instalment Amount for all purposes except where such Instalment Amount is not paid. In the case of a Global Note in bearer form that is a CGN, such redemption shall be effected by reduction in the nominal amount of the relevant Global Note and, in the case of an NGN, be entered *pro rata* in the records of the relevant clearing systems and, upon any such entry being made, the nominal amount of the Note recorded in the records of the relevant clearing systems and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed.

Each Definitive Bearer Note which is redeemable in instalments will be redeemed, in the case of all instalments other than the final instalment, by surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment by surrender of the relevant Note, all as more fully described in Condition 5. Each Definitive Registered Note which is redeemable in instalments will be redeemed by surrender of the relevant Definitive Registered Note, provided that in the case of all instalments other than the final instalment, a new Definitive Registered Note shall be issued to the holder to reflect the balance of the Definitive Registered Note not redeemed.

**(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 7 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)(ii) 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 11.

**(j) Extendible Notes**

Notes may be issued with an initial maturity date (the “Initial Maturity Date”) which may be extended from time to time upon the election of the holders on specified dates (each, an “Election Date”) up to a final maturity date (the “Final Maturity Date”) as set forth in the applicable [Final Terms] [Pricing Supplement] \*\* (“Extendible Notes”). The [Final Terms] [Pricing Supplement] \*\* relating to each issue of Extendible Notes will set forth the Initial Maturity Date, the Final Maturity Date and the Election Dates.

**5. Payments and Exchange of Talons**

**(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro and CNY will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee outside the United States, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the principal

financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively);

- (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; and
- (iii) payments in CNY will be made by transfer to an account with a bank in Hong Kong.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws to which the Issuer [or, as the case may be, the Guarantor]<sup>1</sup> agree to be subject, but without prejudice to the provisions of Condition 6 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto.

Notwithstanding anything to the contrary herein, no cheque may be mailed to an address in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Notwithstanding Condition 5(b) below, payments in respect of Bearer Notes will be made at the specified office of any Paying Agent in the United States (a) if (1) the Issuer shall have appointed Paying Agent(s) with specified offices outside the United States with the reasonable expectation that such Paying Agent(s) would be able to make payment at such specified offices outside the United States of the full amount due on the Bearer Notes in the manner provided above when due, (2) payment of the full amount due at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (3) such payment is then permitted under United States law, and (b) at the option of the relevant holder if such payment is then permitted under United States law, without involving, in either case, in the opinion of the Issuer, adverse tax consequences to the Issuer.

The holder of the relevant Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer [or, as the case may be, the Guarantor]<sup>1</sup> will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. In the case of an NGN, where payment is made to the holder of the relevant Global Note, any failure to make the corresponding entries in the records of the relevant clearing system shall not affect such discharge. Each of the persons shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer [or, as the case may be, the Guarantor]<sup>1</sup> to, or to the order of, the holder of the relevant Global Note. No person other than the holder of the relevant Global Note shall have any claim against the Issuer [or the Guarantor]<sup>1</sup> in respect of any payments due on that Global Note.

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

Payments of principal and interest (if any) in respect of Definitive Bearer Notes (if issued) will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation or surrender (or, in the case of part payment of any sum due, endorsement) of such Notes, Coupons, Talons or Receipts, as the case may be, at any specified office of any Paying Agent outside the United States.

Payments of principal in respect of instalments (if any) of Definitive Bearer Notes, other than the last instalment, will (subject as provided below) be made against surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the last instalment will be made in the manner provided in Condition 5(a) above only against surrender (or, in the case of part payment of any sum due,

endorsement) of the relevant Bearer Note. Each Receipt must be presented for payment of such instalment together with the relevant Definitive Bearer Note against which the amount will be payable in respect of that instalment. If any Definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the Definitive Bearer Notes to which they appertain do not constitute obligations of the Issuer.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Interest Notes or Long Maturity Notes (as defined below)) should be presented for payment with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupon which the sum so paid bears to the total amount due) will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in Condition 6) for the payment of such sum due for payment, whether or not such Coupon has become void pursuant to Condition 8 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Note in definitive bearer form 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, Dual Currency Interest Note, any other Note referred to in Condition 3(b) or Long Maturity Note in definitive bearer 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. 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.

**(c) *Payment in respect of Global Notes in bearer form***

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified in Conditions 5(a) and 5(b) above 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. In the case of a Global Note which is a CGN, a record of each payment made against presentation or surrender of such Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made. If the Global Note is an NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

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

Payments of principal (other than instalments of principal prior to the last instalment) in respect of Definitive Registered Notes will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made in accordance with Condition 5(a) but only by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Definitive Registered Note appearing in the Register at the close of business on the third business day (being for this purpose a day

on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “Designated Account” means the account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (1) in the case of payment in a Specified Currency other than euro and CNY, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively), (2) in the case of a payment in euro, any bank which processes payments in euro and (3) in the case of a payment in CNY, a bank in Hong Kong.

Payments of interest and payments of instalments of principal (other than the last instalment and other than payments in CNY) in respect of Definitive Registered Notes will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Definitive Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “Record Date”) at his address shown in the Register on the Record Date and at his risk. In the case of CNY, or for any other Specified Currency upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Definitive Registered Note, the payment will be made in accordance with Condition 5(a) but only by transfer to a Designated Account on the due date in the manner provided in the preceding paragraph. Any application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Definitive Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Definitive Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Definitive Registered Note as set out in the first sentence of this Condition 5(d).

So long as the Registered Notes are in global form and such Registered Notes are held on behalf of a clearing system, the requirement that the relevant Global Notes in registered form shall be surrendered in order to receive payment shall not apply. Each payment in respect of Registered Notes in global form will be made in the same manner specified in this Condition 5(d) above provided that such payments will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

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

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

**(e) Payment Days**

If any date for payment of any amount in respect of any Note, Talon, Receipt or Coupon is not a Payment Day (as defined below), then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until the next following Payment Day unless otherwise specified in the applicable [Final Terms]\*[Pricing Supplement]\*\* and shall not be entitled to any interest or other sum in respect of any such delay. For these purposes, unless otherwise specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, “Payment Day” means any day which is:

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

If the due date for redemption of any interest bearing Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of interest (or from the Interest Commencement Date) will be paid only against surrender of such Note.

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

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer or (if applicable) the Guarantor is not able to satisfy in full or in part payments of principal or interest in respect of Notes denominated in Renminbi when due in Renminbi, the Issuer or (if applicable) the Guarantor may, on giving not less than 10 or more than 30 days' irrevocable notice to the holders prior to the due date of the payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount.

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

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

In the event of a payment pursuant to this Condition 5(f), the following modifications shall be made in respect of these Terms and Conditions:

- (i) in place of payment by transfer to an account maintained by the holder in Renminbi with a bank in Hong Kong, payment shall be made by credit or transfer to a U.S. dollar account maintained by the payee outside the United States; provided that if any date for payment in respect of any Note or Coupon upon presentation is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day, unless otherwise specified in the applicable [Final Terms]\*[Pricing Supplement]\*\*, nor to any interest or other sum in respect of such postponed payment; and
- (ii) for this purpose of such payment under paragraph (i) above only, the definition of Payment Day shall mean a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) (x) in the



relevant place of presentation (in the case of Definitive Notes only), or otherwise (y) in London, any Additional Financial Centres specified in the applicable [Final Terms]\*[Pricing Supplement]\*\* and New York City.

For the purposes of these Terms and Conditions:

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

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

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

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

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

“Rate Calculation Date” means the day which is ten Rate Calculation Business Days before the due date of the relevant amount under these Terms and Conditions.

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

“Spot Rate” means, for a Rate Calculation Date, the spot mid USD/CNY exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuter Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF; and if a spot rate is not readily available, the Calculation Agent shall determine the rate taking into

consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the USD/CNY exchange rate in the PRC domestic foreign exchange market. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

**(g) *Surrender 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 the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

**(h) *Paying Agents, Registrar and Transfer Agents***

The names of the initial Agent, the initial Paying Agents, the initial Registrar and initial Transfer Agents and their initial specified offices are set out below. The Issuer reserve the right at any time to vary or terminate the appointment of any Paying Agent or Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents and/or to approve any change in the specified office of any Paying Agent or Transfer Agent provided that it will, so long as any of the Notes is outstanding, maintain (i) an Agent, (ii) so long as any Notes are listed on any stock exchange or admitted to listing by any other relevant authority, a Paying Agent (which may be the Agent) having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority, (iii) a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or law, (iv) a Registrar and (v) if a Calculation Agent is specified in the applicable Final Term, a Calculation Agent. Any such variation, termination 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 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 11 below and provided further that neither the resignation nor removal of the Agent or Registrar shall take effect, except in the case of insolvency as aforesaid, until a new Agent or Registrar, as the case may be, has been appointed and items (i), (ii), (iii), (iv) and (v) of this Condition 5(h) are satisfied. In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the third paragraph of Condition 5(a).

**6. Taxation**

All payments of principal and/or interest by or on behalf of the Issuer [or the Guarantor]<sup>1</sup> in respect of the Notes, Receipts and Coupons shall be made without withholding or deduction for or on account of any present or future tax, duty or charge of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless the withholding or deduction is required by law. In that event, the Issuer [or as the case may be, the Guarantor]<sup>1</sup> shall 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 sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes, Receipts and Coupons; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of a person liable to such tax, duty or charge in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding or ownership of such Note, Receipt or Coupon;
- (ii) [by, or on behalf of a third party who is an individual non-resident of Japan or non-Japanese corporation controlling, or controlled by, the Issuer or otherwise having a prescribed special relationship with the Issuer as described in Article 6, Paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (Act No.26 of 1957, as amended, the “Act on Special Taxation Measures”) and the Order for Enforcement of the Act on Special Measures Concerning Taxation of Japan (Cabinet Order No.43 of 1957, as amended, the “Cabinet Order”);]<sup>2</sup>
- (iii) [by, or on behalf of a third party who would otherwise be exempt from any such withholding or deduction but (i) who fails (x) to comply with any applicable requirement to provide Exemption Information to a Participant (each as defined below) or (y) to submit a Claim for Exemption (as defined below) to the Paying Agent to whom the relevant Note is presented for payment; or (ii) whose Exemption Information is not duly communicated through the Participant or the relevant international clearing organisation to such Paying Agent;]<sup>2</sup>
- (iv) [by, or on behalf of a third party who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (i) a Designated Financial Institution (as defined below) who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption and (ii) an individual resident of Japan or a Japanese corporation who duly notifies (directly or through a Participant or otherwise) the relevant Paying Agent or the Issuer of its status as exempt from Taxes to be withheld or deducted by the Issuer by reason of such individual resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it);]<sup>2</sup>
- (v) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30 day period;
- (vi) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law; and/or
- (vii) in the case of Bearer Notes, by or on behalf of a holder who would be 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.

**(a) Definitions**

[“Claim for Exemption” means a claim for exemption from withholding tax (*hikazei tekiyo shinkokusho*).

“Designated Financial Institution” means a Japanese financial institution falling under certain categories prescribed by the Act on Special Taxation Measures and the Cabinet Order.

“Exemption Information” means information prescribed by the Act on Special Taxation Measures, the Cabinet Order and the ministerial ordinance thereunder to enable the Participant to establish that such holder is exempted from the requirement for Taxes to be withheld or deducted.

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<sup>2</sup> Delete in respect of Notes issued by MCF and MCFC (unless interest on the Notes is attributable to a business in Japan conducted by the relevant Issuer in the manner provided for in the Act on Special Taxation Measures).

“Participant” means a participant of an international clearing organisation or a financial intermediary.]<sup>2</sup>

“Relevant Date” in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been received by the Agent on or prior to such due date) the date on which notice is given to the Noteholders that such moneys have been so received.

[“Taxes” means any present or future tax, duty or charge of whatever nature imposed or levied by or on behalf of Japan or any political subdivision or any authority thereof or therein having power to tax.]<sup>2</sup>

“Tax Jurisdiction” means [[the United Kingdom]<sup>3</sup> [Singapore]<sup>4</sup> or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Japan or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor)]<sup>5</sup>/[Japan or any political subdivision or any authority thereof or therein having power to tax]<sup>2</sup>.

**(b) References to Principal or Interest**

Any reference in these Terms and Conditions to principal or interest or both in respect of the Notes shall be deemed to include (i) a reference to any additional amounts which may be payable under this Condition 6, (ii) in relation to Zero Coupon Notes, the Amortised Face Amount, (iii) the Final Redemption Amount, (iv) the Early Redemption Amount, (v) the Optional Redemption Amount(s) (if any), (vi) in relation to Dual Currency Interest Notes, the interest in the relevant Specified Currency, (vii) in relation to Notes redeemable in instalments, the Instalment Amount and (viii) any premium and any other amounts which may be payable under the Notes.

**7. Events of Default**

If any one or more of the following events (“Events of Default”) shall have occurred and be continuing:

- (i) a default is made in the payment of principal or interest in respect of any of the Notes when and as the same ought to be paid in accordance therewith and for a period of 7 days thereafter in relation to principal and 14 days thereafter in relation to interest; or
- (ii) a default is made in the performance or observance by the Issuer [or the Guarantor]<sup>1</sup> of any other obligation under the Notes [or the Guarantee]<sup>1</sup> and (except where such failure is not capable of remedy, when no such notice shall be required) such default shall continue for 60 days after written notice requiring such default to be remedied shall have been given to the Agent by any holder of any Note of this Series; or
- (iii) (a) the obligation to repay any indebtedness for money borrowed by the Issuer [or the Guarantor]<sup>1</sup> is accelerated prior to its stated maturity (otherwise than pursuant to a provision permitting prepayment at the option of the Issuer[or the Guarantor]<sup>1</sup>), or any such indebtedness is not paid when due (or at the expiration of any applicable grace period as originally provided), or (b) the Issuer [or the Guarantor]<sup>1</sup> defaults in making any payment due under any guarantee and/or any indemnity given by it in respect of any obligation or indebtedness for money borrowed, provided that the aggregate amount in respect of which one or more of the events mentioned above in this Condition 7(iii) have occurred equals or exceeds U.S.\$10,000,000 (or its equivalent in any other relevant currency or currencies) and, in each case, such failure continues for a period of 5 days from and including the date of such failure; or
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer [or the Guarantor]<sup>1</sup> be wound up or dissolved otherwise than for the purposes of or pursuant to a

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<sup>3</sup> Delete in respect of Notes issued by MCFC or Mitsubishi.

<sup>4</sup> Delete in respect of Notes issued by MCF or Mitsubishi.

<sup>5</sup> Delete in respect of Notes issued by Mitsubishi.

consolidation, amalgamation, merger or reconstruction (including the establishment of a holding company) in which a continuing corporation effectively assumes all obligations of the Issuer [or the Guarantor]<sup>1</sup> under the Notes [or the Guarantee]<sup>1</sup>, as the case may be, or the terms whereof have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the holders of the Notes; or

- (v) the Issuer stops payment (within the meaning of Japanese, UK, Singapore or any other applicable bankruptcy law) or (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction (including the establishment of a holding company) as is referred to in sub-paragraph (iv) above) ceases or through an official action of its Board of Directors threatens to cease to carry on business [or is unable to pay its debts as and when they fall due]<sup>5</sup>; or
- (vi) [the Guarantor stops payment (within the meaning of Japanese or any other applicable bankruptcy law) or (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction (including the establishment of a holding company) as is referred to in sub-paragraph (iv) above) ceases or through an official action of its Board of Directors threatens to cease to carry on business; or]<sup>1</sup>
- (vii) if an encumbrancer takes possession or a trustee, administrator or receiver is appointed of the whole or substantially the whole of the assets or undertaking of the Issuer [or the Guarantor]<sup>1</sup> and is not removed, discharged or paid out within 30 days; or
- (viii) a decree or order by a court having jurisdiction shall have been entered, adjudging the Issuer [or the Guarantor]<sup>1</sup> bankrupt or insolvent under any applicable bankruptcy, composition, reorganisation or insolvency law and such decree or order is not discharged or stayed within a period of 60 days; or
- (ix) if the Issuer [or the Guarantor]<sup>1</sup> initiates or consents to proceedings relating to itself under any applicable bankruptcy, composition, reorganisation or insolvency law or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors; [or]<sup>1</sup>
- (x) [the Guarantee is modified or amended in a manner which is materially adverse to the interests of the Noteholders or is terminated or ceases to be, is claimed by the Issuer or the Guarantor not to be, in full force and effect]<sup>1</sup>;

then any Noteholder for the time being may, by written notice given to the Agent at its specified office, effective on the 7th day following the date of receipt thereof by the Agent (the “effective date” for such notice), declare the Early Redemption Amount (as described in Condition 4(e)), together with accrued interest (if any) to the date of repayment to be forthwith due and payable, whereupon the same shall become forthwith due and payable, without presentment, demand, protest or other notice of any kind unless such Event of Default shall have been cured prior to such effective date.

## **8. Prescription**

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of 10 years, and claims for payment of interest (if any) in respect of the Notes shall be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 6) thereof, subject to the provisions of Condition 5. 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 8 or Condition 5 above.

