



ITOCHU CORPORATION

(incorporated with limited liability in Japan)

ITOCHU TREASURY CENTRE EUROPE PLC

(incorporated with limited liability in England)

**U.S.\$5,000,000,000
Euro Medium Term Note Programme**

**Guaranteed (in respect of Notes issued by ITOCHU Treasury Centre Europe Plc) by
ITOCHU Corporation**

Under this Euro Medium Term Note Programme (the “Programme”) each of ITOCHU Corporation (“IC”) and ITOCHU Treasury Centre Europe Plc (“ITE”) (each an “Issuer” and together the “Issuers”) may from time to time issue notes (the “Notes”) denominated in any currency agreed by the Issuer of such Notes (the “relevant Issuer”) and the relevant Dealer (as defined below). The payment and delivery of all amounts due in respect of Notes issued by ITE will be unconditionally and irrevocably guaranteed by IC (in such capacity, the “Guarantor”). The aggregate nominal amount of all Notes issued under the Programme from time to time outstanding will not exceed U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

This Base Prospectus supersedes the base prospectus dated 6th September, 2018 relating to the Programme. This Base Prospectus does not affect any Notes already issued.

The Notes will be issued to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time (each a “Dealer” and together the “Dealers”) on a continuing basis. References in this Base Prospectus to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the establishment of the Programme and application will be made to the SGX-ST for permission to deal in, and for quotation of, any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed, or reports contained in this Base Prospectus. Admission to the official list of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the relevant Issuer, the Guarantor or any of their respective subsidiaries or associated companies, the Programme or such 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 not contained herein which are applicable to, each Series (as defined in “Description of the Programme and the Notes” below) of Notes will be set forth in final terms prepared by, or on behalf of, the relevant Issuer (the “Final Terms”) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Series. However, unlisted Notes may be issued pursuant to the Base Prospectus. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange).

Notes may be issued in bearer form (“Bearer Notes”) or registered form (“Registered Notes”). Each Series of Bearer Notes will be represented on issue (as indicated in the relevant Final Terms) by either a temporary global Note (each a “Temporary Bearer Global Note”) or a permanent global Note (each a “Permanent Bearer Global Note”), and each Series of Registered Notes will be represented on issue by a registered global Note (each a “Registered Global Note”). Each Temporary Bearer Global Note, Permanent Bearer Global Note and Registered Global Note is referred to as a “Global Note”.

The Programme has been rated “AA” by Japan Credit Rating Agency, Ltd. (“JCR”) and “A3” by the Moody’s Japan K.K. (“Moody’s”). 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.

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

Arranger

BofA Merrill Lynch

Dealers

BofA Merrill Lynch

Citigroup

Daiwa Capital Markets Europe

J.P. Morgan

Morgan Stanley

Nomura

BNP PARIBAS

Crédit Agricole CIB

Goldman Sachs International

Mizuho Securities

MUFG

SMBC Nikko

UBS Investment Bank

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of each Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” below). This Base Prospectus shall be read and construed on the basis such documents are incorporated and form part of this Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, 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 information contained or incorporated in this Base Prospectus or any other information provided by any of the Issuers or the Guarantor in connection with the Programme. The Dealers do not accept any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by any of the Issuers or the Guarantor in connection with this Base Prospectus.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus, any other document entered into in relation to the Programme or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any of the Issuers, the Guarantor (where the relevant Issuer is ITE) or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating the purchase of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor (where the relevant Issuer is ITE).

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning any of the Issuers or the Guarantor (where the relevant Issuer is ITE) is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of any of the Issuers or the Guarantor (where the relevant Issuer is ITE) during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and/or any Final Terms and the offer, sale or delivery of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor (where the relevant Issuer is ITE) and the Dealers do not represent that this Base Prospectus and/or any Final Terms may be lawfully distributed, or that any Notes may be lawfully offered, sold or delivered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution, offering, sale or delivery. In particular, no action has been taken by the Issuers or the Guarantor or the Dealers which is intended to permit a public offering of any Notes or the distribution of this Base Prospectus and/or any Final Terms in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material including any Final Terms 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. Persons into whose possession this Base Prospectus, any Final Terms or any Notes come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and any Final Terms and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), Japan and Singapore (see “Subscription and Sale”).

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or Manager, as the case may be.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers whether it:

- (i) has 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 Base Prospectus or any applicable supplement;
- (ii) has 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) has 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) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

In making an investment decision, investors must rely on their own examination of the relevant Issuer and the Guarantor (where the relevant Issuer is ITE) and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Dealers, the Issuers or the Guarantor (where the relevant Issuer is ITE) makes any representation to any investor in the Notes regarding the legality of its investment under any applicable

laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU)2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU)2017/1129 (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE): The applicable Final Terms in respect of any Notes may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the “SFA”). The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the applicable Final Terms will constitute notice to “relevant persons” for purposes of section 309B(1)(c) of the SFA.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “FIEL”) and Notes issued (i) by IC and (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law of Japan (Law No.26 of 1957) (as amended) (the “Special Taxation Measures Law”), are subject to the Special Taxation Measures Law. The Notes may not be, directly or indirectly, offered, sold or delivered in Japan, or for the account or benefit of, any person resident in Japan (including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, or otherwise in accordance with, the FIEL (see “Subscription and Sale”). BY PURCHASING NOTES ISSUED BY IC, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS, FOR JAPANESE TAX PURPOSES, A GROSS RECIPIENT (AS DEFINED IN “SUBSCRIPTION AND SALE”). Interest payments on the Notes issued (i) by IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, will be subject to Japanese withholding tax unless the holder establishes that the Notes are held by or for the account of a holder that is (i) 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 person having a special relationship with the relevant Issuer as described in Article 6, Paragraph 4 of the Special Taxation Measures Law for Japanese tax purposes, or (ii) is a Japanese designated financial institution described in Article 6 of the Special Taxation Measures Law; provided that, Notes to be issued by (i) IC or (ii) ITE in such circumstances as mentioned above, the amount of interest on which is calculated or determined on the basis of or by reference to certain indicators including the amount of profit, income, earnings, revenue, assets and distribution of surplus, distribution of profit and other similar distributions of the relevant Issuer or any person having such special relationship with the relevant Issuer, will not be exempt from Japanese withholding tax even if the holder establishes the foregoing status.

All references in this document to “U.S. dollar(s)”, “U.S.\$” and “\$” refer to United States dollars, those to “Sterling” and “£” refer to pounds sterling, those to “Japanese Yen”, “Yen” and “¥” refer to the currency of Japan, those to “euro”, “EUR” and “€” refer to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and “Singapore dollars” and “S\$” refer to the currency of Singapore.