## **9. Replacement of Notes, Coupons, Receipts and Talons**

If any Note (including any Global Note), Receipt, Coupon or Talon is mutilated, defaced, stolen, destroyed or lost it may be replaced at the specified office of the Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may

reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **10. Meetings of Noteholders and Modification**

The Agency Agreement contains provisions for convening meetings of Noteholders (or the holders of Notes of any one or more Series) to consider matters affecting their interests, including modifications by Extraordinary Resolution of the terms and conditions of the Notes (or the Notes of any one or more Series). The quorum for any meeting convened to consider a resolution proposed as an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series) whatever the nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding so held or represented, except that at any meeting, the business of which includes, *inter alia*, (i) modification of the Maturity Date of the Notes (or, as the case may be, the Notes of the relevant one or more Series) or reduction or cancellation of the amount payable upon maturity, (ii) reduction of the amount payable or modification of the payment date in respect of any interest in respect of the Notes (or, as the case may be, the Notes of the relevant one or more Series) or variation of the method of calculating the rate of interest in respect of the Notes (or, as the case may be, the Notes of the relevant one or more Series), (iii) reduction of any Minimum Interest Rate and/or Maximum Interest Rate, (iv) modification of the currency in which payments under the Notes (or, as the case may be, the Notes of the relevant one or more Series) and/or the Coupons appertaining thereto are to be made, (v) modification of the majority required to pass an Extraordinary Resolution or (vi) modification of the provisions of the Agency Agreement concerning this exception, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding. Any resolution duly passed at any such meeting will be binding on all Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series) (whether or not they are present at such meeting), and on all Receiptholders and Couponholders relating to the relevant Notes.

The Agent may agree, without the consent of the Noteholders, Receiptholders or Couponholders (or, as the case may be, the holders of Notes, Receipts or Coupons of the relevant one or more Series), to any modification to any of the provisions of the Agency Agreement or the Notes which is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on all the Noteholders, Receiptholders and Couponholders (or, as the case may be, the holders of the Notes, Receipts or Coupons of the relevant one or more Series) and, if the Agent so requires, shall be notified to the Noteholders (or, as the case may be, the holders of the Notes of the relevant one or more Series) as soon as practicable thereafter in accordance with Condition 11.

## **11. Notices**

All notices regarding Bearer Notes will be valid if published in one leading London daily newspaper (which is expected to be the *Financial Times*) or, if this is not practicable, one other English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any notice published as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Notes in accordance with this Condition.

All notices regarding Registered Notes will be valid if sent by (first class) mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of the stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

Until such time as any Definitive Notes are issued, there may, so long as all the Global Notes for this Series are held in their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted, in relation only to such Series, for such publication as aforesaid, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg or such shorter period as is specified in the [Final Terms]<sup>\*</sup> [Pricing Supplement]<sup>\*\*</sup>.

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

## **12. Agents**

In acting under the Agency Agreement, the Agent, the Paying Agent(s), the Registrar and the Transfer Agent(s) will act solely as agents of the Issuer [and the Guarantor]<sup>1</sup> and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions for the indemnification of the Paying Agents and the Transfer Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer[, the Guarantor]<sup>1</sup> and any of its/[the Guarantor's]<sup>1</sup> subsidiaries without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

## **13. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer [or the Guarantor]<sup>1</sup> or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer [or the Guarantor]<sup>1</sup> shall only constitute a discharge to the Issuer [or the Guarantor, as the case may be]<sup>1</sup>, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer[, failing whom, the Guarantor]<sup>1</sup> shall indemnify it against any loss sustained by it as a result. In any event, the Issuer[, failing whom, the Guarantor]<sup>1</sup> shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's [or the Guarantor's]<sup>1</sup> other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or

Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

#### **14. Further Issues**

The Issuer is at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

#### **15. 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.

#### **16. Governing Law and Jurisdiction**

##### **(a) Governing Law**

The Notes, the Receipts, the Coupons, the Talons, the Agency Agreement[, the Guarantee]<sup>1</sup> and the Deed of Covenant and any non-contractual obligations arising out of or in connection with any of the above shall be governed by, and construed in accordance with, English law.

##### **(b) Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“Proceedings”) may be brought in such courts. The Issuer [and the Guarantor]<sup>1</sup> irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. The submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

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

Each of Mitsubishi (as Issuer and as Guarantor) and MCFC (as Issuer) irrevocably appoints MCF at its registered office, for the time being in England (being at the date hereof, 8<sup>th</sup> Floor, Mid City Place, 71 High Holborn, London WC1V 6BA) as their agent for service of process. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by Mitsubishi or MCFC (as the case may be)). Each of Mitsubishi and MCFC undertakes that, in the event of MCF ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings and shall immediately notify Noteholders of such appointment. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.



## BUSINESS - MITSUBISHI CORPORATION

### Overview

Mitsubishi, established in Tokyo, Japan on 1 July 1954, is Japan's largest general trading company (*sogo shosha*) in terms of market capitalisation, with the Group's operations in over 200 locations in approximately 90 countries around the world, including Japan, with seven business groups and more than 600 subsidiaries and affiliates. Mitsubishi's principal offices are located at Mitsubishi Shoji Building, 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8086, Japan (telephone number: +81-3-3210-2121) and 21-34 Floor, Marunouchi Park Building, 6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8086, Japan (telephone number: +81-3-3210-2121). Mitsubishi was incorporated for an indefinite period with registration number 0199-01-008771 and operates under the laws of Japan.

The following summarises the business of the seven business groups of the Group:

- **Global Environmental & Infrastructure Business Group** engages in power generation, water and transportation projects, plus industrial infrastructure business in each of these key sectors. The Group also handles lithium-ion batteries for use in electric vehicles and industry, Energy Service Company operations, and other environmental businesses.
- **Industrial Finance, Logistics & Development Group** is developing industrial finance businesses, including asset management, infrastructure related finance, private equity investment, leasing, real estate development, and logistics services.
- **Energy Business Group**, in addition to developing and investing in oil and gas projects, conducts trading activities in areas such as crude oil, petroleum products, liquefied petroleum gas ("LPG"), LNG and carbon materials and products.
- **Metals Group** handles a wide range of steel products, ferrous raw materials, and non-ferrous metals. Forging a strong value chain from upstream raw materials to downstream products, the group is focusing on trade and investments to develop its diverse business.
- **Machinery Group** is involved in trading, investment, financing and distribution in four key domains: industrial machinery, shipping, defence and aerospace, and motor vehicles.
- **Chemicals Group** is developing trade and investment businesses in a broad scope of industries, involving commodity chemicals, functional chemicals and the life science field.
- **Living Essentials Group** provides products and services, develops businesses, and invests in various fields that directly impact quality of life. Covering everything from the procurement of raw materials to the delivery of goods to consumer markets, these operations include foods, textiles, daily necessities, healthcare, distribution and retail.

As well as the business groups above, in 2010, the Group restructured the Corporate Development Section, which was first established in April 2009 to promote activities such as planning and execution of company-wide, medium- to long-term growth strategies, follow-up on the development of cutting-edge technologies and provide support for the development-related operations of each business group. The Group operates a separate Business Service Group that coordinates the Group's companywide IT strategies, covering everything from individual business strategies to planning, development, and administration. The Business Service Group's services provide vital IT support for the Group's business.

### History

*From foundation to 1970s:* In 1954, Mitsubishi Shoji was founded, and was listed that same year on both the Tokyo and Osaka stock exchanges. In 1967, the Group announced its first management plan, and in

1968, in response to its expanding organisations and businesses, introduced its Business Division System. Also that year, the Group committed to a large project in Brunei to develop LNG. This was its first large-scale investment and was undertaken to help secure a stable supply of energy to Japan. Not content with conducting trade-based activities only, the Group began to expand its development and investment-based businesses on a global scale, as evidenced by an iron-ore and metallurgical coal projects in Australia and Canada, and a salt field business in Mexico. In 1971, Mitsubishi made “Mitsubishi Corporation” its official English name. Two years later, in 1973, the Group established what was ultimately to become its corporate social responsibility (“CSR”) and Environmental Affairs Office, clarifying a firm commitment to CSR.

**The 1980s:** As a result of the oil crisis in the late 1970s, the Group was required to construct new systems in order to generate profits. The Group began streamlining its established business procedures and developing more efficient operations. In 1986, the Group introduced a new policy, shifting its focus from operating transactions to profits. That same year a new management plan was drawn up. The “K-PLAN” placed emphasis on rebuilding commercial rights, selecting key business domains and developing high “value-added” functions. In 1989, Mitsubishi was listed on the London Stock Exchange.

**The 1990s:** With the 1990s came accelerated globalisation and, in 1992, the Group announced a new management policy, namely to re-establish the company as a “Sound, Global Enterprise”. The Group began placing greater focus on its consolidated operations and increasing the value of its assets. More efforts were made to globalise the Group’s operations and its people. Amid uncertainty about Japan’s financial system the Group established “MC2000” in 1998. The aim of this new management plan was “Self-reform for the 21st Century”. MC2000 introduced a “Select & Focus” approach to business, strengthened strategic fields and emphasised customer-oriented policies. The new plan was instrumental in shoring up the Group’s foundations and paving the way for a prosperous future.

**Into the New Millennium:** In 2001, the Group updated its management plan in response to a growing global economy. “MC2003” came with a new theme: “Driven to Create Value”. The new plan introduced an aggressive new blueprint for growth, involving an expansion of the Group’s value chains, a strengthening of its profitability, and focused strategies to create new businesses. In the same year, the Business Unit System was introduced, which clarified the strategic mission of each of its businesses, the smallest units for organisational control and earnings management. Meanwhile, a new standard, Mitsubishi Corporation Value Added, was adopted to make performance evaluation more relevant, and the Group’s business portfolio was reshaped to allocate management resources more appropriately. In 2004, “INNOVATION 2007” was unveiled. This new management plan sought to establish the Group as a “New Industry Innovator”, with an aim to open up a new era and grow hand in hand with society. In July 2010, the Group announced a new management plan, “Midterm Corporate Strategy 2012”, which sought to strengthen the Group’s management platform based on a diversification of business models. Then, in May 2013, the Group released a new corporate strategy “New Strategic Direction – Charting a new path toward sustainable growth”.

## **Strategy**

In May 2013, the Group announced its new corporate strategy, “New Strategic Direction—Charting a new path toward sustainable growth”, which looks to where the Group envisages itself in 2020 and centres around the value of the Group as a “*sogo shosha*”, a unique business model that comprises both resource and non-resource businesses. The Group’s key strategic initiatives can be summarised as follows:

**“Future pull” approach:** In terms of the time horizon, with the Group’s business models and external business environment changing dynamically, the Group has shifted from a conventional midterm management plan approach, one that centred on a three-year financial target, to formulating strategy with a longer-term perspective. The Group’s vision is to double its business by 2020 by building a diversified but focused portfolio. In particular, the Group aims to proactively reshape its portfolio in order to win against competition on a global scale, accelerate divestments selectively and free up capital for new investments, increase its focus on financial discipline and introduce a two-staged dividend policy with a base and a variable portion in order to provide a stable dividend to shareholders regardless of changes in the business environment.

*Clear portfolio strategy:* In order to optimize the Group’s portfolio, the Group has introduced the concept of “business sub segments”. This move is geared toward making the evaluation of businesses easier and achieving improved transparency of business strategies. This does not only mean divesting underperforming assets. It also extends to selecting and strengthening “winning businesses” using return on equity, size of earnings and growth potential as the three main criteria. In accordance with this concept, the Group will divest non-core and marginal businesses and assets that have reached their potential. In this way, the Group will narrow down business sub-segments and focus business resources on multiple “winning businesses”, with the aim of achieving the Group’s portfolio vision by 2020. In particular, in the resource businesses, the Group aims to develop core assets in the project pipeline, centred on coking coal, copper, LNG and shale gas and in the non-resources business, pursue investment opportunities in automotive, foods, retail, power generation, life science, shale gas downstream and asset managements.

*Maintaining financial discipline:* In order to maximize the Group’s corporate value, the Group plans to continue investing under the New Strategic Direction vision at a rate in line with the past three years. Such investments will be funded by reshaping the Group’s asset portfolio through divestments and generating profits from operations. In addition, by actively taking the benefits of past investments, the Group aims to increase earnings and generate positive free cash flow again.

*Capture growth opportunities in Asia:* The Group intends to target growth opportunities in Asia. In particular, the Group’s market strategy calls for acceleration of global business development by leveraging a shift towards Asian markets, which are gaining greater international presence not only as resource rich and industrial nations, but as consumer markets as well. The Group’s core objective is to ensure sustainable growth by capturing growth in Asia. This will entail securing global supply sources to meet increasing demand for raw materials and other commodities in Asia, where relatively strong growth is expected, and establishing a local presence within the region, through mergers, acquisitions, strategic alliances, and other proactive initiatives.

### **Group “Value Chain”**

The Group has established strong relations with its customers through its operational history and has obtained intangible assets and expertise in many industries including, market and industry information, know-how and valuable human networks. The Group draws on these intangible assets and this expertise to execute a “value chain strategy”, through which the Group is shifting from a low-risk, low-return sales intermediary to a global business enterprise running whole businesses within the Group structure, generating higher returns. A value chain refers to a sequence of processes in which value is added at each stage of the life of Group products starting from development, procurement and production stages to sales, delivery and after-sales services. As part of the value chain strategy, the Group will look to take on the role of managing the value chain, and will also assist in the creation of value for its business partners through personnel and management support, product sales and marketing, support services for business process reform as well as the supply of products at competitive prices.

### **Operations**

The Group divides its operations into the following seven business groups: (i) Global Environmental & Infrastructure Business Group, (ii) Industrial Finance, Logistics & Development Group, (iii) Energy Business Group, (iv) Metals Group, (v) Machinery Group, (vi) Chemicals Group, and (vii) Living Essentials Group. The table below provides an overview of the products and services of the seven business groups:

<b>Business Group</b>	<b>Division</b>	<b>Overview of products and services</b>
Global Environmental & Infrastructure Group	• Environmental Business Division	<ul style="list-style-type: none"> <li>• Manufacturing and sale of lithium-ion batteries and neodymium magnets</li> <li>• Energy service company operations</li> <li>• District heat supply</li> </ul>

<b>Business Group</b>	<b>Division</b>	<b>Overview of products and services</b>
		<ul style="list-style-type: none"> <li>Engaging in smart community development</li> <li>Emissions trading and other operations</li> </ul>
	<ul style="list-style-type: none"> <li>New Energy &amp; Power Generation Division</li> </ul>	<ul style="list-style-type: none"> <li>Conducting power generation in Japan and overseas</li> <li>Engaging in onsite power generation and overseas power transmission</li> <li>Exporting power generation and transmission equipment</li> </ul>
	<ul style="list-style-type: none"> <li>Infrastructure Business Division</li> </ul>	<ul style="list-style-type: none"> <li>Engaging in engineering and facilities management in the water and sewage and desalination fields</li> <li>Railway, harbour and airport operations</li> <li>Petroleum, gas and petrochemical equipment</li> <li>Steel, non-ferrous metals and cement plant equipment</li> </ul>
Industrial Finance, Logistics & Development Group	<ul style="list-style-type: none"> <li>Asset Management Business Division</li> <li>Industrial Finance Division</li> <li>Real Estate Development &amp; Construction Division</li> <li>Logistics Division</li> </ul>	<ul style="list-style-type: none"> <li>Asset management for real estate investment funds and related finance business</li> <li>Conducting other asset management businesses</li> <li>Infrastructure-related finance business</li> <li>Private equity investment business</li> <li>Conducting general leasing business in Japan and overseas, including automobiles</li> <li>Engaging in airline-related business including leasing of aircraft and aircraft engines</li> <li>Conducting real estate development</li> <li>Providing construction/real estate solutions</li> <li>International intermodal transport</li> <li>Bulk carrier ownership and operations</li> <li>Solutions business for the logistics sector</li> <li>Logistics consulting services</li> </ul>
Energy Business Group	<ul style="list-style-type: none"> <li>E&amp;P Business Division</li> <li>Natural Gas Business Division</li> <li>Petroleum Business Division</li> </ul>	<ul style="list-style-type: none"> <li>Conducting oil and natural gas exploration, development, production and production (“E&amp;P”) operations</li> <li>Producing, liquefying and shipping LNG</li> <li>Trading in LNG</li> <li>Investing in shale gas assets</li> <li>Marketing crude oil and petroleum products</li> <li>Conducting petroleum refining</li> <li>Operating oil tankers and petroleum terminals</li> </ul>

<b>Business Group</b>	<b>Division</b>	<b>Overview of products and services</b>
Metals Group	<ul style="list-style-type: none"> <li>• Carbon &amp; LPG Business Division</li> </ul>	<ul style="list-style-type: none"> <li>• Operating fuel retailing business</li> <li>• Trading in carbon materials and products (including petroleum cokes, coal cokes, tar distillates and electrodes)</li> <li>• Trading in LPG</li> </ul>
	<ul style="list-style-type: none"> <li>• Steel Business Division</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in distribution and processing of steel products</li> <li>• Developing manufacturing operations for automobile parts and components</li> </ul>
	<ul style="list-style-type: none"> <li>• Mineral Resources Trading Division</li> </ul>	<ul style="list-style-type: none"> <li>• Developing strategies for mineral resources trading business</li> <li>• Providing services for hedging price fluctuation risk in mineral resources</li> </ul>
	<ul style="list-style-type: none"> <li>• Mineral Resources Investment Division</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in mineral resources and base metals, such as coking coal and thermal coal, iron ore, uranium, copper, aluminium, nickel, chrome and Platinum Group Metals (“PGM”)</li> </ul>
Machinery Group	<ul style="list-style-type: none"> <li>• Industrial Machinery Business Division</li> </ul>	<ul style="list-style-type: none"> <li>• Export, overseas transactions and maintenance business for elevators and escalators</li> <li>• Sales of industrial and agricultural machinery</li> <li>• Rental of construction machinery and sales of mining equipment</li> </ul>
	<ul style="list-style-type: none"> <li>• Ship &amp; Aerospace Division</li> </ul>	<ul style="list-style-type: none"> <li>• Transactions in ships, drillships, FPSOs/FSOs, marine equipment; finance; ship owning and management business</li> <li>• Space development and utilisation business and satellite imagery sales business</li> <li>• Trading of aircraft and aircraft engines, avionics and onboard equipment for the Japanese Ministry of Defence</li> </ul>
	<ul style="list-style-type: none"> <li>• Motor Vehicle Business Division</li> </ul>	<ul style="list-style-type: none"> <li>• Automobile exports (built-up vehicles, assembly parts and spare parts)</li> <li>• Overseas local production and sales business</li> <li>• Automobile financing business</li> </ul>
	<ul style="list-style-type: none"> <li>• Isuzu Business Division</li> </ul>	<ul style="list-style-type: none"> <li>• Overseas local production and sales business</li> <li>• Overseas automobile financing, after-sales servicing and other related business</li> <li>• Engaging in automobile exports from Thailand and Japan (built-up vehicles, assembly and spare parts)</li> </ul>
Chemicals Group	<ul style="list-style-type: none"> <li>• Commodity Chemicals Division A</li> </ul>	<ul style="list-style-type: none"> <li>• Trading and investment in raw materials for plastics and synthetic fibres, and commodities</li> </ul>

<b>Business Group</b>	<b>Division</b>	<b>Overview of products and services</b>
		such as salt and caustic soda, in the fields of petrochemicals and chlor-alkali
	<ul style="list-style-type: none"> <li>Commodity Chemicals Division B</li> </ul>	<ul style="list-style-type: none"> <li>Trading and investment in chemical commodities such as methanol, ethanol, ammonia, fertilizers and sulphur and sulphuric acid</li> </ul>
	<ul style="list-style-type: none"> <li>Functional Chemicals Division</li> </ul>	<ul style="list-style-type: none"> <li>Trading and investment in materials used in plastics and functional products, as well as parts and finished products</li> </ul>
	<ul style="list-style-type: none"> <li>Life Sciences Division</li> </ul>	<ul style="list-style-type: none"> <li>Engaging in food science, pharmaceutical and agrochemical business industries</li> </ul>
Living Essentials Group	<ul style="list-style-type: none"> <li>Global Consumer Business Division</li> </ul>	<ul style="list-style-type: none"> <li>Planning, execution and promotion of new businesses in emerging markets focusing on food and consumer goods with the aim of tapping into growth in emerging countries</li> <li>Developing food business in the UK and other European markets</li> </ul>
	<ul style="list-style-type: none"> <li>Living Essential Products Division</li> </ul>	<ul style="list-style-type: none"> <li>Supply of processed and chilled foods, confectionary, liquor, pet food, and other related products</li> <li>Paper-related business, including paper and paperboard, packaging materials, woodchips and pulp</li> <li>Manufacturing and sales of apparel, shoes, furniture, sundry goods, and other products</li> <li>Hospital related business, including medical equipment, supplies, and pharmaceuticals; nursing care equipment rental</li> <li>Tires, industrial rubber materials and other products</li> </ul>
	<ul style="list-style-type: none"> <li>Retail Division</li> </ul>	<ul style="list-style-type: none"> <li>Sales through convenience stores and supermarkets of daily necessities including food, apparel and household supplies</li> <li>Marketing services, sales promotion through point-based loyalty programs and media content, payment and settlement services</li> <li>Provision of information and content through media such as television, the internet and cellphones</li> </ul>
	<ul style="list-style-type: none"> <li>Living Essential Resources Division</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing of raw materials, manufacturing and consumer market sales of a wide range of food products, including grains, fresh produce, marine products, sweeteners and starches, oils and fats, feed, meats, beverage ingredients,</li> </ul>

<b>Business Group</b>	<b>Division</b>	<b>Overview of products and services</b>
		<p>and dairy products</p> <ul style="list-style-type: none"> <li>• Housing and construction materials, including cement, ready-mixed concrete, lumber, silica sand, and kaolin clay</li> <li>•</li> </ul>

### ***Global Environmental & Infrastructure Group***

The Global Environmental & Infrastructure Group mainly handles trade and related business operations in the power generation, water, transportation and backbone infrastructure sectors. The Global Environmental & Infrastructure Group also actively engages in renewable energy and emissions reduction businesses. The Global Environmental & Infrastructure Group is also involved in “smart community” projects and manufactures lithium-ion batteries.

Revenues and net income attributable to Mitsubishi generated from the Global Environmental & Infrastructure Group accounted for 0.38 per cent. and 4.56 per cent., respectively, of the Group’s total consolidated revenue and net income attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Global Environmental & Infrastructure Group accounted for 5.42 per cent. of the Group’s total assets.

The Global Environmental & Infrastructure Group is divided into the following business divisions:

#### ***Environmental Business Division***

This division aims to utilise finite resources optimally and create viable businesses out of them. These include comprehensive battery and electricity storage businesses focusing on lithium-ion batteries for vehicles, rooftop solar photovoltaic power generation and smart cities, neodymium magnets for electric vehicle motors (including development of rare earth resources for these magnets), the creation of viable new businesses for a low-carbon society and the provision of energy-conservation services, comprehensive energy services and emission reduction businesses.

#### ***New Energy & Power Generation Division***

This division aims to create environmental added-value while contributing to the building of electricity infrastructure. To this end, the division is involved in the trading of power generation and transmission plants and the development of power generation and transmission businesses in Japan and overseas. In addition, this division is exploring new business models such as electricity storage businesses.

#### ***Infrastructure Business Division***

This division assists customers in the social infrastructure and industrial infrastructure fields, specifically involving water infrastructure, transportation infrastructure (namely railways, ports and airports), resource and energy infrastructure for oil and gas on land and offshore and basic industry infrastructure for producing chemical products, steel products, cement and other products.

### ***Industrial Finance, Logistics & Development Group***

The Industrial Finance, Logistics & Development Group is engaged in developing industrial finance businesses, targeting real assets and businesses where it can leverage the Group’s expertise and networks as a global integrated business enterprise. The Industrial Finance, Logistics & Development Group provides comprehensive finance solutions in certain domains that are different from financial institutions, including asset management, infrastructure financing, corporate financing and leasing. In addition, the Industrial Finance, Logistics & Development Group provides solutions in construction and real estate development

focusing mainly on commercial facilities and urban development, condominium development and in the areas of logistics.

Revenues and net income attributable to Mitsubishi generated from the Industrial Finance, Logistics & Development Group accounted for 2.25 per cent. and 8.21 per cent., respectively, of the Group's total consolidated revenue and net income attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Industrial Finance, Logistics & Development Group accounted for 6.48 per cent. of the Group's total assets.

The Industrial Finance, Logistics & Development Group is divided into the following business divisions:

#### *Asset Management Business Division*

This division aims to provide capital to industry and real asset investment opportunities for investors by leveraging the Group's deep knowledge of industry and global network.

The Group's asset management subsidiaries manage real estate investment trusts, private real estate funds, and other real asset-related funds, and serve as placement agents for a variety of alternative financial products, including funds managed by the Group's affiliates. Additionally, other subsidiaries provide advisory services to investors. Furthermore, the Group often commits seed assets or seed capital for the funds its affiliates manage.

#### *Industrial Finance Division*

The Industrial Finance Division focuses on three main fields: (1) leasing, (2) infrastructure-related finance, and (3) buyout investment. The division provides risk capital to industry and varied investment opportunities to investors.

#### *Real Estate Development & Construction Division*

This division is engaged in real estate development and investment, condominium sales, urban development, construction projects and overseas real estate investment. It is focused on building an integrated value chain that extends from development to asset securitisation by adding finance to the development of diverse real estate assets in Japan and overseas, including commercial property, housing, office buildings and healthcare and multipurpose facilities.

#### *Logistics Division*

This division leverages its knowledge and experience to deliver value-added services that help customers create and improve their logistics operations in the areas of global logistics for products and bulk cargo transportation.

In the field of logistics for parts and products, this division covers a variety of services from procurement logistics to retail logistics in Japan and overseas. The division is engaged in the ship ownership and operation of car carriers, as well as warehousing and transportation and integrated international logistics services.

In the field of bulk cargo transportation, the division provides comprehensive bulk cargo logistics services. These include ownership and operation of an international shipping fleet for transporting coal, grains and other cargo, and terminal operations.

#### *Energy Business Group*

In addition to developing and investing in oil and gas projects, the Energy Business Group conducts trading activities in areas such as crude oil, petroleum products, LPG, LNG, petroleum coke, coal coke and carbon products. Based on information available to the Group and the Group's own estimates, the Group believes that its operations accounted for approximately 36 per cent. of the total volume of LNG imported into Japan by major Japanese trading companies during the financial year ended 31 March 2014.



Revenues and net income attributable to Mitsubishi generated from the Energy Business Group accounted for 24.7 per cent. and 32.81 per cent., respectively, of the Group's total consolidated revenue and net income attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Energy Business Group accounted for 15.49 per cent. of the Group's total assets.

The Energy Business Group is divided into the following energy divisions:

#### *E&P Business Division*

This division conducts the Group's oil and natural gas exploration, development and production (E&P) operations around the world through its three business departments covering different regions: Asia, Europe & Africa and the Americas.

The E&P business plays an important part in the value chain in the LNG and oil industry. This division aims to explore undeveloped resources and to achieve safe and stable production of finite oil and natural gas. The division conducts businesses worldwide, such as Angola, Gabon, the U.S. Gulf of Mexico, the U.K. North Sea, Indonesia and Venezuela.

#### *Natural Gas Business Division*

This division has strong capabilities in executing LNG projects based on experience gained over the years. This division continues to develop business across the whole of the natural gas and LNG value chain. The Group produces and liquefies natural gas and ships the resulting LNG from the world's main exporting countries and regions. The Group also functions as an LNG import agent for Japanese utilities.

#### *Petroleum Business Division*

This division is involved in the marketing of crude oil and petroleum, petroleum refining, the ownership and operation of oil tankers, the operation of petroleum terminals, sales of petroleum products to electric utilities, petrochemical and industrial firms, and in the operation of a fuel retailing business through service stations in Japan. This division is developing businesses in a wide range of domains in the midstream and downstream sectors of the petroleum value chain. The division is also engaged in petroleum products wholesaling and retailing businesses closely tied to local markets in the U.S. and Singapore.

#### *Carbon & LPG Business Division*

This division handles exports and imports as well as domestic and overseas trading for a broad range of carbon materials and products, including petroleum cokes, coal cokes, tar distillates, and electrodes for steelmaking and aluminium smelting, based on its close connections with the steel and aluminium sectors.

Through Astomos Energy Corporation, a leading operator of LPG carriers, this division imports LPG into Japan, sells LPG overseas and markets LPG in Japan through nationwide branches and domestic distributors. The division also began actively promoting the introduction of U.S.-produced LPG in an effort to ensure stable supplies and diversify supply sources.

#### ***Metals Group***

The Metals Group handles a wide range of commodities in ferrous raw materials, steel products and non-ferrous metals. The Metals Group also invests in metals raw materials such as coking coal, thermal coal, iron ore, copper, nickel and chrome. Primary markets for these products include industries such as iron and steel, non-ferrous metals, electricity and gas, metal products, machinery, electric equipment, automobiles and construction.

Based on information available to the Group and the Group's own estimates, the Group believes that its operations accounted for approximately 31 per cent. and 16 per cent. of the total volume of coking coal and thermal coal, respectively, imported into Japan by major Japanese trading companies during the calendar year ended 31 December 2013. In addition, based on the Group's own estimates, the Group believes that its operations accounted for approximately 17 per cent., 5 per cent. and 20 per cent. of the total volume of the

copper, iron ore and aluminium, respectively, imported into Japan by major Japanese trading companies during the calendar year ended 31 December 2013.

The steel products business is conducted by the Group's joint business investment with Sojitz Corporation (formerly Nissho Iwai Corporation) and Metal One Corporation, which began its operations in January 2003.

As part of its Metals Group, the Group has invested in coking coal operations based in Australia. To meet the demands of the Japanese steel industry for coking coal, the Group established an Australian subsidiary in 1968 and began sourcing coking coal from coalfields in the Bowen Basin in northeast Queensland, Australia. In 2001, the Group made further investment into this mining operation by entering into a joint venture arrangement with BHP Billiton Ltd. Based on information available to the Group and the Group's own estimates, the Group believes that this joint venture operation accounted for approximately one-third of the global seaborne trade in coking coal in 2009. Global raw steel output has increased over recent years, driven by the higher demand for steel generated by strong economic growth in China and other countries. Although global economic conditions have deteriorated in more recent periods, the Group currently anticipates that demand for coking coal will recover and increase. The Group is currently seeking to develop new mines and expand its existing interests to ensure that the Group's operations can respond to global demand.

Revenues and net income attributable to Mitsubishi generated from the Metals Group accounted for 11.43 per cent. and 2.22 per cent., respectively, of the Group's total consolidated revenue and net income attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Metals Group accounted for 29.58 per cent. of the Group's total assets.

The Metals Group is divided into the following business divisions:

#### *Steel Business Division*

The operations of this division include distribution and processing of steel products in general through Metal One Corporation. It is also expanding into businesses developing large-sized steel projects and investing in and operating manufacturing businesses such as automotive components.

#### *Mineral Resources Trading Division*

This division plays a central role in developing business strategies, including strategies for capturing demand in Asia and other growth markets. In addition, this division provides services for hedging price fluctuation risk through the London Metal Exchange (LME), supporting efforts to raise the Group's ability to respond to customers in the mineral resources trading business.

#### *Mineral Resources Investment Division*

This division invests in mineral resources in order to ensure a stable supply of raw materials for steelmaking and fuel for power generation, such as coal (coking coal and thermal coal), iron ore and uranium, to steel mills, electric power companies and other customers in countries around the world. In addition, the division actively invests in resource mine development to secure a stable supply of base metals, centred on copper, and also in the nonferrous metals business domain, including aluminium, nickel, chrome, and PGM. To this end, this division makes various investments to secure medium- to long-term resources.

#### *Machinery Group*

The Machinery Group handles a wide range of machinery in four key domains: industrial machinery, shipping, defence and aerospace, and motor vehicles. The Machinery Group handles products including machine tools, agricultural machinery, construction and mining equipment, elevators and escalators, ships, space-related equipment and automobiles.

Revenues and net income attributable to Mitsubishi generated from the Machinery Group accounted for 10.85 per cent. and 27.35 per cent., respectively, of the Group's total consolidated revenue and net income

attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Machinery Group accounted for 11.89 per cent. of the Group's total assets.

The Machinery Group is divided into the following business divisions:

#### *Industrial Machinery Business Division*

This division sells high-volume products such as construction and mining machinery, machine tools, agricultural machinery, and elevators and escalators, as well as to conduct related business investments. This division is taking the lead in exercising the Group's strengths and functions to provide various sales and services functions.

#### *Ship & Aerospace Division*

In the commercial vessel business, this division handles bulk carriers, tankers and other commercial vessels. This division also conducts trading and brokering transactions of newly built and second-hand ships as well as brokering charter agreements; and chartering of company-owned bulkers and other vessels all on a global basis.

In the offshore and gas carrier business, the division owns and operates floating production, storage and offloading systems (FPSO), makes loans for deep-water undersea oil field drilling vessels, conducts other offshore businesses and promotes the ownership and operation of LNG and LPG carriers.

In the aerospace and defence business, this division is engaged in the trading of defence-related equipment.

This division also conducts services business such as the processing and selling of imagery data taken by earth observation satellites.

#### *Motor Vehicle Business Division*

The Motor Vehicle Business Division is engaged in automobile-related businesses, including manufacturing, vehicle assembly, automobile sales and automobile financing in various countries around the world.

#### *Isuzu Business Division*

This division is engaged in production, sales, servicing and distribution of Isuzu-brand cars and parts, and sales financing and other associated operations. This division also exports pick-up trucks made in Thailand to overseas. This division is also working on developing automobile manufacturing and sales businesses for Isuzu-brand vehicles.

#### ***Chemicals Group***

The Chemicals Group operates in the fields of (i) commodity chemicals, which handles upstream operations dealing with raw materials, (ii) functional chemicals, which expands into downstream product areas including plastics, electronic materials and (iii) life science, which develops food science, pharmaceuticals and agrochemicals.

Principal markets include industries such as petrochemical, industrial chemical, energy, automobile, construction, paint and adhesives, electrical products and electronics, semiconductors, communications equipment, textiles, apparel, fertilizer and agricultural chemicals, agriculture and livestock, foods, pharmaceuticals and medical care and distribution.

Revenues and net income attributable to Mitsubishi generated from the Chemicals Group accounted for 19.19 per cent. and 6.00 per cent., respectively, of the Group's total consolidated revenue and net income attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Chemicals Group accounted for 6.34 per cent. of the Group's total assets.