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (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, stabilisation may not occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Base Prospectus:

- (a) the Final Terms relating to any Notes;
- (b) the audited consolidated annual financial statements of IC and its subsidiaries, which comprise the consolidated statement of financial position as of 31st March, 2019 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the related notes to the consolidated annual financial statements (all expressed in Japanese Yen) with corresponding figures as comparative information as of and for the year ended 31st March, 2018, including the Independent Auditor's Report and an English translation of the Management Internal Control Report of IC;
- (c) the unaudited consolidated interim financial results (*kessan tanshin*) of IC for the three months ended 30th June, 2019 filed with the Tokyo Stock Exchange (save for any forecasts, outlooks and other forward-looking statements);
- (d) the audited financial statements of ITE as of and for the year ended 31st March, 2019, which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 21 with corresponding figures as comparative information as of and for the year ended 31st March, 2018, including the Independent Auditor's Report;
- (e) any unaudited interim consolidated financial results (*kessan tanshin*) of IC subsequently prepared by IC and filed with the Tokyo Stock Exchange (save for any forecasts, outlooks and other forward-looking statements), and submitted for publication on the website of the SGX-ST;
- (f) any audited consolidated annual financial statements subsequently prepared by IC and submitted for publication on the website of the SGX-ST;
- (g) any unaudited consolidated interim financial statements or audited consolidated annual financial statements subsequently prepared by ITE and submitted for publication on the website of the SGX-ST; and
- (h) all supplements and amendments to this Base Prospectus circulated by the Issuers and the Guarantor from time to time in accordance with the undertakings given by the Issuers and the Guarantor,

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

Copies of documents incorporated by reference in this Base Prospectus may be obtained without charge, from the principal office in Luxembourg of Mizuho Trust & Banking (Luxembourg) S.A. Documents incorporated by reference are also expected to be available on the website of the SGX-ST (<http://www.sgx.com>).

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare an amendment or supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Notes.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, any Issuer may from time to time issue Notes denominated in any currency and with any maturity, subject as set out herein, and subject to such minimum denomination as is set out in “Denomination of Notes” under “Description of the Programme and the Notes”. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as supplemented by the applicable Final Terms with respect to a specific Tranche of Notes attached to, or endorsed on, such Notes, as more fully described under “Form of the Notes”.

The aggregate nominal amount of all Notes issued under the Programme from time to time outstanding will not exceed U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described herein). For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes described under “Form of the Notes”) shall be determined, at the discretion of the relevant Issuer, either as of the date of agreement to issue such Notes (the “Agreement Date”) or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes and Index Linked Notes (each as specified in the applicable Final Terms in relation to the relevant Notes described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount of such Notes;
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes described under “Form of the Notes”) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue; and
- (d) the U.S. dollar equivalent of Partly Paid Notes (as specified in the applicable Final Terms in relation to the relevant Notes described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount regardless of the amount paid up on such Notes.

DESCRIPTION OF THE PROGRAMME AND 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 Base Prospectus and, in relation to the terms and conditions, the applicable Final Terms.

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuers:	ITOCHU Corporation (“IC”) (Legal Entity Identifier: J48DJYXDTLHM30UMY118) ITOCHU Treasury Centre Europe Plc (“ITE”) (Legal Entity Identifier: 549300MUKBMNFURWDP67)
Guarantor in respect of Notes issued by ITE:	ITOCHU Corporation
Description:	Euro Medium Term Note Programme
Arranger:	Merrill Lynch International
Dealers:	BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Daiwa Capital Markets Europe Limited Goldman Sachs International J.P. Morgan Securities plc Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc MUFG Securities EMEA plc Nomura International plc SMBC Nikko Capital Markets Limited UBS AG London Branch and any other Dealers which may be appointed from time to time in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale”) including the following restrictions applicable at the date of this Base Prospectus. Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.
Agent, Paying Agent, Registrar and Transfer Agent:	Mizuho Trust & Banking (Luxembourg) S.A.

- Programme size:** Up to U.S.\$5,000,000,000 in the aggregate nominal amount of all Notes from time to time outstanding under the Programme at any time (or its equivalent in other currencies calculated as described herein). The Issuers may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
- Guarantee:** Notes issued by ITE will be unconditionally and irrevocably guaranteed by IC (in such capacity, the “Guarantor”). The obligations of the Guarantor under such guarantee will be direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank *pari passu* and rateably without any preference among themselves and equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
- Currencies:** Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer.
- Maturities:** The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
- Issue Price:** Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over par.
- Form of Notes:** Each Tranche of Bearer Notes will initially be represented by a Temporary Bearer Global Note or a Permanent Bearer Global Note which will be deposited on the relevant Issue Date (as specified in the applicable Final Terms) with a common depository on behalf of Euroclear Bank SA/NV (“Euroclear”), and Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or any other agreed clearing system. Each Temporary Bearer Global Note will be exchangeable for a Permanent Bearer Global Note not earlier than 40 days after the Issue Date upon certification of non-U.S. beneficial ownership as required by U.S. Treasury Regulations. Each Tranche of Registered Notes will be represented by a Registered Global Note registered in the name of a nominee for Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system. Interests in a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate. A Global Note may be exchangeable for definitive Notes in certain exceptional circumstances, described in further detail in “Form of the Notes”.
- Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
- Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:
- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series); or
 - (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
 - (iii) on such other basis as may be agreed between the relevant Issuer and the

relevant Dealer.

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

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

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

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

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Redemption: The Final Terms relating to each Tranche of Notes will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the 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 and on such terms as are indicated in the applicable Final Terms.

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

Notes having a maturity of less than one year from the date of issue may be subject to restrictions on their denomination and distribution – see “Certain Restrictions” above.

Denomination of Notes: Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any applicable laws or regulations – see “Certain Restrictions” above.

Taxation: All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes imposed within the jurisdiction in which the

relevant Issuer is incorporated, subject to certain exceptions provided in Condition 7.

Interest payments on the Notes issued (i) by IC and (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, will be subject to Japanese withholding tax unless the holder thereof establishes that the Note is held by or for the account of a holder that is (i) neither an individual resident of Japan or a Japanese corporation nor an individual nonresident of Japan or a non-Japanese corporation that, in either case, is a person having a special relationship with the relevant Issuer as described in Article 6, Paragraph 4 of the Special Taxation Measures Law for Japanese tax purposes, or (ii) is a designated Japanese financial institution as provided in Article 6 of the Special Taxation Measures Law of Japan; provided that Notes to be issued by (i) IC or (ii) ITE in such circumstances as mentioned above whose amount of interest is calculated or determined on the basis of or by reference to certain indicators including the amount of profit, income, earnings, revenue, assets and distribution of surplus, distribution of profit and other similar distributions of the relevant Issuer or any person having such special relationship with the relevant Issuer, will not be exempt from Japanese withholding tax even if the holder establishes the foregoing status. See Condition 7(a) and “Taxation – Japan” below.

- Negative Pledge:** The terms of Notes issued by ITE will contain a negative pledge provision as described in Condition 3. The negative pledge provision will not apply to IC (as either Issuer or the Guarantor).
- Cross Default:** The terms of the Notes will contain a cross-default provision relating to indebtedness for money borrowed having an aggregate outstanding amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) as further described in Condition 9.
- Status of the Notes:** The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the relevant Issuer and will rank *pari passu* and rateably without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer from time to time outstanding.
- Rating:** The Programme has been rated “AA” by JCR and “A3” by Moody’s. A Series of Notes issued under the Programme may be rated or unrated. Where a Series 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.
- Listing:** Approval in-principle has been received from the SGX-ST for the establishment of the Programme and application will be made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Base Prospectus. Admission to the official list of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of relevant Issuer, the Guarantor or any of their respective subsidiaries

or associated companies, the Programme or such Notes.