The Chemicals Group is divided into the following business divisions:

#### *Commodity Chemicals Division A*

This division primarily trades and makes investments in raw materials for plastic and synthetic fibres, salts and caustic soda, among others, for the petrochemical field and chlor-alkali field.

#### *Commodity Chemicals Division B*

This division primarily trades and makes investments in chemical commodities such as methanol, ethanol, ammonia, chemical fertilisers and sulphur and sulphuric acid.

#### *Functional Chemicals Division*

This division is engaged in trading raw materials as well as investing in raw materials industries. Operations focus on raw materials used in plastics, functional materials, electronic materials, coating materials, food ingredients and medication and agrichemical-related products.

#### *Life Sciences Division*

This division is engaged in businesses related to cutting-edge chemicals used in many of the goods encountered in everyday life, including food materials, pharmaceutical- and agrichemical-related products, and biotechnology-related products.

#### ***Living Essentials Group***

Operations in the Living Essentials Group involve the trading of products including foods, clothing, paper, packaging materials, cement, construction materials and medical materials.

Revenues and net income attributable to Mitsubishi generated from the Living Essentials Group accounted for 30.82 per cent. and 16.37 per cent., respectively, of the Group's total consolidated revenue and net income attributable to Mitsubishi for the year ended 31 March 2014. As at 31 March 2014, the Living Essentials Group accounted for 16.74 per cent. of the Group's total assets.

The Living Essentials Group is divided into the following business divisions:

#### *Global Consumer Business Division*

This division aims at planning, execution, and promotion of new businesses in emerging markets across the Living Essentials Group and the UK and other growth markets.

#### *Retail Division*

This division handles a wide variety of products, from food and confectionary to fashion apparel and household supplies.

This division also manages retail and restaurant businesses, including a convenience store chain operator LAWSON, INC., a supermarket chain Life Corporation and a restaurant chain Kentucky Fried Chicken Japan Ltd. In addition, this division engages in offering point-based loyalty programmes including "Ponta" and payment and settlement services.

#### *Living Essential Products Division*

This division handles the supply of a wide range products and services to customers in Japan and overseas across five fields: (i) food distribution, including processed and chilled foods, confectionary, liquor, pet food and beverages; (ii) paper and packaging, including raw materials for paper (such as woodchips and pulp) and packaging materials; (iii) textiles, such as fabrics, fashion apparel, shoes and furniture; (iv) healthcare products, including medial equipment, pharmaceuticals and nursing care equipment; and (v) tires and industrial rubber materials.

#### *Living Essential Resources Division*

This division has three key areas of operations, carrying out the upstream sourcing of resources in the supply chain for the supply of daily necessities to consumers related to: (i) food, such as grains, rice, fresh

produce, marine products, sugar, oils, feed livestock products, beverage ingredients and dairy products; (ii) clothing, including textile materials; and (iii) housing and construction materials such as lumber, cement, ready-mixed concrete, concrete products, silica sand, kaolin and high performance fibres and materials for industrial use.

## **Funding**

The Group's policy concerning the procurement of funds to support business activities is to procure funds in a stable and cost-effective manner. For funding purposes, Mitsubishi selects and utilises, as needed, both direct financing, such as commercial paper and corporate bonds, and indirect financing, including bank loans. The Group seeks to use the most advantageous means and suitable terms, according to market conditions at the time.

Mitsubishi has a substantial amount of corporate bonds outstanding and the terms of these bonds do not impose any negative pledge obligations on Mitsubishi.

The Group has a group financing policy in which funds are raised principally by Mitsubishi, as well as domestic and overseas finance companies and certain overseas regional subsidiaries such as Mitsubishi International Corporation, Inc., and distributed to other subsidiaries through the Group's cash management system.

## **Risk Management**

In addition to managing risk on an individual project basis, risks are also assessed for the Group as a whole.

In order to manage the risks to which the Group's operations are generally exposed, the Group categorises the appropriate risks and has established particular departments designated to each type of risk to determine the policy, framework and procedures to manage the particular risk. The Group has identified in particular the following areas of risk with respect to its business: (i) credit risk, (ii) market risk, (iii) business investment risk and (iv) country risk.

### *Credit Risk Management*

Credit and transaction limits for each customer have been established and an internal rating system has been introduced. Based on internal rules determined by internal ratings and the amount of credit, the Group also hedges these risks by requiring collateral or a guarantee depending on the credit profile of the counterparty. The Group reduces transactions and takes measures to protect receivables when there is deterioration in the credit condition of customers. The Group also has policies in place for dealing with bankrupt customers and collecting receivables.

### *Market Risk Management*

The Group monitors various types of transactions (commodities, fixed assets, interest and foreign exchange) according to limits set for exposure, loss and term. The Group adopted a management system which sets out policies on the purchase, holding and disposal of listed shares based on strategic holding purposes or its profitability.

### *Business Investment Risk Management*

With respect to the management of business investment risk, in the case of new business investments, the Group clarifies the investment purpose, quantitatively analyses the downside risk of investments and evaluates whether the investment return exceeds the minimum expected rate of return, which is determined internally according to the extent of the risk. After investing, risk with respect to business investments is managed on an individual basis to achieve the investment goals set forth in the business plans that are formulated every year. Furthermore, exit rules are applied for the early sale of equity interests or the liquidation of the investee in order to efficiently replace assets in the portfolio.

### *Country Risk Management*

The Group takes appropriate risk hedging measures that involve, in principle, hedges via third parties through means such as taking out insurance, depending on the nature of the project. Furthermore, the Group has established a Country Risk Committee, pursuant to which specific country risks are managed through a country risk countermeasure system. The country risk countermeasure system adopted by the Group classifies countries into six categories based on risk money in terms of the sum total of the amount of investments, advances and guarantees, and the amount of trade receivables, net of hedges, as well as the creditworthiness of a country (the country rating). Country risk is controlled through the establishment of risk limits for each of the six identified categories.

In addition to the risk management above, to monitor market movements in interest rates and respond flexibly to market risks, the Group has established the ALM committee (as defined above). The ALM committee establishes the Group's funding procurement strategy and manages the risk of interest rate fluctuations on a Group-wide basis.

Also, the Group has established a Compliance Committee, which is headed by a Chief Compliance Officer who is at the forefront of the Group's efforts to raise awareness of compliance throughout the Group. The Chief Compliance Officer also directs and supervises compliance with laws and regulations on a Group-wide basis.

### **Competition**

The markets for many of the Group's products and services are highly competitive. In particular, the Group primarily competes with general trading companies in Japan, including Mitsui & Co., Ltd., Sumitomo Corporation and Itochu Corporation. These trading companies may have stronger relationships and associations with certain of the larger Japanese companies, may have greater financial and other resources and may be stronger in certain of the market segments in which the Group seeks to compete.

For many of its businesses, the Group is involved at all levels of the supply chain, in upstream transactions, midstream transactions and downstream transactions, and competes with companies (other than general trading companies in Japan) which are engaged in certain of the same businesses as the Group, but which are more concentrated in individual business segments. For example, the Metals Group competes with Japanese and non-Japanese metal companies in Japan and elsewhere.

The Group has a commitment to enter new businesses and take certain investment risks. In this regard, risk controls adopted by Mitsubishi are important to remain competitive.

### **Insurance**

The Group maintains a range of insurance policies which cover certain liability risks, including product liabilities, general liabilities in relation to movable property and certain liabilities related to Internet businesses. As is typical in Japan, the insurance policies maintained by the Group in Japan do not cover earthquake damages. Mitsubishi believes that the Group's insurance coverage is comparable to other companies with similar operations in Japan.

### **CSR**

The Group is promoting a wide range of environmental and CSR-focused activities that cover various fields and geographical regions in order to grow together with the communities that it works in and to help build a sustainable and prosperous society for the future. Greater expectations from society have motivated the Group to strengthen these efforts, and to further develop businesses aimed at sustainable growth and development.

### **Group Structure**

Mitsubishi is the parent of over 600 subsidiaries.

## **Material Contracts**

There are no material contracts which are not entered into in the ordinary course of Mitsubishi's business which might impact upon the Mitsubishi's ability to fulfil its obligations under the Notes as Issuer and the Guarantee as Guarantor.

## **Auditors**

Mitsubishi's auditors are Deloitte Touche Tohmatsu LLC, a member of JICPA (The Japanese Institute of Certified Public Accountants).

## **Management**

The Board of Directors of Mitsubishi determines the fundamental management policy and other important matters of management of Mitsubishi and supervises the performance of duties of the Directors. All Directors and Corporate Auditors are elected at the general meeting of shareholders. The normal term of office of a Director expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within one year after such Director's election although each Director may serve any number of consecutive years. The normal term of office of Corporate Auditors expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within four years after such Corporate Auditor's election although each Corporate Auditor may serve any number of consecutive years.

The Board of Directors elects from among its members Representative Directors, who have the authority individually to represent Mitsubishi. Under the Articles of Incorporation of Mitsubishi, the Board of Directors elects the Chairman of the Board of Directors. In addition, under the Articles of Incorporation of Mitsubishi, the Board of Directors appoints Executive Officers who carry out duties of Mitsubishi and elects the President and Chief Executive Officer and other senior Executive Officers from among the Executive Officers.

The Corporate Auditors are not required to be certified public accountants, but may not serve as directors or employees of Mitsubishi or any of its subsidiaries at the same time. In addition, not less than half of the Corporate Auditors must be outside Corporate Auditors who have never been directors or employees of Mitsubishi or any of its subsidiaries. Under the Articles of Incorporation of Mitsubishi, the Corporate Auditors are required to elect from among themselves full-time Corporate Auditors, among whom Senior Corporate Auditors shall be elected.

The Corporate Auditors have the statutory duty of supervising the administration of Mitsubishi's affairs by the Directors and also of examining the financial statements and business reports to be submitted by a Representative Director to general meetings of shareholders. The Corporate Auditors must attend meetings of the Board of Directors and express opinions thereat, if necessary, but they are not entitled to vote.

The Corporate Auditors constitute the Board of Corporate Auditors. The Board of Corporate Auditors has a statutory duty to prepare its audit report. The Board of Corporate Auditors is empowered to establish audit principles, the method of examination by Corporate Auditors of Mitsubishi's affairs and the financial position and other matters concerning the performance of the Corporate Auditors' duties.

Mitsubishi must appoint, by a resolution of a general meeting of shareholders, an independent auditor in addition to Corporate Auditors. Such independent auditor has the statutory duty of examining the financial statements, prepared in accordance with the Companies Act, to be submitted by a Representative Director to general meetings of shareholders and reporting its opinion thereon to the relevant Corporate Auditors and the relevant Directors, and examining the financial statements to be included in periodic reports to be filed by Mitsubishi with the Director of the Kanto Local Finance Bureau. Currently, Mitsubishi's independent auditors are Deloitte Touche Tohmatsu LLC.

In addition, under the Securities Listing Regulations of the Tokyo Stock Exchange, companies listed on the Tokyo Stock Exchange, including Mitsubishi, are required to have at least one independent officer. Such independent officer is required to be an outside director or outside corporate auditor (as defined under the Companies Act) who is unlikely to have conflicts of interest with shareholders of the relevant company.

### **The names of the Directors and Corporate Auditors**

<b>Name</b>	<b>Title</b>
Yorihiko Kojima	Chairman of the Board
Ken Kobayashi	President, Chief Executive Officer and Representative Director
Hideto Nakahara	Senior Executive Vice President and Member of the Board
Jun Yanai	Senior Executive Vice President, Representative Director and Member of the Board
Jun Kinukawa	Senior Executive Vice President, Representative Director and Member of the Board
Takahisa Miyauchi	Senior Executive Vice President, Representative Director and Member of the Board
Shuma Uchino	Executive Vice President, Chief Financial Officer, Representative Director and Member of the Board
Kazuyuki Mori	Executive Vice President and Member of the Board
Yasuhito Hirota	Executive Vice President and Member of the Board
Kunio Ito	Outside Director
Kazuo Tsukuda	Outside Director
Ryozo Kato	Outside Director
Hidehiro Konno	Outside Director
Sakie T. Fukushima	Outside Director
Hideyuki Nabeshima	Senior Corporate Auditor
Osamu Noma	Corporate Auditor
Eiko Tsujiyama	Outside Corporate Auditor
Hideyo Ishino	Outside Corporate Auditor
Tadashi Kunihiro	Outside Corporate Auditor

The current business address of each of the Directors is, 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan.

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



As at the date of this Offering Circular, there were no outstanding loans granted by Mitsubishi to the Directors or any guarantees provided by Mitsubishi for their benefit.

The Articles of Incorporation of Mitsubishi provide that Mitsubishi may enter into liability limitation contracts with any of its Outside Directors and Outside Corporate Auditors in order to limit the maximum amount of such damages to the higher of the predetermined amount which is not less than ¥10 million or the amount provided by applicable laws and regulations.

## **BUSINESS - MITSUBISHI CORPORATION FINANCE PLC**

### **Overview**

MCF is a wholly-owned subsidiary of Mitsubishi, one of Japan's foremost general trading companies, and acts as its financial "flagship" in the international capital and money markets. MCF was incorporated in England on 20 November 1984 with registration number 1865061 and operates as a public limited company under the Companies Act 1985 of England and Wales and is now one of Mitsubishi's largest subsidiaries, in terms of assets under management, which exceeds U.S.\$3.7 billion as at 30 September 2014.

As a result of the experience gained from undertaking a sophisticated treasury function based in London, MCF has been able to play a pioneering role as a financial subsidiary of a Japanese industrial trading company.

The registered office of MCF is currently at Mid City Place, 71 High Holborn, London WC1V 6BA (Telephone: +44 20 7025 3400).

### **Directors**

The following are the names and functions of the directors of MCF:

<i>Name</i>	<i>Function</i>
Shunichiro Kimpara	Chairman
Kazuyoshi Kawakami	Director
Haruki Hayashi	Director

The business address of Shunichiro Kimpara is 12th Floor, Mitsubishi Corporation Building, 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan. The business address of Haruki Hayashi and Kazuyoshi Kawakami is Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom.

There are no potential conflicts of interest between the duties to MCF of the persons listed in this section and their private interests or other duties.

## **BUSINESS – MC FINANCE & CONSULTING ASIA PTE. LTD.**

### **Overview**

MCFC is a wholly-owned subsidiary of Mitsubishi, and acts as its financing arm for the group of companies within the Group. MCFC raises its funding either from related corporations or affiliates within the Group or external parties to finance the activities of the Group.

MCFC was incorporated in the Republic of Singapore on 20 August 2003 with UEN/company registration number 200308070H and operates as a private limited company under the Companies Act, Chapter 50 of Singapore.

The head office of MCFC is currently at 1 Temasek Avenue, #15-04, Millenia Tower, Singapore 039192 (Telephone: +65 6-434-4314).

### **Directors**

The following are the names and functions of the directors of MCFC:

<i>Name</i>	<i>Function</i>
Takashi Sakazaki	Managing Director
Shunichiro Kimpara	Director
Kenji Takahashi	Director

The business address of Takashi Sakazaki is 1 Temasek Avenue, #15-04, Millenia Tower, Singapore 039192. The business address of Shunichiro Kimpara is 3-1 Marunouchi 2-chome, Chiyoda-ku Tokyo 100-8086 Japan. The business address of Kenji Takahashi is 1 Temasek Avenue, #19-00, Millenia Tower, Singapore 039192.

There are no potential conflicts of interest between the duties to MCFC of the persons listed in this section and their private interests or other duties.

## **USE OF PROCEEDS**

The net proceeds from the sale of the Notes will be used for the general corporate purposes of the relevant Issuer.

## TAXATION

### General

The discussion of taxation in this section is only an indication of certain tax implications under the laws of those jurisdictions as they may affect investors. It does not necessarily apply where the income is deemed for tax purposes to be the income of any other person. It applies only to persons who are beneficial owners of Notes and may not apply to certain classes of person (such as dealers). The Issuers and the Guarantor make no representations as to the completeness of the information nor undertake any liability of whatsoever nature for the tax implications for investors.

**Potential investors are strongly advised to consult their professional advisers on the tax implications of investing in Notes.**

### United Kingdom

#### *Notes issued by Mitsubishi and MCFC*

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) and are not intended to be exhaustive. They assume that neither Mitsubishi nor MCFC is UK resident nor acts through a permanent establishment in the United Kingdom in relation to the Notes issued by it. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. On the basis that interest on the Notes issued by Mitsubishi or MCFC are not expected to have a United Kingdom source, there should be no United Kingdom withholding tax on payments of interest in respect of such Notes. HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include the value of the Notes, details of the holders or beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via ) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

#### *Notes issued by MCF*

The comments below, which are of a general nature and are based on current United Kingdom law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), describe only the United Kingdom withholding tax treatment of payments of principal and interest by MCF in respect of the Notes issued by MCF, on the basis that interest on the Notes issued by MCF are expected to have a United Kingdom source. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes issued by MCF. The comments relate to the position of persons (other than dealers or persons connected with MCF) who are the absolute beneficial owners of their Notes issued by MCF and related Coupons. The United Kingdom tax treatment of prospective holders of Notes issued by MCF depends on their individual circumstances and may be subject to change in the future. Prospective holders of Notes issued by MCF who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

1. The Notes issued by MCF will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the “Tax Act”) provided they carry a right to interest, and are listed on a “recognised stock exchange” within the meaning of section 1005 of the Tax Act. The

London Stock Exchange is a recognised stock exchange for this purpose. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Payments by MCF of interest on Notes issued by them which constitute “quoted Eurobonds” can be made without withholding or deduction for or on account of income tax by virtue of section 882 of the Tax Act.

Interest on the Notes issued by MCF may also be paid by MCF without withholding or deduction for or on account of United Kingdom tax where at the time the interest is paid, MCF reasonably believes that the person beneficially entitled to the income is a United Kingdom resident company or a non-United Kingdom resident company within the charge to United Kingdom corporation tax as regards the payment of interest or falls within a list of specified entities and bodies, provided that HM Revenue & Customs has not given a direction that this exemption shall not apply, having reasonable grounds for believing the conditions for this exemption will not be met at the time the payment is made.

Interest on the Notes issued by MCF may also be paid by MCF without withholding or deduction for or on account of United Kingdom tax where the maturity of such Notes is less than 365 days (and the Notes are not issued with the intention, or under a scheme or arrangement the effect of which is, that such Notes form part of a borrowing with a total term of 365 days or more).

In all other cases an amount must generally be withheld from payments by MCF of interest on the Notes issued by MCF on account of income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or any direction to the contrary by HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

2. Payments of interest in respect of Notes issued by MCF have a United Kingdom source and accordingly may be chargeable to United Kingdom income tax by direct assessment irrespective of the residence of the holder of such Notes. However, interest received without deduction or withholding will not be chargeable to United Kingdom tax in the hands of a holder of such Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that holder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which such Notes are attributable (or, in the case of a corporate holder of Notes issued by MCF, carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain types of agent in certain specified circumstances (for example brokers and investment managers).

Exemption from or reduction of such United Kingdom tax liability in relation to the Notes issued by MCF might be available under an applicable double taxation treaty.

3. HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include the value of the Notes, details of the holders or beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and document in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via ) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain

registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

4. If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to United Kingdom withholding tax at the basic rate subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

## **EU Directive on the Taxation of Savings Income**

Under the Savings Directive, Member States of the European Union are required to provide to the tax authorities of other Member States of the European Union details of payments of interest and other similar income paid by a person within its jurisdiction to (or for the benefit of) an individual resident or to certain other types of entity established in another Member State of the European Union. However, for a transitional period, Luxembourg and Austria will instead impose (unless during that period they elect otherwise) a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January, 2015.

A number of non-EU countries and territories (including Switzerland) have adopted similar measures to the Savings Directive (a withholding system in the case of Switzerland).

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

**Investors who are in any doubt as to their position should consult their professional advisers.**

## **Japan**

*Notes issued by Mitsubishi*

Payment of interest on the Notes paid up to and including 31 December 2015 to an individual resident of Japan or a Japanese corporation (except for a financial institution or a financial instruments business operator designated by the Cabinet Order which has complied with the requirements under Article 6 of the Act on Special Taxation Measures) or an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes (a “non-resident holder”) that, in either case, is a party having a special relationship (as described in Article 3-2-2, Paragraphs (5) through (7) of the Cabinet Order) with Mitsubishi (the “specially-related party of Mitsubishi”) will be subject to Japanese income tax at a rate of 15 per cent. (an additional 0.315 per cent. will be added thereto as special income surtax for reconstruction) of the amount specified in sub-paragraphs (a) or (b) below, as applicable:

- (a) if interest is paid to an individual resident of Japan or a Japanese corporation or to a non-resident holder who or which is a specially-related party of Mitsubishi (except as provided in sub-paragraph (b) below), the amount of such interest; or
- (b) if interest is paid to a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator (which has complied with the Japanese tax exemption requirements) through its payment handling agent in Japan as provided in Article 3-3, Paragraph (6) of the Act on Special Taxation Measures, the amount of such interest minus the amount provided in the Cabinet Order relating to said Paragraph (6).

With respect to payment of interest on the Notes paid on or after 1 January 2016, sub-paragraphs (c) and (d) below are applicable:

- (c) if interest is paid to an individual resident of Japan or a Japanese corporation not described in sub-paragraph (d) below, or to a non-resident holder that is a specially-related party of Mitsubishi (except as provided in sub-paragraph (d) below), the amount of such interest will be subject to Japanese income tax at a rate of 15 per cent. (for the period up to and including 31 December 2037, an additional 0.315 per cent. is added thereto as special income surtax for reconstruction), provided that a non-resident holder having a permanent establishment in Japan that is a specially-related party of Mitsubishi (except as provided in sub-paragraph (d) below), either of whom meets certain requirements, although initially subject to such Japanese income tax, will ultimately be subject to Japanese income tax on income calculated by offsetting certain capital losses against certain incomes, including such interest, at a rate of 15 per cent. (for the period up to and including 31 December 2037, an additional 0.315 per cent. is added thereto as special income surtax for reconstruction); and
- (d) if interest is paid (i) to a designated financial institution which has complied with the requirement under the Act on Special Taxation Measures or (ii) to a Japanese public corporation, a Japanese financial institution, a Japanese financial instruments business operator or certain other entities through a Japanese payment handling agent as provided in Article 3-3, Paragraph (6) of the Act on Special Taxation Measures in compliance with the requirement for tax exemption under that paragraph, the amount of such interest will not be subject to Japanese income tax.

Payment of interest on the Notes outside Japan by Mitsubishi or a Paying Agent to a beneficial owner of the Notes who is a non-resident holder will not be subject to Japanese withholding tax, except for the following cases:

- (i) the amount of interest on the Notes is calculated or determined on the basis of or by reference to certain indicators including the amount of profit, income, earnings, revenue, assets and distribution of surplus, distribution of profit and other similar distributions of Mitsubishi or any specially related parties of Mitsubishi as provided in Article 3-2-2 of the Cabinet Order;
- (ii) the recipient of interest on the Notes is a specially-related party of Mitsubishi; or
- (iii) the recipient of interest on the Notes has a permanent establishment in Japan and such interest is attributable to a business in Japan of such recipient; provided, however, that if the recipient of interest on the Notes has submitted a claim for exemption from Japanese withholding tax (*hikazei tekiyo shinkokusho*) provided under the Act on Special Taxation Measures and such recipient is not a specially-related party of Mitsubishi, the provisions for withholding tax under Japanese income tax law are not applicable to such interest,

provided that such beneficial owner of the Notes complies with procedures for establishing its status as a non-resident holder in accordance with the requirements under the Act on Special Taxation Measures.



If the recipient of any difference between the issue price of Notes and the amount which the holder receives upon redemption of such Note, defined in Article 41-13 of the Act on Special Taxation Measures as issue differential (the “Issue Differential”), is a non-resident holder with no permanent establishment in Japan that is not a specially-related party of Mitsubishi, no Japanese income or corporation taxes will be payable with respect to the Issue Differential. If the receipt of the Issue Differential is attributable to the business carried on in Japan by a non-resident holder through a permanent establishment maintained by it in Japan and in certain other cases provided by the Cabinet Order, however, the Issue Differential will be subject to Japanese income or corporation taxes.

The reference in the preceding paragraph to the Issue Differential will be replaced with the redemption premium, which is the difference between the acquisition cost of Notes and the amount received by the holder upon redemption of such Notes, from and including 1 January 2016.

Under current Japanese tax law, any excess amount of the redemption price over the issue price of any Zero Coupon Notes issued by Mitsubishi will be subject to Japanese income tax at the rate of 18 per cent. (from and including 1 January 2013 to and including 31 December 2037, at the rate of 18.378 per cent.) and such amount, in addition to the issue price, shall be required to be paid by purchasers of the Notes. If the recipient of such excess amount is an individual resident in or a corporation of a country with which Japan has an income tax treaty, the Japanese withholding tax rate may be modified by the applicable provisions of such income tax treaty.

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

#### *Notes issued by MCF and MCFC*

Except in circumstances where any interest on the Notes issued by MCF or MCFC is attributable to a business in Japan conducted by the relevant Issuer in the manner provided for in the Act on Special Taxation Measures, the payment of principal and interest in respect of the Notes by MCF or MCFC to a non-resident holder will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax payable by way of withholding. If any interest on the Notes issued by MCF or MCFC is attributable to a business in Japan conducted by the relevant Issuer as aforementioned, the foregoing consequences relating to the Notes issued by Mitsubishi are also applicable to the Notes issued by MCF or MCFC. Payment by the Guarantor under the Guarantee to a non-resident holder will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax payable by way of withholding. Furthermore, none of such payments will be subject to any other Japanese income or corporation tax, unless such non-resident holder has a permanent establishment in Japan and the payment is attributable to the business of such non-resident holder carried on in Japan through such permanent establishment.

#### *Notes issued by any of Mitsubishi, MCF or MCFC*

Gains derived from the sale outside Japan of Notes by a non-resident holder are in general not subject to Japanese income or corporation taxes. Gains derived from the sales in Japan of Notes by a non-resident holder not having a permanent establishment in Japan are in general not subject to Japanese income or corporation taxes. Japanese general inheritance and gift taxes at progressive rates may be payable by an

individual, wherever resident, who has acquired Notes as legatee, heir or donee. No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

## **Singapore**

### *Notes issued by MCFC*

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Inland Revenue Authority of Singapore (the “IRAS”) or the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuers nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

### *Interest and Other Payments*

Subject to the following paragraphs, under Section 12(6) of the ITA the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person tax resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a tax resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-tax resident persons (other than non-tax resident individuals) is currently 17.0 per cent. The applicable rate for non-tax resident individuals is 20.0 per cent. However, if the payment is derived by a person not tax resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (A) interest from debt securities derived on or after 1 January 2004;
- (B) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (C) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

*Qualifying Debt Securities*

In addition, as the participation of MCFC (the “Relevant Issuer”) as a new issuer in the Programme was arranged by Citigroup Global Markets Singapore Pte. Ltd. which is at all relevant times a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), and the Programme as a whole was previously arranged by Citigroup Global Markets Limited, which is at all relevant times an affiliate of Citigroup Global Markets Singapore Pte. Ltd., the Notes issued by MCFC as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2018 (the “Relevant Notes”) would be, pursuant to the ITA and the MAS Circular, “qualifying debt securities” for the purposes of the ITA (subject to further comments below), to which the following treatments shall apply:

- (I) subject to certain prescribed conditions having been fulfilled including (i) the furnishing of a return on debt securities in the prescribed manner in respect of the Relevant Notes within such period as the relevant authority may specify and such other particulars in connection with the Relevant Notes as the relevant authority may require, to the MAS and such other persons as may be prescribed and (ii) the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from any qualifying debt securities by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires the Relevant Notes using funds from Singapore operations (“funds from Singapore operations” in relation to a person, means the funds and profits of that person’s operations through a permanent establishment in Singapore); the interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively the “Qualifying Income”) from such Relevant Notes paid by the Relevant Issuer and derived by a holder who is not tax resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (II) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in the prescribed manner in respect of the Relevant Notes within such period as the relevant authority may specify and such other particulars in connection with the Relevant Notes as the relevant authority may require to the MAS and such other persons as may be prescribed), Qualifying Income from the Relevant Notes paid by the Relevant Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (III) subject to:
  - (a) the Relevant Issuer including in all offering documents relating to each of the Relevant Notes a statement to the effect that any person whose interest, discount income,

prepayment fee, redemption premium or break cost derived from such Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

- (b) the furnishing to the MAS and such other persons and in such manner as may be prescribed of a return on debt securities in respect of the Relevant Notes within such period as the relevant authority may specify and such other particulars in connection with the Relevant Notes as the relevant authority may require,

Qualifying Income derived from the Relevant Notes is not subject to withholding of tax by the Relevant Issuer.

The MAS Circular further states that, with effect from 1 January 2014, the relevant arrangement requirements for “qualifying debt securities” issued under a programme from 1 January 2014 to 31 December 2018 (including programmes arranged prior to 1 January 2014) include that:

- (a) the programme must be wholly arranged by Financial Sector Incentive (Capital Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Bond Market) companies; or
- (b) where the debt securities are issued by a new issuer who joins an existing programme which does not satisfy the requirement in sub-paragraph (a) above, the participation of the new issuer in the programme is arranged by an Financial Sector Incentive (Capital Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Bond Market) company, and that programme was previously wholly arranged by an affiliate of any Financial Sector Incentive (Capital Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Bond Market) company; or
- (c) where the debt securities are issued under a tranche of a programme which neither satisfies the requirements in sub-paragraphs (a) or (b) above, more than half of the debt securities issued under that tranche are distributed by Financial Sector Incentive (Capital Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Bond Market) companies.

However, notwithstanding the foregoing:

- (1) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to fewer than four persons and 50.0 per cent. or more of the issue of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (2) even though the Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of the Relevant Notes, 50.0 per cent. or more of the issue of the Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer, Qualifying Income derived from such Relevant Notes by:
  - (a) any related party of the Relevant Issuer; or
  - (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost” means in relation to debt securities and qualifying debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee” means in relation to debt securities and qualifying debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium” means in relation to debt securities and qualifying debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have their same meaning as in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires the Relevant Notes using funds from Singapore operations.

Notwithstanding that the Relevant Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

#### *Qualifying Debt Securities Plus Scheme*

The QDS Plus Scheme has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission of a return on debt securities in the prescribed manner in respect of the qualifying debt securities within such period as the relevant authority may specify and such other particulars in connection with the qualifying debt securities as the relevant authority may require to the MAS and such other persons as may be prescribed), income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) either (i) if the relevant qualifying debt securities are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue, or (ii) if the relevant qualifying debt securities are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any

related party(ies) of the Relevant Issuer, interest, discount income, prepayment fee, redemption premium and break cost from such Relevant Notes derived by:

- (i) any related party of the Relevant Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, for debt securities issued on or after 28 June 2013, the QDS Plus Scheme will be refined to allow “qualifying debt securities” with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS Circular states that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the “qualifying debt securities” scheme if the “qualifying debt securities” conditions continue to be met. However, notwithstanding the above, “qualifying debt securities” with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from the onset.

#### *Capital Gains*

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore or deemed as such or received in Singapore or deemed as such, may be taxable as such gains may be considered revenue in nature.

Holders of the Notes who are adopting or required to adopt Singapore Financial Reporting Standard 39 (“FRS 39”) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) for tax purposes in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Notes is made. See also “Adoption of FRS 39 treatment for Singapore income tax purposes” below.

#### *Adoption of FRS 39 treatment for Singapore income tax purposes*

The IRAS has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition and Measurement” (the “FRS 39 Circular”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

The above description is not intended to constitute a complete analysis of all Singapore tax consequences relating to ownership of the Notes. Prospective investors should consult their own tax advisers concerning the tax consequences of their particular situations.

## **U.S. Foreign Account Tax Compliance Withholding**

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Pursuant to FATCA, the Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes issued or materially modified on or after the later of (a) 1 July 2014, and (b) the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued. Under existing guidance, this withholding tax may be triggered on payments on the Notes if (i) the Issuer is a foreign financial institution (“FFI”) (as defined in FATCA) which enters into and complies with an agreement (an “FFI Agreement”) with the U.S. Internal Revenue Service (“IRS”) to provide certain information on its account holders (making the Issuer a “Participating FFI”), (ii) the Issuer is required to withhold on “foreign passthru payments”, and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding.

Whilst the Notes are in global form and held within Euroclear and Clearstream, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent, the common depositary and/or any common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in Euroclear and Clearstream is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly accepts the possibility that the securities may go into definitive form and therefore that they may be taken out of Euroclear and Clearstream. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

## **The Proposed Financial Transactions Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) g. Regulation (EC) No. 1287/2006 are exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a

participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Notwithstanding the Commission's Proposal, a joint statement issued in May 2014 by the participating Member States (other than Slovenia) indicated an intention to implement the FTT progressively, such that it would initially apply to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available. The FTT, as initially implemented on this basis, may not apply to dealings in Notes.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.



## **SUBSCRIPTION AND SALE**

The Dealers have in an amended and restated Programme Agreement dated 14 November 2014 (as amended and/or supplemented and/or restated from time to time, the “Programme Agreement”) agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “Terms and Conditions of the Notes” beginning on page 51 and “Form of the Notes” beginning on page 28. 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 the issue of the Notes.

### **United States**

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

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

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted in the Programme Agreement, it will not offer, sell or deliver any Notes of any Tranche (i) as part of their distribution at any time or (ii) otherwise until the expiration of the 40 day period beginning on the later of their issue date and the completion of the distribution (the “Regulation S distribution compliance period”), as certified to the Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each such Dealer as to the Notes of such Tranche purchased by or through it, in which case the Agent shall notify each such Dealer when all such Dealers have so certified, or, in the case of a syndicated issue, by the relevant Lead Manager (as defined in the Programme Agreement)), of all Notes of such Tranche, 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 such Regulation S distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Certain terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the later of their issue date and the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction under the Prospectus Directive**

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 and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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 relevant Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuers or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (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 an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer; 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 any Notes in, from or otherwise involving the United Kingdom.