As specified in the relevant Final Terms, a Series of Notes may be unlisted. Any application for the listing of Notes on the SGX-ST will be made separately with respect to each such issue of Notes.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or the equivalent in other currencies).

Governing Law:

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

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), Japan and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “Subscription and Sale”.

RISK FACTORS

Each of the Issuers and (in respect of Notes issued by ITE) the Guarantor believes that the following factors may affect their respective abilities to fulfill their obligations under Notes issued under the Programme (or, in the case of the Guarantor, its ability to perform its obligations under the Guarantee). All of these factors are contingencies which may or may not occur and none of the Issuers or the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

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

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below have the same meaning in this section.

Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of any of the Issuers to pay interest, principal or other amounts on or in connection with any Notes (or the inability of the Guarantor to perform its obligations under the Guarantee (as defined in “Summary of the Guarantee”) where Notes are issued by ITE) may occur for other reasons which may not be considered significant risks by the Issuers or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. None of the Issuers or 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 Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuers’ ability to fulfill their respective obligations under Notes issued under the Programme and the Guarantor’s ability to fulfill its obligations under the Guarantee

The factors described below, either individually or in combination with other factors, may adversely affect the financial condition of the Issuers and the Guarantor (as specified below) and accordingly, in certain situations, may affect their solvency and (in the case of the Issuers) their ability to fulfill their respective obligations under Notes issued under the Programme and (in the case of Notes issued by ITE) the ability of the Guarantor to fulfill its obligations under the Guarantee.

Corporate Result Risks Associated with Macroeconomic Factors

IC and its subsidiaries and affiliates (the “Group”) are involved in a wide variety of businesses, ranging from sourcing raw materials to manufacturing and sale in each of its business areas. It conducts diverse types of commercial transactions such as the purchase and sale of products in the domestic market, import/export trade between overseas affiliates as well as the development of energy, metal and mineral resources. Of the Group’s main areas of business, trade in machinery such as plants, automobiles and construction machineries, trade in mineral resources, energy and chemical products, and investments in development, are all largely dependent on global economic trends, while the domestic economy has a relatively strong influence on the consumer and retail-related segments such as textiles and food. However, global economic trends have become increasingly influential on these consumer and retail-related segments as economic globalisation proceeds.

Furthermore, economic trends including worldwide trends and specific regional trends, and changes in industrial structures due to rapid technological innovation in recent years can significantly affect the existing business model, financial position and results of operations of the Group.

Market Risks

The Group is exposed to market risks, such as foreign exchange rate risks, interest rate risks, commodity price risks and stock price risks. Therefore, the Group attempts to minimise risks related to market

fluctuations, such as changes in foreign exchange rates, interest rates and commodity prices, by establishing risk management policies such as setting and controlling risk thresholds and by utilising a variety of hedge transactions for hedging purposes. However, there is no assurance that such policies will be effective in controlling the Group's exposure to market risks and any significant fluctuation in the markets may have a significant impact on the financial position and results of operations of the Group.

Foreign Exchange Rate Risk

The Group is exposed to foreign exchange rate risk in relation to transactions in foreign currencies due to its significant involvement in import/export trading. The Group works to minimise foreign exchange rate risk through hedge transactions that utilise derivatives, such as foreign exchange forward contracts, but cannot, however, completely avoid such risk.

Further, IC's investments in overseas businesses expose the Group to the risk that fluctuations in foreign exchange rates could affect shareholders' equity through the accounting for foreign currency translation adjustments and the risk that fluctuations in foreign exchange rates could affect the amount of periodic income when converted to yen. These foreign exchange rate risks could significantly affect the financial position and results of operations of the Group.

Interest Rate Risk

The Group is exposed to interest rate risk in raising funds and using funds for investing, financing and operating activities. Among the Group's assets that are not directly affected by interest rates, such as investment securities or fixed assets, any portion of such assets that has been funded using floating rate financing may give rise to an interest rate mismatch, which then exposes the Group to interest rate risk. IC seeks to quantify its exposure to interest rate risk to control the impact on its profit and losses because of interest rate changes.

By using the Earnings at Risk ("EaR") management method, the Group periodically tracks and monitors the amount of influence on interest payments due to interest rate changes.

However, interest rate trends could significantly affect the financial position and results of operations of the Group.

Commodity Price Risk

The Group engages in commodities trading and hedging based on its commercial requirements. From time to time, the Group is exposed to commodity price fluctuation risk, because it holds long or short positions in consideration of market trends. Therefore, the Group analyses inventories and purchase and sales contracts, and each division company, as defined in "Descriptions of the Issuers – ITOCHU Corporation", has established middle and back office functions for major commodities, which establish a balance limit and loss cut limit for each commodity, as well as conducting monitoring, management and periodic reviews.

In addition, the Group participates in development businesses such as mineral resources and energy and other manufacturing businesses. Production in these businesses also exposes the Group to price fluctuation risks.

To reduce these commodity price risks, the Group uses hedge transactions such as futures and forward contracts. However, the Group cannot completely avoid commodity price risk. Therefore, commodity price trends could significantly affect the financial position and results of operations of the Group.

Stock Price Risk

The Group holds a variety of marketable equity securities, mainly to strengthen relationships with customers, suppliers, and other parties, and to secure business income, and to increase corporate value through means such as making a wide range of proposals to investees, and consequently is exposed to stock price fluctuation risk.

Using the Value at Risk (“VaR”) method, the Group periodically tracks and monitors the amount of influence on consolidated shareholders’ equity. However, stock price trends could significantly affect the financial position and results of operations of the Group.

Credit Risks

Through trade receivables, loans, guarantees and other measures, the Group grants credit to its trading partners, both domestically and overseas. The Group, therefore, bears credit risk in relation to such receivables becoming uncollectible due to the deteriorating credit status or insolvency of the Group’s trading partners, and in relation to assuming responsibilities to fulfill contracts where an involved party is unable to continue its business and therefore cannot fulfill its obligations under the contracts.

When granting credit, the Group seeks to manage risk through the establishment of credit limits and the acquisition of collateral or guarantees as needed. At the same time, the Group makes provisions for doubtful accounts by estimating expected credit losses based on the creditworthiness, the status of collection, and the status of receivables in arrears with business partners. However, such management cannot completely avoid the occurrence of credit risks, which could significantly affect the financial position and results of operations of the Group.

Country Risk

The Group conducts transactions and business activities in various countries and regions overseas which exposes the Group to country risk, including unforeseen situations arising from the political, economic and social conditions of these countries and regions and national expropriation or remittance suspension due to changes in various laws and regulations. In addition to taking appropriate countermeasures for each transaction, with the aim of avoiding a concentration of exposure, the Group works to reduce risk by setting total limit guidelines and limits for each country and setting credit policies appropriate for each country. However, the Group cannot completely avoid such risk.

The occurrence of such risk could delay or prevent debt collection or operational implementation and could significantly affect the financial position and results of operations of the Group.

Investment Risk

The Group invests in various businesses and in these investment activities there are risks such as being unable to achieve expected earnings due to changes in business conditions or deterioration in the business results of its partners and investees, investment recovery being lower due to poor corporate results of investees, or stock prices dropping below a specified level for a considerable period of time, each of which may lead to the whole or part of an investment being recognised as a loss, and the infusion of additional funds being required. Also, the Group faces risks where it is unable to withdraw from a business or restructure a business within the timeframe or method that it desires due to differences in business management policy with business partners or the low liquidity of investments. The Group may also be put at a disadvantage because it is unable to receive appropriate information from an investee. The Group works to reduce risk through the establishment of investment standards for the implementation of new investments while monitoring existing investments periodically and promoting asset replacement through the application of exit standards to investments with low investment efficiency that it has little reason to hold.

However, such risk controls cannot completely eliminate investment risks, and such occurrences could significantly affect the financial position and results of operations of the Group.

Risks Associated with Impairment Loss on Fixed Assets

The Group is exposed to impairment loss risks on fixed assets held, such as real estate, aircraft, ships, assets related to natural resource development, goodwill and intangible assets.

While the Group believes it has accounted for such impairment losses in the results of operations of the Group, the Group might be required to recognise further impairment losses should the economic value of fixed assets deteriorate due to a deterioration in market conditions for each of the assets, decreased demand or

changes in development plans. Such occurrences could significantly affect the financial position and results of operations of the Group.

Risks Associated with Fund Raising

The Group procures the necessary funding for its businesses through debt from domestic and international financial institutions, as well as the issuance of commercial paper and debentures. However, should IC's credit worthiness in the capital markets deteriorate due to a significant lowering of IC's credit rating, or should there be disruption to the financial systems in major financial markets, the Group may be unable to raise funds from financial institutions or investors when necessary or under desirable conditions and may consequently experience an increase in funding costs. In addition to securing adequate liquidity through cash deposits and commitment lines, the Group has taken steps to diversify its sources of funds and methods of fundraising, however, such steps cannot completely avoid the risks faced by the Group. The occurrence of such risks could significantly affect the financial position and results of operations of the Group.

Risks Associated with Pension Cost and Projected Benefit Obligations

The pension cost and the Group's projected benefit obligations are calculated based on a variety of assumptions. Should it become necessary to change the assumptions on which the actuarial calculations are based or should pension assets be affected by deterioration in the stock market, it is possible that pension cost and projected benefit obligations could increase and additional contributions to pension assets might be necessary. Such occurrences could significantly affect the financial position and results of operations of the Group.

Risks Associated with Deferred Taxes

Deferred tax assets are an important factor in the Group's consolidated balance sheets, and accounting judgment when evaluating deferred tax assets has a substantial impact on the Group's consolidated financial statements.

The Group recognises the realisable amount of deferred tax assets, taking into consideration future taxable income and feasible tax planning strategies.

However, the amount of deferred tax assets may increase or decrease depending on changes in estimated taxable income in tax planning, changes in the tax system including changes in tax rates, and changes in tax planning strategies. Such occurrences could significantly affect the financial position and results of operations of the Group.

Risks Due to Competition

The Group handles a vast array of products and services and is subject to competition from many different companies, both domestically and overseas, including competition from other general trading companies. The Group's competitors may be in a better position than the Group to provide products and services that meet customer needs. Moreover, ever greater competition from companies in newly developing countries is gradually emerging in addition to ongoing competition from companies in European and North American industrialised countries due to the effects of economic globalisation. Furthermore, the Group's competitiveness could also be affected by the accompanying changes in the business environment, such as deregulation and the emergence of new competitors from other industries. The advent of such risks could significantly affect the financial position and results of operations of the Group.

Risks Associated with Significant Lawsuits

There is currently no significant, pending lawsuit, arbitration or other legal proceeding that may significantly affect the financial position and results of the operations of the Group.

However, it is possible that the domestic or overseas business activities of the Group may become subject to lawsuits, arbitrations or other legal proceedings, any of which may significantly affect the future financial position and results of operations of the Group.

Risks Associated with Laws and Regulations

The Group is subject to a number of diverse laws and regulations, both domestically and overseas, due to the vast array of products and services the Group provides.

The Group is required to adhere to laws and regulations relating to each industry in which it operates, including company law, securities laws and tax laws, as well as all laws pertaining to trade, such as foreign exchange control laws, antitrust laws, intellectual property laws, environmental laws, anti-bribery-related laws and the laws of each country in which the Group conducts business overseas. The Group makes every effort to observe these laws and regulations by reinforcing its compliance systems, being aware that the observance of laws and regulations is a serious obligation of the Group.

With all these measures, however, there can be no assurance that, including personal misconduct by directors and employees, risks associated with non-compliance or risks associated with damage to social credibility will not occur.

Further, there can be no assurance that unexpected, additional laws or change in laws and regulations by legislative, judicial, and regulatory bodies will not occur both domestically and overseas, and there remains the possibility of major change in laws and regulations as a result of political and economical changes. Such occurrences could significantly affect the financial position and results of operations of the Group.

Risks Associated with the Environment

The Group has designated global environmental issues as one of the most important elements of its management policy and is actively working to address environmental issues. These efforts include establishing an environmental policy and building an environmental management system in order to minimise environmental risk, such as the risk of infringement of laws and regulations in the handling of goods the provision of services, and business investment. However, the occurrence of environmental pollution due to the Group's business activities could lead to the delay or suspension of operations, the incurring of pollution disposal expenses or expenses due to compensation for damage, or the lowering of society's evaluation of the Group and could significantly affect the financial position and results of operations of the Group.

Risks Associated with Natural Disasters, Climate Change and Other Factors

In the countries and regions in which the Group conducts business activities, natural disasters, such as earthquakes, or infectious diseases, such as new types of influenza, may adversely affect its business activities. IC has implemented measures such as developing Business Continuity Plans (BCPs) for large-scale disasters and the outbreak of new types of influenza, introducing a safety confirmation system, and conducting emergency drills. Also, various measures have been implemented individually in each Group company. However, since the Group conducts business activities across a wide range of regions, when damage arises due to disasters or infectious diseases such as new types of influenza, it cannot completely avoid such damage. Therefore, such occurrences could significantly affect the financial position and results of operations of the Group.

In addition, abnormal weather arising from climate change could affect the Group's business activities adversely and could significantly affect the financial position and results of operations of the Group.

Risks Associated with Information Systems and Information Security

The Group has adopted a code of conduct concerning the handling of information applicable to all directors and employees and high priority is placed on maintaining a high information security level. The Group has established and operates information systems to facilitate the sharing of information and to improve the efficiency of operations. In order to maintain the secure operation of its information systems, the Group has established security guidelines and has developed crisis control measures considering cyber security risks.

Despite these measures, the Group cannot completely avoid the risk of sensitive information and personal information leaking due to unauthorised access from the outside the Group or computer viruses, and the risk of disruption to information systems due to equipment damage or problems with telecommunications

circuitry. Depending on the scale of the damage, such occurrences could significantly affect the financial position and results of operations of the Group.

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 relevant Issuer

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

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the cost to such Issuer of funding its obligation under the Notes (which costs may include costs under related hedging agreements and may be higher than the interest rate payable under the Notes). At those times, an investor may 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.

Notes which are linked to benchmarks

The London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”) and other reference rates and indices which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“Benchmarks”) have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued.

In 2012, a review, undertaken at the request of the UK government, on the setting and usage of LIBOR, resulted in an initiative to devise new methodologies for determining representative inter-bank lending rates and, ultimately, so-called ‘risk free’ rates that may be used as an alternative to LIBOR in certain situations.