## Japan

*Notes issued by Mitsubishi (and Notes issued by MCF and MCFC in circumstance where any interest on such Notes is attributable to a business in Japan conducted by the relevant Issuer in the manner provided for in the Act on Special Taxation Measures)*

The Notes have not been and will not be registered under the FIEA and will be subject to the Act on Special Taxation Measures. Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to agree, that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, the Notes in Japan or to, or for the benefit of, any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable law, regulations and ministerial guidelines; 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 defined below), 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 closing date, to, or for the benefit of, any individual resident of Japan or a Japanese corporation for Japanese tax purposes (except for a Japanese financial institution or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order relating to the Act on Special Taxation Measures that will hold the Notes for its own proprietary account 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 Taxation Measures). A “Gross Recipient” for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither (a) an individual resident of Japan or a Japanese corporation, nor (b) an individual non-resident of Japan or a non-Japanese corporation that in either case is a party having a special relationship with Mitsubishi as described in Article 6, Paragraph (4) of the Act on Special Taxation Measures, (ii) a Japanese financial institution or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order relating to the Act on Special Taxation Measures that will hold the Notes for its own proprietary account, or (iii) 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 Taxation Measures.

*Notes issued by MCF and MCFC (except for the circumstance set out above)*

The Notes have not been, and save as provided below, will not be, registered under the FIEA and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan) or to others for re-offering or 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 FIEA and other relevant laws, regulations and ministerial guidelines of Japan.

## Hong Kong

In relation to each Tranche of Notes issued by an Issuer, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong other than (a) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under

that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

### *Note:*

This Offering Circular has not been registered as a prospectus with the MAS. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that

corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) 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 or any other offering material 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 neither the relevant Issuer nor any other Dealer shall have responsibility therefor.

None of the Issuers, the Guarantor and 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.

With regard to each Tranche of Notes, the relevant Dealer(s) will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

## GENERAL INFORMATION

### Listing

1. The admission of Listed Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Series of Listed Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of the Listed Notes of such Series. Application has been made to the UK Listing Authority for Listed Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Listed Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of such Listed Notes is expected to be granted on or about 19 November 2014.

### Material Change

2. There has been no significant change in the financial or trading position of MCF or MCFC since 31 March 2014 and no significant change in the financial or trading position of Mitsubishi or of the Group, since 30 September 2014. There has been no material adverse change in the financial position or prospects of any of the Issuers and their respective subsidiaries, taken as a whole, since 31 March 2014, the date of the respective last published audited financial statements.

### Financial Information

3. The financial information relating to MCF does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006, as amended (the "Act"). Full accounts have been delivered to the Registrar of Companies for each of the two years up to and including the year ended 31 March 2014. Unqualified audit reports have been given by the auditors on these accounts and such reports did not contain a statement under section 498(2) or (3) of the Act.
4. Deloitte LLP of 2 New Street Square, London EC4A 3BZ have audited the accounts of MCF in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board for the financial years ended 31 March 2013 and 31 March 2014. No audited accounts of MCF have been prepared as at any date since 31 March 2014. MCF does not publish interim financial statements. Deloitte LLP have no material interest in MCF. The annual financial statements of MCF for the financial years ended 31 March 2013 and 31 March 2014 were prepared and presented in accordance with International Financial Reporting Standards and have been audited in accordance with International Standards on Auditing (UK and Ireland).
5. The consolidated financial statements of Mitsubishi as of and for the financial year ended 31 March 2013 have been audited by Deloitte Touche Tohmatsu LLC Independent Auditors, in accordance with auditing standards generally accepted in the United States of America. The consolidated financial statements of Mitsubishi as of and for the financial year ended 31 March 2014 has been audited by Deloitte Touche Tohmatsu LLC Independent Auditors, in accordance with the International Auditing Standards. Deloitte Touche Tohmatsu LLC's reports on such consolidated financial statements express an unqualified opinion. The consolidated financial statements as of and for the financial years ended 31 March 2013 and 2014 are incorporated by reference in this Offering Circular. Mitsubishi publishes interim consolidated financial statements. Deloitte Touche Tohmatsu LLC have no material financial interest in Mitsubishi.
6. The annual financial statements of MCFC for the financial years ended 31 March 2013 and 31 March 2014 were prepared and presented in accordance with SFRS, which is Singapore's broad adoption of IFRS, issued by the International Accounting Standards Board. Unqualified audit reports have been

given by the auditors on the annual financial statements of MCFC for the financial years ended 31 March 2013 and 31 March 2014. The financial information relating to MCFC does not constitute statutory accounts within the meaning as referred to "statutory report" interpreted within section 4 of the Singapore Companies Act (Chapter 50). Full accounts have been delivered to the Accounting and Corporate Regulatory Authority ("ACRA") for each of the two years up to and including the year ended 31 March 2014.

7. Deloitte & Touche LLP (Certified Public Accountants) (authorised and regulated by The Accounting and Corporate Regulatory Authority in Singapore) has audited, and rendered unqualified audit reports on, the accounts of MCFC for the two years ended 31 March 2014. No audited accounts of MCFC have been prepared as at any date since 31 March 2014. MCFC does not publish interim financial statements.

### **Authorisation**

8. The Programme with respect to MCF was authorised by resolutions of the Board of Directors of MCF passed on 16 December 1994, 15 December 1995, 30 July 1996, 1 August 1996, 2 July 1999, 28 June 2000, 5 July 2001, 1 July 2002, 27 June 2003, 25 June 2004, 21 September 2005, 8 September 2006, 11 September 2007, 10 September 2008, 12 November 2009, 15 November 2010, 14 November 2011, 12 November 2012, 12 November 2013 and 11 November 2014.

The Programme with respect to Mitsubishi was authorised by resolutions of the Board of Directors of Mitsubishi passed on 8 May 2014.

The entry into the Guarantee has been duly authorised pursuant to a resolution of the Board of Directors of Mitsubishi passed on 8 May 2014 .

The Programme with respect to MCFC was authorised by resolutions of the Board of Directors of MCFC passed on 11 November 2014.

### **Litigation**

9. There are no governmental, legal or arbitration proceedings during the 12 months prior to the date hereof which may have or have in such period had a significant effect on the financial position or profitability of any Issuer and their respective subsidiaries (if any) taken as a whole nor, so far as the Issuers are aware, are such proceedings pending or threatened.

### **Euroclear and Clearstream, Luxembourg**

10. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate common code and ISIN for each issue allocated by Euroclear and Clearstream, Luxembourg will be contained in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement). If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be contained in the Final Terms (or, in the case of Exempt Notes, the Pricing Supplement). Each transaction will normally be effected for settlement not earlier than three days after the date of the transaction.

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

## **Conditions for Determining Price**

11. The price and amount of the Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Purchaser(s) at the time of issue in accordance with prevailing market conditions.

## **Documents for Inspection**

12. For the period of 12 months following the date of this Offering Circular, copies of the following documents will be available free of charge at the registered office of each of the Issuers and at the offices of the Agent during usual business hours on any weekday (Saturdays and public holidays excepted):
  - (i) the constitutional documents of Mitsubishi;
  - (ii) the memorandum and Articles of Association of each of MCF and MCFC;
  - (iii) the audited financial statements of each of Mitsubishi, MCF and MCFC for the years ended 31 March 2013 and 31 March 2014, in each case together with the independent auditors' reports prepared in connection therewith;
  - (iv) the unaudited consolidated financial statements of Mitsubishi for the six months ended 30 September 2014;
  - (v) the Agency Agreement, the forms of the Global Notes and Definitive Notes, the Deeds of Covenant and the Guarantee;
  - (vi) a copy of this Offering Circular including any documents incorporated by reference herein; and
  - (vii) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms and Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

In addition, copies of this Offering Circular, each Final Terms relating to Listed Notes and each document incorporated by reference herein are available on the website of the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

## **Post-issuance information**

13. The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

## **Dealers transacting with Mitsubishi, MCF and MCFC**

14. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for Mitsubishi, MCF, MCFC and their respective affiliates in the ordinary course of business for which they have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the



Issuers or their affiliates. Certain of the Dealers or their affiliates that have lending relationships with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the relevant Issuer's securities, including potentially any Notes to be offered under the Programme. Any such short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## FINANCIAL STATEMENTS OF MCFC

The audited annual financial statements of MCFC appearing in this Offering Circular have been prepared in accordance with SFRS, which differ in certain material respects from International Financial Reporting Standards (“IFRS”). As a result, the audited financial statements and reported earnings could be different from those which would be reported under IFRS. Had the financial statements and other financial information of MCFC been prepared in accordance with IFRS, its results of operations and financial position may have been materially different.

SFRS is Singapore’s adoption of IFRS, issued by the International Accounting Standards Board. There are however, differences between IFRS and SFRS in terms of implementation dates and transitional provisions as well as in timing of adoption. For instance:

SFRS 27 exempts a parent from presenting consolidated financial statements if its holding company (immediate or ultimate) produces consolidated financial statements available for public use, whereas under IAS27, such an exemption applies only if the holding company produces consolidated financial statements available for public use that comply with IFRS. The exemption also applies to equity accounting for associates and equity accounting / proportionate consolidation of jointly controlled entities.

MCFC has not prepared a complete reconciliation of its audited financial statements and related footnote disclosures between SFRS and IFRS and has not quantified such differences, and as such has not made any attempt to identify the necessary disclosure, presentation or classification differences.

Additionally, no attempt has been made to identify future differences (including differences for standards mandatorily effective after the latest balance sheet in this Offering Circular) between SFRS and IFRS as a result of future prescribed changes in accounting standards or as a result of transactions or events that may occur in the future.

In making an investment decision, investors must rely upon their own examination of MCFC, the terms of the offering and the financial information. Potential investors should consult their own professional advisor for an understanding of the differences between SFRS and IFRS and how these differences might affect the financial information herein.

## Index To The Financial Statements of MCFC

	<b>Page</b>
Independent Auditors' Report dated 20 June 2014.....	F-2
Statement of Financial Position for the year ended 31 March 2014.....	F-4
Statement of Comprehensive Income for the year ended 31 March 2014.....	F-5
Statement of Changes in Equity for the year ended 31 March 2014.....	F-6
Statement of Cash Flows for the year ended 31 March 2014.....	F-7
Notes to Financial Statements .....	F-8

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MC FINANCE & CONSULTING ASIA PTE LTD**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MC Finance & Consulting Asia Pte Ltd (the "company") which comprise the statement of financial position as at March 31, 2014, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 7 to 48.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require 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 of financial statements that give a true and fair view 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.

# Deloitte.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MC FINANCE & CONSULTING ASIA PTE LTD

### Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at March 31, 2014 and of the results, changes in equity and cash flows of the company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

*Deloitte & Touche LLP*

Public Accountants and  
Chartered Accountants  
Singapore

June 20, 2014

**MC FINANCE & CONSULTING ASIA PTE LTD**

**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2014**

	<u>Note</u>	<u>2014</u> US\$	<u>2013</u> US\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	7	637,003,465	88,941,686
Loans receivable	8	1,728,468,120	1,617,282,665
Trade receivables	9	6,840,042	4,381,266
Derivative financial instruments	21	1,070,771	10,145,854
Other receivables and prepayments	10	<u>154,267</u>	<u>149,137</u>
Total current assets		<u>2,373,536,665</u>	<u>1,720,900,608</u>
<b>Non-current assets</b>			
Loans receivable	8	949,839,299	462,675,265
Derivative financial instruments	21	7,313,771	-
Plant and equipment	11	119,773	166,177
Other assets	12	<u>149,079</u>	<u>149,079</u>
Total non-current assets		<u>957,421,922</u>	<u>462,990,521</u>
<b>Total assets</b>		<u>3,330,958,587</u>	<u>2,183,891,129</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Loans payable	13	2,538,531,814	2,092,745,705
Trade payables	14	4,846,612	2,830,075
Derivative financial instruments	21	7,369,787	1,660,069
Income tax payable		<u>1,307,749</u>	<u>882,533</u>
Total current liabilities		<u>2,552,055,962</u>	<u>2,098,118,382</u>
<b>Non-current liabilities</b>			
Loans payable	13	683,115,665	-
Derivative financial instruments	21	<u>1,436,037</u>	<u>2,259,133</u>
Total non-current liabilities		<u>684,551,702</u>	<u>2,259,133</u>
<b>Capital and reserves</b>			
Issued capital	15	51,224,140	51,224,140
Accumulated profits		<u>43,126,783</u>	<u>32,289,474</u>
Total equity		<u>94,350,923</u>	<u>83,513,614</u>
<b>Total liabilities and equity</b>		<u>3,330,958,587</u>	<u>2,183,891,129</u>

See accompanying notes to financial statements.

**MC FINANCE & CONSULTING ASIA PTE LTD**

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**Year ended March 31, 2014**

	<u>Note</u>	<u>2014</u> US\$	<u>2013</u> US\$
<b>Revenue</b>	16	34,737,861	26,192,958
Other operating income	17	6,897,615	13,128,260
Interest expense		(26,793,580)	(26,598,705)
Staff costs		(870,951)	(725,637)
Depreciation expense		(50,012)	(55,770)
Other operating expenses	18	<u>(935,077)</u>	<u>(866,921)</u>
<b>Profit before income tax</b>	19	12,985,856	11,074,185
Income tax expense	20	<u>(2,148,547)</u>	<u>(1,932,445)</u>
<b>Profit for the year, representing total comprehensive income for the year</b>		<u>10,837,309</u>	<u>9,141,740</u>

See accompanying notes to financial statements.

**MC FINANCE & CONSULTING ASIA PTE LTD**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended March 31, 2014**

	<u>Issued capital</u> US\$	<u>Accumulated profits</u> US\$	<u>Total</u> US\$
Balance at April 1, 2012	51,224,140	23,147,734	74,371,874
Profit for the year, representing total comprehensive income for the year	<u>-</u>	<u>9,141,740</u>	<u>9,141,740</u>
Balance at March 31, 2013	51,224,140	32,289,474	83,513,614
Profit for the year, representing total comprehensive income for the year	<u>-</u>	<u>10,837,309</u>	<u>10,837,309</u>
Balance at March 31, 2014	<u>51,224,140</u>	<u>43,126,783</u>	<u>94,350,923</u>

See accompanying notes to financial statements.



**MC FINANCE & CONSULTING ASIA PTE LTD**

**STATEMENT OF CASH FLOWS**

**Year ended March 31, 2014**

	<u>2014</u> US\$	<u>2013</u> US\$
<b>Operating activities</b>		
Profit before income tax	12,985,856	11,074,185
Adjustment for:		
Depreciation expense	<u>50,012</u>	<u>55,770</u>
Operating cash flows before movements in working capital	13,035,868	11,129,955
Loans receivable	(598,349,489)	(277,768,140)
Trade receivables	(2,458,776)	11,930
Other receivables and prepayments	(5,130)	215,605
Derivative financial instruments - net	6,647,934	(10,223,761)
Trade payables	<u>2,016,537</u>	<u>(19,908)</u>
Cash used in operations	(579,113,056)	(276,654,319)
Income tax paid	<u>(1,723,331)</u>	<u>(1,930,732)</u>
Net cash used in operating activities	<u>(580,836,387)</u>	<u>(278,585,051)</u>
<b>Investing activity</b>		
Purchase of plant and equipment, representing net cash used in investing activity	<u>(3,608)</u>	<u>(37,420)</u>
<b>Financing activity</b>		
Increase in borrowings, representing net cash from financing activity	1,128,901,774	295,692,607
Net increase in cash and cash equivalents	548,061,779	17,070,136
Cash and cash equivalents at the beginning of the year	<u>88,941,686</u>	<u>71,871,550</u>
Cash and cash equivalents at the end of the year	<u>637,003,465</u>	<u>88,941,686</u>

See accompanying notes to financial statements.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 1 GENERAL

The company (Registration No. 200308070H) is incorporated in Singapore with its principal place of business and registered office at 1 Temasek Avenue, #15-04, Millenia Tower, Singapore 039192. The financial statements are expressed in United States dollars.

The principal activities of the company are those of a financing arm for the group of companies within the Mitsubishi Corporation group.

The financial statements of the company for the year ended March 31, 2014 were authorised for issue by the Board of Directors on June 20, 2014.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**ADOPTION OF NEW AND REVISED STANDARDS** - On April 1, 2013, the company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below:

##### ***Amendments to FRS 1 Presentation of Items of Other Comprehensive Income***

The Company has applied the amendments to *FRS 1 Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Company also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

##### ***FRS 113 Fair Value Measurement***

The Company has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Company has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the financial statements.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not effective:

- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*
- Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*
- Amendment to FRS 16 *Property, Plant and Equipment*
- Amendment to FRS 24 *Related Party Disclosures*
- Amendment to FRS 113 *Fair Value Measurement*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above amendment to FRS in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption.

**FINANCIAL INSTRUMENT** - Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### **Financial assets**

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

##### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments : Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash at bank and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### Loans and receivables

Loans, trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

##### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans, trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a loan, trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities and equity instruments**

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4.

##### Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.



## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs (see below).

##### Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

##### Derivative financial instruments and hedge accounting

The company's activities expose it primarily to changes in foreign exchange rates and interest rates. The company raises funds by borrowing from related companies and lends the funds received to related companies in its functional currency and foreign currencies.

The company uses derivative financial instruments (primarily foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps) to hedge its risks associated with foreign currency fluctuations relating to foreign currency denominated balances and interest rate. The significant foreign currency and interest rate risk arises from providing term loans to related companies. The company's policy is to enter into derivative financial instruments to convert its fixed rate loans to floating rate loans and to convert foreign currency denominated loans to functional currency denominated loans. These derivative financial instruments are designated as fair value hedges. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements.