Following this review, the International Organisation of Securities Commissions (“IOSCO”) created a task force to draft principles to enhance the integrity, reliability and oversight of Benchmarks generally. This resulted in publication by the Board of IOSCO, in July 2013, of nineteen principles which are to apply to Benchmarks used in financial markets (the “IOSCO Principles”). The IOSCO Principles provide an overarching framework for Benchmarks used in financial markets and are intended to promote the reliability of Benchmark determinations and address Benchmark governance, quality and accountability mechanisms. The Financial Stability Board (“FSB”) subsequently undertook a review of major interest rate Benchmarks and published a report in 2014, outlining its recommendations for change, to be implemented in accordance with the IOSCO Principles. In addition, in June 2016, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmark Regulation”) came into force. The Benchmark Regulation implements a number of the IOSCO Principles and the majority of its provisions have applied since 1st January, 2018.

The UK Financial Conduct Authority (“FCA”) which regulates LIBOR has announced in 2017 that after 2021 it will no longer persuade or use its power to compel banks to submit rates for the calculation of the LIBOR benchmark and that the continuation of LIBOR on the current basis cannot, and will not be guaranteed after 2021 by the FCA. Subsequent speeches by FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

In respect of a Series of Notes, where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page. The Conditions also contain fallback provisions in the event that the relevant Reference Rate is not available. However the potential elimination of the relevant Benchmark, or changes in the manner in which the relevant Benchmark is administered, could result in discrepancies in the rates calculated according to the Conditions and those based on any substitute or alternate benchmark that has been subsequently developed. In the event that relevant Benchmark is permanently discontinued and the successor or replacement may not be available, unless otherwise specified in the Final Terms the Rate of Interest will be determined in accordance with the Agency Agreement as of the last preceding Interest Determination Date, which may result in Notes linked to or referencing a Benchmark performing differently (including paying a lower Rate of Interest) than they would do if such Benchmark were to continue to apply in its current form. Any such consequence could have a material adverse effect on the value and marketability of, and return on, any Notes linked to a Benchmark.

Index Linked Notes and Dual Currency Notes

An Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, an Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Partly Paid Notes

An Issuer may issue Notes where the issue price is payable by the investor in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of 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, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

Risks related to green, social and sustainability bonds

The Issuers may issue Notes under the Programme, the net proceeds of which are used to finance or re-finance, in whole or in part, projects and activities that promote climate-friendly and other environmental purposes (green bonds) and/or social projects and businesses (social or sustainability bonds). The issuance of green, social and sustainability bonds is potentially in connection with, but not limited to, ITOCHU Europe Plc's publication of the "ITOCHU Europe Green Finance Framework" in March 2019 (see "ITOCHU TREASURY CENTRE EUROPE PLC – Green Finance Activities").

Prospective investors should have regard to the factors relating to, and the use of proceeds for such Notes set out in the relevant Final Terms or the applicable amendment or supplement to this Base Prospectus, as the case may be, and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance is given to investors that eligible financings will at any time meet investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any future applicable law or by its own bylaws or other governing rules or investment mandates regarding "green bond", "green", "social" or "sustainable" projects or other equivalently-labelled projects. In addition, failure to comply with the stated intentions relating to use of proceeds and reporting, if any, would not be an event of default under the terms of the Notes and may affect the value of the Notes and/or have adverse consequences for certain investors with investment mandates to invest in green, social or sustainable assets.

In addition, no assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by an Issuer) which may be made available in connection with the issue of any such Notes and in particular with any projects to fulfil any environmental, sustainability, social and/or other criteria. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the relevant Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be,

incorporated by reference in and/or form part of this Base Prospectus. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes.

Risks related to Notes generally

Set out below is a brief description of certain 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.

Change of law

The conditions of the Notes are based on English law in effect as of the date of this Base Prospectus. 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 Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Bearer Notes where denominations involve integral multiples: definitive Notes

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

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the

Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) 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 or the ability of the Issuer or the Guarantor (where the relevant Issuer is ITE) to make payments in respect of the Notes. 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 if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will 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, suspended or withdrawn by the rating agency at any time. The downgrading or withdrawal of a credit rating may have an adverse effect on the market value of the Notes.

FORM OF THE NOTES

The Notes of each Series will be issued in either bearer form, with or without interest coupons attached, or registered form, without interest coupons.

References in this section to Euroclear and/or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system as specified in the applicable Final Terms.

Bearer Notes

Each Tranche of Bearer Notes will be issued in the form of a Temporary Bearer Global Note or, if so specified in the applicable Final Terms, a Permanent Bearer Global Note, in either case, without receipts, interest coupons or talons attached and which will be delivered on or prior to the original issue date of the Tranche to a common depositary for, Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) 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 Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by the U.S. Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder (the “U.S. Treasury Regulations”), has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certificate (based on the certifications it has received) to the relevant Issuer or the Agent.

On and after the date (the “Exchange Date”) which is 40 days after the date on which the Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable upon a request being given by Euroclear and/or Clearstream, Luxembourg acting on the instructions of one or more holders of interests in the Temporary Bearer Global Note for interests in a Permanent Bearer Global Note without receipts, interest coupons or talons or, alternatively if specified in the applicable Final Terms, for Bearer Notes in definitive form (“Definitive Bearer Notes”) of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described in the second sentence of this paragraph and as required by U.S. Treasury Regulations in accordance with the terms of the Temporary Bearer Global Note unless 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 is improperly withheld or refused.

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 certification.

A Permanent Bearer Global Note may be exchanged in whole or (in the case of (ii) below only and if Euroclear and/or Clearstream, Luxembourg so permits) in part for Definitive Bearer Notes only in the following limited circumstances:

- (i) if the Permanent Bearer Global Note is held on behalf of Euroclear or Clearstream, Luxembourg and
any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due,

in each case by the holder giving notice to the Agent of its election for such exchange. Temporary Bearer Global Notes, Permanent Bearer Global Notes and Definitive Bearer Notes will be issued pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”).

The following legend will also appear on all Temporary Bearer Global Notes, Permanent Bearer Global Notes, Definitive Bearer Notes, receipts and interest coupons (including talons):

“ANY UNITED STATES PERSON WHO HOLDS THIS GLOBAL NOTE WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE”.

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

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

Registered Notes

Each Tranche of Registered Notes will initially be represented by a Registered Global Note, without receipts, interest coupons or talons attached, deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg.

Payments of principal and interest (if any) in respect of Notes represented by a Registered Global Note will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in “*Terms and Conditions of the Notes*”) as the registered holder of the Registered Global Notes.

Interests in a Registered Global Note may be exchangeable in whole but not in part for Registered Notes in definitive form (“*Definitive Registered Notes*”) without receipts, interest coupons or talons attached only (i) upon consent of the relevant issuer, or (ii) if principal in respect of any Notes is not paid when due, or (iii) if the Registered Global Note is held by or on behalf of Euroclear or Clearstream, Luxembourg and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Interests in a Registered Global Note will only be able to be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

The following legend will appear on all Global Notes and Definitive Notes, receipts, and interest coupons (including talons) issued (i) by IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner as provided for in the Special Taxation Measures Law.

“INTEREST PAYMENT ON THIS SECURITY TO AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION (EXCEPT FOR (I) A JAPANESE FINANCIAL INSTITUTION DESIGNATED BY THE ORDER FOR ENFORCEMENT OF THE SPECIAL TAXATION MEASURES LAW OF JAPAN (THE “*CABINET ORDER*”) WHICH HAS COMPLIED WITH THE REQUIREMENTS UNDER ARTICLE 6 OF THE SPECIAL TAXATION MEASURES LAW OF JAPAN AND (II) A JAPANESE PUBLIC CORPORATION, A JAPANESE FINANCIAL INSTITUTION OR A JAPANESE FINANCIAL INSTRUMENTS FIRM AS PROVIDED IN ARTICLE 3-3, PARAGRAPH 6 OF THE SPECIAL TAXATION MEASURES LAW OF JAPAN WHICH

RECEIVES THE INTEREST PAYMENTS THROUGH ITS PAYMENT HANDLING AGENT IN JAPAN AND COMPLIES WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER THAT PARAGRAPH), OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION FOR JAPANESE TAX PURPOSES THAT, IN EITHER CASE, IS A PERSON HAVING A SPECIAL RELATIONSHIP (AS DESCRIBED IN ARTICLE 3-2-2, PARAGRAPHS 5 TO 7 OF THE CABINET ORDER) WITH THE ISSUER (THE “SPECIALLY-RELATED PERSON”) WILL BE SUBJECT TO JAPANESE INCOME TAX.

NOTWITHSTANDING THE FOREGOING, INTEREST ON SECURITIES ISSUED OF WHICH THE AMOUNT OF INTEREST IS TO BE CALCULATED OR DETERMINED ON THE BASIS OF OR BY REFERENCE TO CERTAIN INDICATORS (AS PRESCRIBED UNDER THE CABINET ORDER RELATING TO ARTICLE 6, PARAGRAPH 4 OF THE SPECIAL TAXATION MEASURES LAW OF JAPAN) RELATING TO THE ISSUER OR A SPECIALLY-RELATED PERSON WILL BE SUBJECT TO THE 15 PER CENT. (UP TO AND INCLUDING 31ST DECEMBER, 2037, THIS RATE IS INCREASED TO 15.315 PER CENT.) WITHHOLDING TAX EVEN IF PAID TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT, IN EITHER CASE, IS NOT A SPECIALLY-RELATED PERSON.”

Pursuant to the Agency Agreement, the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche and/or in the case of Bearer Notes, 40 days after the completion of the distribution of the Notes of such Tranche as certified by the Agent to the relevant purchaser(s).

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued 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 relevant Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note.

A Note may be accelerated by the holder thereof in certain circumstances described in “*Terms and Conditions of the Notes – Events of Default*”. In such circumstances, where any Note is still represented by a Global Note and payment in full of the amount due has not been made then, unless within a period of 15 days commencing on the relevant due date payment in full of the amount due has been received in accordance with the terms of such Global Note, such Global Note will become void at 8.00 p.m. (Luxembourg time) on such fifteenth day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, under the terms of a deed of covenant (the “Deed of Covenant”) dated 6th September, 2018.

FORM OF FINAL TERMS

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [“prescribed capital markets products”]/[capital markets products other than “prescribed capital markets products”] (as defined in the CMP Regulations 2018).]¹

[Date]

ITOCHU Corporation
ITOCHU Treasury Centre Europe Plc
[unconditionally and irrevocably guaranteed by
ITOCHU Corporation]

U.S.\$5,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

These Final Terms, under which the Notes described herein (the “Notes”) are issued, are supplementary to and should be read in conjunction with the Base Prospectus (the “Base Prospectus”) relating to the U.S.\$5,000,000,000 Euro Medium Term Note Programme of ITOCHU Corporation and ITOCHU Treasury Centre Europe Plc. The Issuer [and the Guarantor] accept[s] responsibility for the information contained in

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

these Final Terms which, when read together with the Base Prospectus, contains all information that is material in the context of the issue of the Notes.

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [•] [and a supplemental Base Prospectus dated [•]]. This document contains the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented]. 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 such Base Prospectus [as so supplemented].

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

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [original date]. This document contains the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [•]], save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. 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 Base Prospectus dated [•].

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

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

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | |
|---|--|---|
| 1 | [(a)] Issuer: | [ITOCHU Corporation/ITOCHU Treasury Centre Europe Plc] |
| | [(b)] Guarantor: | [ITOCHU Corporation] |
| 2 | (a) Series Number: | [•] |
| | (b) Tranche Number: | [•] |
| | (c) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [•] below, which is expected to occur on or about <i>[date]</i>]] [Not Applicable] |
| 3 | Specified Currency or Currencies: | [•] |
| 4 | Aggregate Nominal Amount: | |
| | (a) Series: | [•] |
| | (b) Tranche: | [•] |
| 5 | [(a)] Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)] |
| | [(b)] Net Proceeds: | [•]] |
| 6 | (a) Specified Denominations: | [•] |

(N.B. – where multiple denominations above EUR 100,000 or equivalent are being used the following sample wording should be followed:

“[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. [No Notes in definitive form will be issued with a denomination above [EUR199,000]”]

- (b) Calculation Amount: [●]
*(If only one Specified Denomination, insert the Specified Denomination.
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- 7 (a) Issue Date: [●]
(b) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
- 8 Maturity Date: [Fixed rate – specify date
Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
- 9 Interest Basis: [[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/-[●] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
- 11 Change of Interest Basis/
Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis.]
[Not Applicable]
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 13 [Date [Board] approval for
issuance of Notes [and
Guarantee] obtained: [●] [and [●], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related

Guarantee.)

14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- (a) Rate(s) of Interest: [●] per cent. per annum payable [annually/semi-annually/
quarterly/monthly/other] in arrear on each Interest Payment Date
(If payable other than annually, consider amending Condition 4.)
- (b) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]/
[specify other]
(N.B. This will need to be amended in the case of long or short coupons.)
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment
(Applicable to Notes in definitive form.) Date falling [in/on] [●]][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [specify other]
- (f) Determination Date(s): [[●] in each year][Not Applicable]
(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.)
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
- 16 Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- (a) Specified Period(s)/Specified Interest Payment Dates: [●]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/
Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [●]
- (d) Manner in which the Rate(s) of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for [●]

calculating the Rate of Interest and/or Interest Amount (if not the Agent):

- (f) Screen Rate Determination:
- Reference Rate and Relevant Financial Centre: Reference Rate: [●] month
[LIBOR/EURIBOR/specify other Reference Rate]
Relevant Financial Centre:
[London/Brussels/specify other Relevant Financial Centre].
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement.)
 - Interest Determination Date(s): [●]
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR.)
 - Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.)
- (g) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
(In the case of a LIBOR or EURIBOR based option, the first day of the interest Period)
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [●] per cent. per annum
- (j) Maximum Rate of Interest: [●] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
(See Condition 4 for alternatives)
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the [●]