The use of financial derivatives is consistent with the company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into, and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Hedge accounting

The company designates certain hedging instruments, which include derivatives in respect of foreign currency and interest rate risk, as fair value hedges.

At the inception of the hedge relationship the company documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values of the hedged item.

Note 21 contain details of the fair values of the derivative instruments used for hedging purposes.

##### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit and loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

**CLUB MEMBERSHIP** - Investment in club membership is stated at cost less accumulated impairment loss, if any.

**PLANT AND EQUIPMENT** - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight line method, on the following bases:

Leasehold improvements	-	50% to 100%
Office equipment	-	20% to 50%

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

**IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as immediately in profit or loss.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**LEASES** - The Company's leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**PROVISIONS** - Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### Rendering of services

Revenue from rendering of services that are of a short duration is recognised when the services are completed.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**BORROWING COSTS** - Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## **MC FINANCE & CONSULTING ASIA PTE LTD**

### **NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to the income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognised as an expense or income in profit or loss.

**FOREIGN CURRENCY TRANSACTIONS** - The financial statements of the company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in United States dollars, which is the functional currency of the company.

Transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

#### **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(i) *Critical judgement in applying the entity's accounting policies*

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) *Key sources of estimation uncertainty*

The management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Estimation of the fair value of derivative instruments*

The fair value of financial instruments which are not traded in an active market such as the over the counter financial derivatives is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are some of the common techniques used to calculate the fair value of these financial instruments. Details of how these derivative instruments are fair valued are described in Note 4. The fair value of derivative instruments outstanding at the reporting date is disclosed in Note 21.

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

The company has documented financial risk management policies. These policies set out the company's overall business strategies and its risk management philosophy. The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. Periodic reviews are undertaken to ensure that the company's policy guidelines are compiled with. The company manages its exposure to financial risk using a variety of techniques and instruments.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2014</u> US\$	<u>2013</u> US\$
<b>Financial assets</b>		
Fair value through profit or loss (FVTPL):		
Held for trading	737,036	10,129,411
Derivative instruments in designated hedge accounting relationships	7,647,506	16,443
Loans and receivables (including cash and cash equivalents)	<u>3,322,211,590</u>	<u>2,173,334,505</u>
<b>Financial liabilities</b>		
Fair value through profit or loss (FVTPL):		
Held for trading	6,985,260	121,989
Derivative instruments in designated hedge accounting relationships	1,820,564	3,797,213
Amortised cost (including loans)	<u>3,226,494,091</u>	<u>2,095,575,780</u>



MC FINANCE & CONSULTING ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

As at March 31, 2014

Financial assets						
	(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + (d)	
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Related amounts not set off in the statement of financial position Cash collateral pledged	Net amount
Interest rate swap	6,163,249	-	6,163,249	(339,267)	-	5,823,982
Forward foreign exchange contracts	737,036	-	737,036	(91,036)	-	646,000
Currency swap	1,484,257	-	1,484,257	(822,750)	-	661,507
<b>Total</b>	<b>8,384,542</b>	<b>-</b>	<b>8,384,542</b>	<b>(1,253,053)</b>	<b>-</b>	<b>7,131,489</b>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

Financial liabilities						
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) + (d)
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral pledged	Net amount
Interest rate swap	997,814	-	997,814	(339,267)	-	658,547
Forward foreign exchange contracts	6,985,260	-	6,985,260	(91,036)	-	6,894,224
Currency swap	822,750	-	822,750	(822,750)	-	-
<b>Total</b>	<b>8,805,824</b>	<b>-</b>	<b>8,805,824</b>	<b>(1,253,053)</b>	<b>-</b>	<b>7,552,771</b>

As at March 31, 2013

Financial assets						
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) + (d)
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral pledged	Net amount
Interest rate swap	16,443	-	16,443	(16,443)	-	-
Forward foreign exchange contracts	10,129,411	-	10,129,411	(102,012)	-	10,027,399
Currency swap	-	-	-	-	-	-
<b>Total</b>	<b>10,145,854</b>	<b>-</b>	<b>10,145,854</b>	<b>(118,455)</b>	<b>-</b>	<b>10,027,399</b>

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

As at March 31, 2013

Financial liabilities						
	(a)	(b)	(c) = (a) – (b)	(d)	(e) = (c) + (d)	
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Related amounts not set off in the statement of financial position Cash collateral pledged	Net amount
Interest rate swap	1,732,406	-	1,732,406	(16,443)	-	1,715,963
Forward foreign exchange contracts	121,989	-	121,989	(102,012)	-	19,977
Currency swap	2,064,807	-	2,064,807	-	-	2,064,807
<b>Total</b>	<b>3,919,202</b>	<b>-</b>	<b>3,919,202</b>	<b>(118,455)</b>	<b>-</b>	<b>3,800,747</b>

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

#### c) Financial risk management policies and objectives

The company has documented financial risk management policies. These policies set out the company's overall business strategies and its risk management philosophy. The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. The holding company provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by the holding company. Risk management is carried out by the Treasury Department under the policies approved by the Board of Directors.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

The company uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods; and
- Interest rate swaps to mitigate the risk of rising interest rates.
- Currency swap to mitigate the risk of rising interest rates and exchange rates.

The company does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

##### (i) Foreign currency risk

The company's foreign currency exposures arise primarily from the exchange rate movements of the Japanese Yen, Australian dollar, Hong Kong dollar, Thai baht, Euro dollar and Singapore dollar.

To hedge against the volatility of future cash flows caused by changes in foreign currency exchange rates, the company partly uses natural hedges that arise from offsetting foreign currency loans receivable and loans payable and partly through the use of derivative financial instruments such as foreign exchange forward contracts, interest rate swaps and cross currency swaps when necessary.

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	Japanese yen US\$	Australian dollar US\$	Hong Kong dollar US\$	Thai baht US\$	Euro dollar US\$	Singapore dollar US\$
<b>2014</b>						
<b>Assets</b>						
Cash	-	-	25,782,000	-	-	348,747
Loans receivable	697,086,254	-	-	157,994,790	8,509,920	-
Trade receivables	630,739	-	30,125	1,385,060	24,554	-
Other receivables	-	-	-	-	-	60,664
Other assets	-	-	-	-	-	-
Total assets	<u>697,716,993</u>	<u>-</u>	<u>25,812,125</u>	<u>159,379,850</u>	<u>8,534,474</u>	<u>409,411</u>
<b>2014</b>						
<b>Liabilities</b>						
Loans payable	(1,179,265,530)	(4,613,510)	(25,782,000)	(351,634,793)	-	(4,881,185)
Trade payables	<u>(975,308)</u>	<u>(1,703)</u>	<u>(19,461)</u>	<u>(1,529,044)</u>	<u>-</u>	<u>(70,245)</u>
Total liabilities	<u>(1,180,240,838)</u>	<u>(4,615,213)</u>	<u>(25,801,461)</u>	<u>(353,163,837)</u>	<u>-</u>	<u>(4,951,430)</u>
On-balance sheet foreign exchange position gap	<u>(482,523,845)</u>	<u>(4,615,213)</u>	<u>10,664</u>	<u>(193,783,987)</u>	<u>8,534,474</u>	<u>(4,542,019)</u>
Off-balance sheet foreign exchange position:						
- Assets	483,449,889	4,634,289	-	293,559,108	-	4,885,132
- (Liabilities)	<u>(1,102,083)</u>	<u>-</u>	<u>(35,020)</u>	<u>(98,396,052)</u>	<u>(8,546,621)</u>	<u>-</u>
Off-balance sheet foreign exchange position gap	<u>482,347,806</u>	<u>4,634,289</u>	<u>(35,020)</u>	<u>195,163,056</u>	<u>(8,546,621)</u>	<u>4,885,132</u>
Net foreign exchange position gap	<u>(176,039)</u>	<u>19,076</u>	<u>(24,356)</u>	<u>1,379,069</u>	<u>(12,147)</u>	<u>343,113</u>

MC FINANCE & CONSULTING ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	Japanese yen US\$	Australian dollar US\$	Hong Kong dollar US\$	Thai baht US\$	Euro dollar US\$	Singapore dollar US\$
<b>2013</b>						
<b>Assets</b>						
Cash	-	5,219,186	-	-	-	564,898
Loans receivable	799,080,069	-	-	119,238,581	6,374,860	-
Trade receivables	879,742	-	-	849,910	18,298	-
Other receivables	-	-	-	-	-	53,623
Other assets	-	-	-	-	-	149,079
Total assets	<u>799,959,811</u>	<u>5,219,186</u>	<u>-</u>	<u>120,088,491</u>	<u>6,393,158</u>	<u>767,600</u>
<b>Liabilities</b>						
Loans payable	(799,080,069)	(5,219,186)	(25,762,813)	(748,230,640)	-	(4,940,433)
Trade payables	(45,576)	(81,409)	(20,323)	(1,985,047)	-	(100,738)
Total liabilities	<u>(799,125,645)</u>	<u>(5,300,595)</u>	<u>(25,783,136)</u>	<u>(750,215,687)</u>	<u>-</u>	<u>(5,041,171)</u>
On-balance sheet foreign exchange position gap	<u>834,166</u>	<u>(81,409)</u>	<u>(25,783,136)</u>	<u>(630,127,196)</u>	<u>6,393,158</u>	<u>(4,273,571)</u>
<b>2013</b>						
Off-balance sheet foreign exchange position:						
- Assets	154,738	159,754	25,825,085	685,303,446	-	4,944,125
- (Liabilities)	<u>(1,557,976)</u>	<u>(89,897)</u>	<u>-</u>	<u>(54,323,594)</u>	<u>(6,402,142)</u>	<u>-</u>
Off-balance sheet foreign exchange position gap	<u>(1,403,238)</u>	<u>69,857</u>	<u>25,825,085</u>	<u>630,979,852</u>	<u>(6,402,142)</u>	<u>4,944,125</u>
Net foreign exchange position gap	<u>(569,072)</u>	<u>(11,552)</u>	<u>41,949</u>	<u>852,656</u>	<u>(8,984)</u>	<u>670,554</u>

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### *Foreign currency sensitivity*

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the company. The sensitivity rate of 10% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of the company, profit or loss will increase (decrease) by:

	2014 Profit <u>before tax</u> US\$	2013 Profit <u>before tax</u> US\$
Japanese yen	(17,604)	(56,907)
Australian dollar	1,908	(1,155)
Hong Kong dollar	(2,436)	4,195
Thailand baht	137,907	85,266
Euro dollar	(1,215)	(898)
Singapore dollar	<u>34,311</u>	<u>67,055</u>

A 10% weakening of the functional currency of the company against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### (ii) Interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Those exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities and partly through the use of derivative financial instruments such as interest rate swaps and cross currency interest rate swaps for the purpose of hedging, where necessary. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals, the difference between the fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Interest differentials are accrued and recorded as adjustments to the interest expense relating to the hedged items.

The interest rates and terms of repayment of short-term and long-term interest bearing assets and liabilities of the company are disclosed in the accompanying notes to the financial statements. The average interest rates per annum on the various balances range as follows:

Cash and cash equivalents	-	0.30000% to 0.80000% (2013 : 0.24000% to 3.37000%)
Loans receivable	-	0.38786% to 4.12000% (2013 : 0.52429% to 4.12000%)
Loans payable	-	0.02950% to 2.69500% (2013 : 0.22429% to 3.06090%)

The table below summarises the company's exposure to interest rate risks. The table presents the company's interest bearing assets, liabilities and off-balance sheet interest rate sensitive financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to <u>3 months</u> US\$	3 to 12 <u>months</u> US\$	Beyond <u>12 months</u> US\$	<u>Total</u> US\$
<b><u>2014</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	611,221,465	25,782,000	-	637,003,465
Loans receivable	<u>2,163,491,099</u>	<u>514,767,426</u>	<u>48,894</u>	<u>2,678,307,419</u>
Total	<u>2,774,712,564</u>	<u>540,549,426</u>	<u>48,894</u>	<u>3,315,310,884</u>



MC FINANCE & CONSULTING ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

	Up to <u>3 months</u> US\$	3 to 12 <u>months</u> US\$	Beyond <u>12 months</u> US\$	<u>Total</u> US\$
<b><u>2014</u></b>				
<b><u>Liabilities</u></b>				
Loans payables	(3,173,214,958)	(48,432,521)	-	(3,221,647,479)
Total	<u>(3,173,214,958)</u>	<u>(48,432,521)</u>	<u>-</u>	<u>(3,221,647,479)</u>
On-balance sheet interest sensitivity gap - net assets/(liabilities)	<u>(398,502,394)</u>	<u>492,116,905</u>	<u>48,894</u>	<u>93,663,405</u>
Off-balance sheet interest sensitivity gap				
- Assets	64,049,791	5,266,458	2,095,052	71,411,301
- (Liabilities)	<u>(59,617,396)</u>	<u>(4,818,917)</u>	<u>(2,143,946)</u>	<u>(66,580,259)</u>
Off-balance sheet interest sensitivity gap - net assets/(liabilities)	<u>4,432,395</u>	<u>447,541</u>	<u>(48,894)</u>	<u>4,831,042</u>
<b><u>2013</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	68,722,499	20,219,187	-	88,941,686
Loans receivable	<u>1,387,695,492</u>	<u>692,262,438</u>	<u>-</u>	<u>2,079,957,930</u>
Total	<u>1,456,417,991</u>	<u>712,481,625</u>	<u>-</u>	<u>2,168,899,616</u>
<b><u>Liabilities</u></b>				
Loans payables	(2,056,763,706)	(35,981,999)	-	(2,092,745,705)
Total	<u>(2,056,763,706)</u>	<u>(35,981,999)</u>	<u>-</u>	<u>(2,092,745,705)</u>
On-balance sheet interest sensitivity gap - net assets/(liabilities)	<u>(600,345,715)</u>	<u>676,499,626</u>	<u>-</u>	<u>76,153,911</u>
Off-balance sheet interest sensitivity gap:				
- Assets	18,714,891	403,062	-	19,117,953
- (Liabilities)	<u>(18,655,033)</u>	<u>(2,065,749)</u>	<u>-</u>	<u>(20,720,782)</u>
Off-balance sheet interest sensitivity gap - net assets/(liabilities)	<u>59,858</u>	<u>(1,662,687)</u>	<u>-</u>	<u>(1,602,829)</u>

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### *Interest rate sensitivity*

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and loans receivable and payable at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of such instruments that either have floating rates or have been hedged to receive floating interest payments.

If interest rates had been 100 basis points higher or lower and all other variables were held constants, the company's profit for the year ended March 31, 2014 would increase by US\$4,799,032 (2013 : US\$6,689,250). The sensitivity rate of 100 basis points represents management's assessment of the possible change in interest rates.

##### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group of debtors whose aggregate credit exposure is significant in relation to the company's total credit exposure.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except from its group companies.

The maximum exposure to credit risk in the event that the debtors fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Cash and fixed deposits are placed with credit-worthy banks and financial institutions. Transactions involving derivative financial instruments are allowed with counterparties that are of high quality. The company's loans receivable are granted to related companies and branches of holding company.

Further details of the credit risks on loans and trade receivables are disclosed in Notes 8 and 9 respectively.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### (iv) Liquidity risk

The company is primarily funded by its own accumulated profits, paid-up capital and intercompany borrowings. The company's ability to meet its obligations is managed by maintaining sufficient intercompany credit facilities and spreading out the refinancing date of its obligations. In addition, the company is able to utilise the credit facilities made available by its holding company to fund its liquidity requirements.

At the end of the reporting period, current liabilities exceed current assets by US\$178,519,297 (2012 : US\$377,217,774). As described above, the company raises its funding either from related companies or external parties and the directors believe that such funding from the group will be available to enable the company to continue its financing activities for the group of companies within the Mitsubishi Corporation group.

##### Non-derivative financial assets and liabilities

The following tables detail the remaining contractual maturity for non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial assets and liabilities based on the earliest date on which the company can receive or be required to pay. The table include both interest and principal cash flows. The adjustment column represents the possible future cash flow attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial asset or liability on the statement of financial position.

##### Non-derivative financial instruments

	Repayable on demand or due within <u>12 months</u> US\$	Within <u>1 to 5 years</u> US\$	Beyond <u>5 years</u> US\$	<u>Adjustment</u> US\$	<u>Total</u> US\$
<b>2014</b>					
<b><u>Assets</u></b>					
Cash and cash equivalents	637,667,201	-	-	(663,736)	637,003,465
Loans receivable	1,732,447,503	758,090,699	275,342,050	(87,572,833)	2,678,307,419
Trade receivables	6,840,042	-	-	-	6,840,042
Other receivables	<u>60,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,664</u>
Total assets	<u>2,377,015,410</u>	<u>758,090,699</u>	<u>275,342,050</u>	<u>(88,236,569)</u>	<u>3,322,211,590</u>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

	Repayable on demand or due within <u>12 months</u> US\$	Within <u>1 to 5 years</u> US\$	Beyond <u>5 years</u> US\$	<u>Adjustment</u> US\$	<u>Total</u> US\$
<b><u>Liabilities</u></b>					
Loans payable	(2,540,741,966)	(489,925,427)	(210,616,594)	19,636,508	(3,221,647,479)
Trade payables	<u>(4,846,612)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,846,612)</u>
Total liabilities	<u>(2,545,588,578)</u>	<u>(489,925,427)</u>	<u>(210,616,594)</u>	<u>19,636,508</u>	<u>(3,226,494,091)</u>

**2013**

**Assets**

Cash and cash equivalents	89,068,470	-	-	(126,784)	88,941,686
Loans receivable	1,620,630,652	419,661,578	78,028,041	(38,362,341)	2,079,957,930
Trade receivables	4,381,266	-	-	-	4,381,266
Other receivables	<u>70,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,224</u>
Total assets	<u>1,714,150,612</u>	<u>419,661,578</u>	<u>78,028,041</u>	<u>(38,489,125)</u>	<u>2,173,351,106</u>

**Liabilities**

Loans payable	(2,094,493,461)	-	-	1,747,756	(2,092,745,705)
Trade payables	<u>(2,830,075)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,830,075)</u>
Total liabilities	<u>(2,097,323,536)</u>	<u>-</u>	<u>-</u>	<u>1,747,756</u>	<u>(2,095,575,780)</u>

**Derivative financial instruments**

The derivative financial instruments are primarily held for hedging purposes. In this respect, the company does not consider these contractual obligations in its liquidity framework.