- Conditions:
- 17 Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- (a) Accrual Yield: [●] per cent. per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Actual/360]
 [Actual/365]
 [Conditions 6(e)(ii) and 6(j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated.)
- 18 Index Linked Interest Note/other variable-linked interest [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- Note Provisions:
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name]
- (c) Party responsible for calculating Rate(s) of Interest (if not the Calculation Agent) and/or Interest Amount(s) (if not the Agent): [●]
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable: [include a description of market disruption or settlement disruption events and adjustment provisions.]
- (e) Specified Period(s)/Specified Interest Payment Dates: [●]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): [●]
- (h) Minimum Rate of Interest: [●] per cent. per annum
- (i) Maximum Rate of Interest: [●] per cent. per annum
- (j) Day Count Fraction: [●]
- 19 Dual Currency Interest Note [Applicable/Not Applicable]

Provisions	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a) Rate of Exchange/method of calculating Rate of Exchange:	[give or annex details]
(b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[•]
(c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable:	<i>[include a description of market disruption or settlement disruption events and adjustment provisions.]</i>
(d) Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

20	Issuer Call:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(a) Optional Redemption Date(s):	[•]
	(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount/specify other/see Appendix]
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[•]
	(ii) Maximum Redemption Amount:	[•]
	(d) Notice period:	[•] <i>(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)</i>
21	Investor Put:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph.)</i>
	(a) Optional Redemption Date(s):	[•]
	(b) Optional Redemption Amount of each Note and	[[•] per Calculation Amount/specify other/see Appendix]

method, if any, of calculation of such amount(s):

- (c) Notice period: [●]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

22 Final Redemption Amount: [[●] per Calculation Amount/specify other/see Appendix]

23 Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Conditions: [[●] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24 Form of Notes: [Temporary/Permanent] Bearer Global Note [exchangeable for a Permanent Bearer Global Note] which is exchangeable for Definitive Bearer Notes in the limited circumstances specified in the [Temporary/Permanent] Bearer Global Note.]

[Registered Global Note which is exchangeable for Definitive Registered Notes in the limited circumstances specified in the Registered Global Note.]

25 Additional Financial Centre(s) or other special provisions relating to Payment Days: [●] [Not Applicable]
(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(c) and 18(g) relate)

26 Talons for future Coupons to or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]

27 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. *N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues.*]

28 Details relating to Instalment Notes:

(a) Instalment Amount(s): [Not Applicable/give details]

(b) Instalment Date(s): [Not Applicable/give details]

- 29 Redenomination applicable: Redenomination [not] applicable
 [(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms.)]
- 30 Other final terms: [Not Applicable/give details]
 (Consider including a term providing for tax certification if required to enable interest to be paid gross by Issuers.)

DISTRIBUTION

- 31 (a) If syndicated, names of Managers: [Not Applicable/give names]
- (b) Date of Subscription Agreement: [●]
- (c) Stabilising Manager(s) (if any): [Not Applicable/give names]
- 32 (d) If non-syndicated, name of relevant Dealer: [Not Applicable/give names]
- 33 U.S. Selling Restrictions: [Regulation S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
- 34 Additional selling restrictions: [Not Applicable/give details]

[RESPONSIBILITY

[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [name of the Issuer]

[Signed on behalf of ITOCHU Corporation as guarantor

By.....
 Duly authorised

By
 Duly authorised]

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

[Listing and Admission to trading: Not Applicable.]
(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, delete this subparagraph.)

[(i) Application for admission to the official list and for admission to trading [has been/is expected to be] made to: [SGX-ST/[specify other]]

(ii) Date from which admission effective: [●]]

2 RATINGS

Ratings: The Notes to be issued [have been]/[are expected to be] rated:
[Japan Credit Rating Agency, Ltd.: [●]]
[Moody's Japan K.K.: [●]]
[[Other]: [●]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3 USE OF PROCEEDS

Use of proceeds: [General corporate purposes/give details]

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Need to include a description of any interest, including conflicting ones, that is material to the issue/ offer; detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:]

[Save for any fees payable to the [Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. *Amend as appropriate if there are other interests.*]

5 PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING *(Index-Linked Notes only)*

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index, need to include the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, need to include details of where the information about the index can be obtained.]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information.]

6 PERFORMANCE OF RATE[S] OF EXCHANGE *(Dual Currency Notes only)*

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

7 OPERATIONAL INFORMATION

(i) ISIN Code: XS[●]

- (ii) Common Code: [•]
- (iii) Classification of Financial Instruments (CFI): [[•], [as updated/as set out] on]/[See the website of] the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [Not Applicable] / [Not Available]
- (iv) Financial Instruments Short Name (FISN): [[•], [as updated/as set out] on]/[See the website of] the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [Not Applicable] / [Not Available]
- (v) Legal Entity Identifier: [J48DJYXDTLHM30UMYI18/549300MUKBMNFURWDP67]
- (vi) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of initial Paying Agent(s) (if any): [•]
- (ix) Names and addresses of additional Paying Agent(s) (if any): [•]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes to be issued by an Issuer which will be incorporated by reference into each Global Note and which will be endorsed upon each Definitive Note, 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 Dealer at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Terms and Conditions.

This Note is one of a series of Notes issued with the benefit of the Agency Agreement (defined below). References herein to the “Issuer” shall be references to the party specified as such in the applicable Final Terms (as defined below). References herein to the “Notes” shall be references to the Notes of this Series:

- (a) in relation to any Notes represented by a global Note (a “Global Note”), units of the lowest Specified Denomination in the Specified Currency;
 - (b) any Global Note, being either a temporary bearer Global Note (“Temporary Bearer Global Note”) or permanent bearer Global Note (“Permanent Bearer Global Note” and, together a Temporary Bearer Global Note, each a “Bearer Global Note”), or a registered Global Note (a “Registered Global Note”);
 - (c) any definitive Notes in bearer form (“Definitive Bearer Notes”) issued in exchange or part exchange for a Bearer Global Note; and
 - (d) any definitive Notes in registered form (“Definitive Registered Notes” and, together with the Definitive Bearer Notes, “Definitive Notes”) whether or not issued in exchange for a Registered Global Note,
- in each case for the time being outstanding, or as the context may require or specific number of them.

The Notes, the Receipts and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 6th September, 2018 and made between, *inter alios*, the Issuer, Mizuho Trust and Banking (Luxembourg) S.A., as agent (the “Agent”, which expression shall include any successor agent or any calculation agent specified in the applicable Final Terms), as paying agent (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents), as registrar (the “Registrar”, which expression shall include any successor registrar) and as transfer agent (the “Transfer Agent”, which expression shall include any additional or successor transfer agents).

ITOCHU Corporation has, for the benefit of the holders (as defined below) of any Notes issued by ITOCHU Treasury Centre Europe Plc, executed and delivered a deed of guarantee dated 6th September, 2018 (as modified and/or supplemented and/or restated from time to time, the “Guarantee”) under which it has unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due by ITOCHU Treasury Centre Europe Plc, as the case may be, as Issuer under the relevant Notes and the Deed of Covenant (as defined below).

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”) attached on issue. 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. Definitive Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference herein to “Noteholders” or “holders” in relation to any Notes shall mean the bearer of a Bearer Note (as defined below), or the person in whose name a Registered Note (as defined below) is registered 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 a reference herein to

“Couponholders” shall mean the holders of the coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached hereto or endorsed hereon which supplement these Terms and Conditions. References herein to the “applicable Final Terms” are to the Final Terms attached hereto or endorsed hereon.