MC FINANCE & CONSULTING ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(v) Fair value of financial assets and financial liabilities

The company determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at (\$'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014		2013					
	Assets	Liabilities	Assets	Liabilities				
	Derivative financial instruments (see note21)							
1) Foreign currency forward contracts	737,036	6,985,260	10,129,411	121,989	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Interest rate swaps	6,163,249	997,814	16,443	1,732,406	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Currency swap	1,484,257	822,750	-	2,064,807	Level 2	Discounted cash flow. Future cash flows are estimated based on expected cash flow exchange per trade termsheet and forward cross currency interest rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

Fair value of the company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Management considers that the carrying amounts of majority of the financial assets and financial liabilities of the company recorded at amortised cost in the financial statements approximate their fair values due to the relative short-term maturity of these financial instruments.

In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity are more than a year, management also considers that such financial instruments approximate their fair values as they bear either interest of floating rates or fixed rates which have been hedged accordingly.

##### (d) Capital risk

The company manages its capital to ensure that it will be able to continue on a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of equity and accumulated profits attributable to equity holders of the parent, comprising issued capital as disclosed in Note 15. The company's overall strategy remains unchanged from 2013.

#### 5 HOLDING COMPANY AND RELATED COMPANY/PARTIES TRANSACTIONS

The company is a subsidiary of Mitsubishi Corporation, incorporated in Japan, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Many of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated. The terms and conditions of other intercompany balances are disclosed in the respective notes to the financial statements.

## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 5 HOLDING COMPANY AND RELATED COMPANY/PARTIES TRANSACTIONS (cont'd)

Significant intercompany transactions, other than those disclosed elsewhere in the respective notes to the financial statement are as follows:

	<u>2014</u> US\$	<u>2013</u> US\$
Service fee income:		
Holding company	66,015	99,832
Related company	<u>-</u>	<u>-</u>
Interest income:		
Related companies	<u>27,329,820</u>	<u>21,876,730</u>
Interest expense:		
Holding company	4,433,275	3,369,545
Related companies	<u>9,987,904</u>	<u>17,719,613</u>

#### 6 OTHER RELATED PARTY TRANSACTIONS

Related parties include key management personnel of the company. Key management personnel of the company are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company.

##### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the year were as follows:

	<u>2014</u> US\$	<u>2013</u> US\$
Salaries and other short-term benefits	<u>146,738</u>	<u>153,052</u>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

**7 CASH AND CASH EQUIVALENTS**

	<u>2014</u> US\$	<u>2013</u> US\$
Cash at bank	36,149,952	27,404,413
Fixed deposits with banks	<u>600,853,513</u>	<u>61,537,273</u>
	<u>637,003,465</u>	<u>88,941,686</u>

The fixed deposits are generally for a term ranging from 1 to 6 months (2013 : 1 to 3 months) and bear effective interest rate ranging from 0.30000% to 0.80000% (2013 : 0.24000% to 3.37000%) per annum.

**8 LOANS RECEIVABLE**

	<u>2014</u> US\$	<u>2013</u> US\$
Current portion	1,728,468,120	1,617,282,665
Non-current portion	<u>949,839,299</u>	<u>462,675,265</u>
	<u>2,678,307,419</u>	<u>2,079,957,930</u>

The loans are receivable from related companies.

	<u>Interest rate</u>	US\$
<u>2014</u>		
Fixed rate	Ranging from 0.40429% to 4.12000%	1,631,343,784
Floating rate	Ranging from 0.38786% to 1.34165%	<u>1,046,963,635</u>
		<u>2,678,307,419</u>
<u>2013</u>		
Fixed rate	Ranging from 0.55513% to 4.12000%	1,386,488,852
Floating rate	Ranging from 0.52429% to 1.46025%	<u>693,469,078</u>
		<u>2,079,957,930</u>

The maturity dates of the loans receivable range from the year 2014 to 2023 (2013 : 2013 to 2023).

Loans receivable are not past due as at March 31, 2014 and 2013. All loans to related companies are secured by letters of guarantee from the holding company.



## MC FINANCE & CONSULTING ASIA PTE LTD

### NOTES TO FINANCIAL STATEMENTS

March 31, 2014

#### 8 LOANS RECEIVABLE (cont'd)

At the end of the reporting period, the carrying amounts of the majority of the loan receivables approximate their fair value due to the relatively short term maturity period or frequent repricing.

The fair value of the non-current portion of loans receivable as at March 31, 2014 and 2013 approximates their carrying values given that they mainly bear floating rates.

#### 9 TRADE RECEIVABLES

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Interest receivables from:		
Related company	5,495,994	4,049,574
Outside parties	1,316,564	311,383
Service income receivable from holding company	<u>27,484</u>	<u>20,309</u>
	<u>6,840,042</u>	<u>4,381,266</u>

Trade receivables are not past due as at March 31, 2014 and 2013.

#### 10 OTHER RECEIVABLES AND PREPAYMENTS

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Prepayment	93,603	78,913
Deposits	55,035	53,623
Others	<u>5,629</u>	<u>16,601</u>
	<u>154,267</u>	<u>149,137</u>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

11 PLANT AND EQUIPMENT

	<u>Leasehold improvements</u> US\$	<u>Office equipment</u> US\$	<u>Total</u> US\$
Cost:			
At April 1, 2012	125,432	593,973	719,405
Additions	<u>-</u>	<u>37,420</u>	<u>37,420</u>
At March 31, 2013	125,432	631,393	756,825
Additions	<u>-</u>	<u>3,608</u>	<u>3,608</u>
At March 31, 2014	<u>125,432</u>	<u>635,001</u>	<u>760,433</u>
Accumulated depreciation:			
At April 1, 2012	125,432	409,446	534,878
Depreciation	<u>-</u>	<u>55,770</u>	<u>55,770</u>
At March 31, 2013	125,432	465,216	590,648
Depreciation	<u>-</u>	<u>50,012</u>	<u>50,012</u>
At March 31, 2014	<u>125,432</u>	<u>515,228</u>	<u>640,660</u>
Carrying amount:			
At March 31, 2014	<u>-</u>	<u>119,773</u>	<u>119,773</u>
At March 31, 2013	<u>-</u>	<u>166,177</u>	<u>166,177</u>

12 OTHER ASSETS

	<u>2014</u> US\$	<u>2013</u> US\$
Club membership, at cost	<u>149,079</u>	<u>149,079</u>

13 LOANS PAYABLE

	<u>2014</u> US\$	<u>2013</u> US\$
Loans payable to:		
Holding company	2,257,265,530	1,109,080,069
Related companies	814,381,949	983,665,636
Outside parties	<u>150,000,000</u>	<u>-</u>
	<u>3,221,647,479</u>	<u>2,092,745,705</u>

The loans are unsecured, bear interest at floating interest rates ranging from 0.02950% to 2.69500% (2013 : 0.22429% to 3.06090%) per annum.

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

14	TRADE PAYABLES			<u>2014</u>	<u>2013</u>
				US\$	US\$
	Trade payables to non-related companies			69,959	102,142
	Interest payable to:				
	Holding company			1,554,924	231,381
	Related companies			501,225	1,601,928
	Outside parties			<u>2,720,504</u>	<u>894,624</u>
				<u>4,846,612</u>	<u>2,830,075</u>

15	ISSUED CAPITAL			<u>2014</u>	<u>2013</u>
				Number of ordinary shares	US\$
	Issued and fully paid up:				
	Beginning and end of				
	financial year	<u>52,000,000</u>	<u>52,000,000</u>	<u>51,224,140</u>	<u>51,224,140</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

16	REVENUE			<u>2014</u>	<u>2013</u>
				US\$	US\$
	Rendering of services			66,015	99,832
	Interest income			<u>34,671,846</u>	<u>26,093,126</u>
				<u>34,737,861</u>	<u>26,192,958</u>

17	OTHER OPERATING INCOME			<u>2014</u>	<u>2013</u>
				US\$	US\$
	Net foreign exchange gain:				
	- Change in fair value of financial assets designated as				
	fair value through profit or loss			(57,538,272)	39,830,748
	- Foreign exchange gain			<u>64,433,782</u>	<u>(26,703,294)</u>
				6,895,510	13,127,454
	Interest on fixed deposits			1,574	806
	Others			<u>531</u>	-
	Total			<u>6,897,615</u>	<u>13,128,260</u>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

18 OTHER OPERATING EXPENSES

	<u>2014</u> US\$	<u>2013</u> US\$
Rental for office	209,201	211,598
Communication expenses	171,019	178,552
Service fees	59,580	43,888
Early payment penalty fees	107,811	-
Professional fees	166,654	240,624
Fair value losses (gains) on fair value hedges:		
- hedging instruments	(4,425,469)	(650,012)
- hedged items	4,425,469	650,012
Others	<u>220,812</u>	<u>192,259</u>
	<u>935,077</u>	<u>866,921</u>

19 PROFIT BEFORE INCOME TAX

Profit before income tax derivation includes crediting (charging) the following significant items:

	<u>2014</u> US\$	<u>2013</u> US\$
Foreign exchange gain (net)	6,895,510	13,127,454
Directors' remuneration	(146,738)	(153,052)
Staff costs (excluding directors' remuneration and costs of defined contribution plans)	(643,966)	(503,065)
Costs of defined contribution plans	<u>(80,247)</u>	<u>(69,520)</u>

20 INCOME TAX EXPENSE

	<u>2014</u> US\$	<u>2013</u> US\$
Current tax (Note A)	912,382	581,343
Over-provision in prior years (Note A)	(7,496)	(9,159)
Withholding tax expense from foreign sourced income	<u>1,243,661</u>	<u>1,360,261</u>
	<u>2,148,547</u>	<u>1,932,445</u>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

20 INCOME TAX EXPENSE (cont'd)

The company was awarded the Finance and Treasury Centre (“FTC”) status pursuant to Section 43G of the Income Tax Act, Cap. 134 and the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations. Under the FTC status, qualifying income is taxed at a concessionary tax rate of 10%.

Note A

The income tax expense (excluding withholding tax expense) varied from the amount of income tax expense determined by applying the Singapore income tax of 17% (2013 : 17%) to profit before income tax as a result of the following differences:

	<u>2014</u> US\$	<u>2013</u> US\$
Profit before income tax	<u>12,985,856</u>	<u>11,074,185</u>
Income tax expense at statutory rate (17%)	2,207,596	1,882,611
Effect of income tax at concessionary tax rate	(909,010)	(775,193)
Double tax relief	(386,143)	(509,623)
Over-provision in prior years	(7,496)	(9,159)
Others	<u>7,435</u>	<u>(7,293)</u>
Total income tax expense	<u>912,382</u>	<u>581,343</u>

21 DERIVATIVE FINANCIAL INSTRUMENTS

At the end of the reporting period, the company has the following outstanding foreign exchange forward and swap contracts with financial institutions:

	<u>Notional amount</u> US\$	<u>Gross positive</u> US\$	<u>Gross negative</u> US\$
<b>March 31, 2014</b>			
<u>Designated for fair value hedge</u>			
Interest rate swaps	447,795,656	6,163,249	997,814
Cross currency swaps	98,396,052	1,484,257	822,750

MC FINANCE & CONSULTING ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

21 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

	<u>Notional amount</u> US\$	<u>Gross positive</u> US\$	<u>Gross negative</u> US\$
<b>March 31, 2014 (cont'd)</b>			
<u>Not designated for fair value hedge</u>			
Foreign Exchange Forward Contracts	796,212,141	737,036	6,985,260
Total	<u>1,342,403,849</u>	<u>8,384,542</u>	<u>8,805,824</u>
Current portion		1,070,771	(7,369,787)
Non-current portion		<u>7,313,771</u>	<u>(1,436,037)</u>
		<u>8,384,542</u>	<u>(8,805,824)</u>
	<u>Notional amount</u> US\$	<u>Gross positive</u> US\$	<u>Gross negative</u> US\$
<b>March 31, 2013</b>			
<u>Designated for fair value hedge</u>			
Interest rate swaps	181,760,096	16,443	1,732,406
Cross currency swaps	54,323,594	-	2,064,807
<u>Not designated for fair value hedge</u>			
Foreign Exchange Forward Contracts	724,437,174	10,129,411	121,989
Total	<u>960,520,864</u>	<u>10,145,854</u>	<u>3,919,202</u>
Current portion		10,145,854	(1,660,069)
Non-current portion		-	<u>(2,259,133)</u>
		<u>10,145,854</u>	<u>(3,919,202)</u>

**MC FINANCE & CONSULTING ASIA PTE LTD**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2014**

22 COMMITMENTS

	<u>2014</u> US\$	<u>2013</u> US\$
Minimum lease payments under operating leases	<u>365,219</u>	<u>349,669</u>

At the end of the reporting period, the company has the following outstanding commitments:

	<u>2014</u> US\$	<u>2013</u> US\$
a) Operating lease		
Within one year	390,025	234,108
In the second to fifth year inclusive	<u>492,028</u>	<u>-</u>
Total	<u>882,053</u>	<u>234,108</u>

Operating lease payments represent rental payable by the company for its office and residential premises of expatriates. Leases are negotiated for an average term of 3 years (2013 : 3 years) and rentals are fixed.

	<u>2014</u> US\$	<u>2013</u> US\$
b) Term loans	<u>32,700,000</u>	<u>-</u>

Term loan commitments comprise agreements to provide loans to related companies.

**ISSUERS**

**REGISTERED AND HEAD OFFICE OF  
MITSUBISHI CORPORATION**

Mitsubishi Shoji Building  
3-1, Marunouchi 2-chome  
Chiyoda-ku  
Tokyo 100-8086

**REGISTERED AND HEAD OFFICE OF  
MITSUBISHI CORPORATION FINANCE PLC**

8th Floor  
Mid City Place  
71 High Holborn  
London WC1V 6BA

**REGISTERED AND HEAD OFFICE OF  
MC FINANCE & CONSULTING ASIA PTE. LTD.**

1 Temasek Avenue  
#15-04, Millenia Tower  
Singapore 039192

**GUARANTOR**

**REGISTERED AND HEAD OFFICE OF  
MITSUBISHI CORPORATION**

Mitsubishi Shoji Building  
3-1, Marunouchi 2-chome  
Chiyoda-ku  
Tokyo 100-8086

**DEALERS**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Citigroup Global Markets Singapore Pte. Ltd.**

8 Marina View,  
#21-00, Asia Square Tower 1  
Singapore 018960

**Daiwa Capital Markets Europe Limited**

5 King William Street  
London EC4N 7AX

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ

**Mitsubishi UFJ Securities International plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ



**Mizuho International plc**

Bracken House  
One Friday Street  
London EC4M 9JA

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP

**AGENT AND PAYING AGENT**

**The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AN

**REGISTRAR AND TRANSFER AGENT**

**The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AN

**LEGAL ADVISERS**

*to Mitsubishi (as to Japanese law)*

**Mori Hamada & Matsumoto**

Marunouchi Park Building  
6-1, Marunouchi 2-chome  
Chiyoda-ku, Tokyo 100-8222

*To MCFC (as to Singapore law)*

**Allen & Gledhill LLP**

One Marina Boulevard #28-00  
Singapore 018989

*to the Dealers (as to English law)*

**Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters**

Meiji Yasuda Building 10F  
1-1, Marunouchi 2-chome  
Chiyoda-ku, Tokyo 100-0005

**INDEPENDENT AUDITOR OF MITSUBISHI  
CORPORATION**

**Deloitte Touche Tohmatsu LLC**

Shinagawa Intercity  
2-15-3, Konan  
Minato-ku,  
Tokyo 108-6221

**INDEPENDENT AUDITOR OF MITSUBISHI  
CORPORATION FINANCE PLC**

**Deloitte LLP**

2 New Street Square  
London EC4A 3BZ

**INDEPENDENT AUDITOR OF MC FINANCE & CONSULTING ASIA PTE. LTD.**

**Deloitte & Touche LLP**

6 Shenton Way, #32-00  
OUE Downtown 2  
Singapore 068809

 **Mitsubishi Corporation**

 **Mitsubishi Corporation Finance PLC**

**MC Finance & Consulting Asia Pte. Ltd.**

Linklaters LLP  
One Silk Street  
London EC2Y 8HQ

A18826430