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

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the deed of covenant (such deed of covenant as modified and/or supplemented and/or restated from time to time, the “Deed of Covenant”) dated 6th September, 2018 and made by, *inter alios*, the Issuer. The original of the Deed of Covenant is held on behalf of a common depository on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Final Terms applicable to this Note, the Deed of Covenant, and the Guarantee (if any) are available for inspection during normal business hours at the specified office of the Agent and 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 to be bound by, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Guarantee (if any) and the applicable Final Terms which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement, these Terms and Conditions, and the applicable Final Terms, the applicable Final Terms 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 and, in the case of Definitive Notes, serially numbered, in the currency (the “Specified Currency”) and the denominations (the “Specified Denomination(s)”) specified in the applicable Final Terms. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

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

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

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 Bearer Notes, Receipts and Coupons will pass by delivery and title to Registered Notes will pass upon registration of title in the Register (as defined below). The Issuer, the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc), the Paying Agents, the Registrar and the Transfer Agent will (except as otherwise required by law) deem and treat the bearer of any

Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of 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 (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc), the Paying Agents, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc), the Paying Agents, the Registrar and any Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly).

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

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 clearing system specified in Part B of the applicable Final Terms.

(b) Transfers of Registered Notes

(i) Register

The Issuer will cause to be kept at the specified offices of the Registrar, and outside the United Kingdom, a register (the “Register”), on which shall be entered the names and addresses of the holders of Registered Notes and the particulars of Registered Notes held by them and of all transfers of Registered Notes. Each Noteholder shall be entitled to receive only one certificate in respect of its entire holding of Registered Notes.

(ii) Transfers of Definitive Registered Notes

Subject as provided in paragraph (vii) 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). In order to effect any such transfer (i) the holder or holders must (A) 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 (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) 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 8 to the Agency Agreement).

(iii) Transfers of Registered Global Notes

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

(iv) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes, the Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

(v) 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 transfer business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required 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 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 Note not transferred will be authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(vi) 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.

(vii) Exchanges and transfers of Definitive Registered Notes generally

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

(viii) 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, (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

Condition 2(b) shall apply only in the case of Notes issued by ITOCHU Treasury Centre Europe Plc.

(a) Status of the Notes

Subject to Condition 3, the Notes and the related Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to such exceptions as from time to time exist under applicable law) equally with all its other unsecured obligations (other than subordinated obligations, if any) of the Issuer 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 rank *pari passu* and rateably without preference among themselves and (subject to such exceptions as from time to time exist under applicable law) equally with all the other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

3. Negative Pledge

Condition 3 shall apply only in the case of Notes issued by ITOCHU Treasury Centre Europe Plc.

The Issuer will not, so long as any of the Notes remain outstanding (as defined in the Agency Agreement), create or permit to be outstanding, any mortgage, charge, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any sum due in respect of any Indebtedness or (ii) payment under any guarantee of any Indebtedness or (iii) any payment under any indemnity or other like obligations relating to any Indebtedness, unless in each case at the same time the Notes are secured equally and rateably so as to rank *pari passu* with such Indebtedness or such guarantee or indemnity or other like obligations. For the purposes of the foregoing provision, “Indebtedness” means any indebtedness in the form of, or represented by, bonds, notes, debentures or other similar securities (with a stated maturity of more than one year from the creation thereof) which are for the time being, or are intended to be, quoted, listed or ordinarily dealt in or traded on any stock exchange or on an over-the-counter or other securities market.

4. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

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

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

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes that are Definitive Notes, 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 that is a Definitive Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In these Terms and Conditions:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

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

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and “sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

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

(i) Interest Payment Dates

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

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

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

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

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

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

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

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this 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 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 amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “ISDA Definitions”) and under which:

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

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

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

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the

provisions of paragraph (ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the provisions of paragraph (ii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amount

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

The Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes that are Definitive Notes, the Calculation Amount;

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

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

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

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

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and
- “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and
- “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

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

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

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and
- “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(v) Notification of Rate of Interest and Interest Amount

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

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b) whether by the Agent or the Calculation Agent (if applicable) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc), the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc), the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

In the case of Dual Currency Interest Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) Interest on Partly Paid Notes

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

(e) Accrual of Interest

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

- (1) the date on which all amounts due in respect of such Note have been paid; and

- (2) 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 13.

5. Payments

(a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, 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 Sydney and Auckland respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 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 7) any law implementing an intergovernmental approach thereto.

(b) Presentation of Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in this Condition, means the United States of America (including the States and District of Columbia, its territories and its possessions). Payments under Condition 5(a) above made, at the option of the bearer of such Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. No payment in respect of any Definitive Bearer Note or Coupon will be made upon presentation of such Definitive Bearer Note or Coupon at any office or agency of the Issuer or any Paying Agent in the United States, nor will any such payment be made by transfer to an account, or by mail to an address, in the United States.

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

Fixed Rate Notes that is a Definitive Bearer Note (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes, as defined below) should be presented for payment together with all

unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatred Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatred Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7(c)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due.

Upon any Fixed Rate Note that is a Definitive Bearer Note becoming due and repayable prior to its Maturity Date, all unmatred Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

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

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

Payments of principal and interest (if any) in respect of any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by such Paying Agent.

(c) Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Definitive Registered Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made 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.

A "Designated Account" means the account (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.

A "Designated Bank" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland, or Hong Kong, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Definitive Registered Note 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 before the relevant due date (the "Record Date") at his address shown in the Register on the Record Date and at his risk. 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 may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such 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 Note.

So long as the Registered Notes represented by a Registered Global Note and such Registered Notes are held on behalf of a clearing system, the requirement that the relevant Registered Global Note shall be surrendered in order to receive payment shall not apply. Each payment in respect of a Registered Global Note will be made in the same manner specified 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 25th December and 1st 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 a 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 holder by the Registrar in respect of any payments on Registered Notes.

(d) General provisions applicable to payments

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc), tax consequences that might have an adverse impact on the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc).

(e) Payment Business Day

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

- (i) a day on which commercial banks and foreign exchange markets settle payment 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; and
 - (b) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 system is open.

(f) Interpretation of Principal and Interest

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

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

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

6. Redemption and Purchase

(a) At Maturity

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

(b) Redemption for Tax Reasons

Subject to Condition 6(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes) or (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes) on any Interest Payment Date, on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of the applicable Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes, provided that such obligation cannot be avoided by the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) taking reasonable measures available to it.

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

“Tax Jurisdiction” means:

- (a) in respect of ITOCHU Corporation in its capacity as Issuer, Japan or any political subdivision or any authority thereof or therein having power to tax; and
- (b) in respect of ITOCHU Treasury Centre Europe Plc, the United Kingdom or any political subdivision or any authority thereof or therein having power to tax (and, in the case of payments of interest attributable to a business of ITOCHU Treasury Centre Europe plc's through a permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law or any political subdivision or any authority thereof or therein having power to tax).

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having (unless otherwise specified in the applicable Final Terms) given:

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

(both of which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes that are Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes that are Definitive Notes, a list of such Redeemed Notes and, in the case of Definitive Registered Notes, the nominal amount of the Registered Notes and the holders thereof will be published in accordance with Condition 13 not less than 30 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 sub-paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 10 days prior to the Selection Date.

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

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 30 not more than 60 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified, or determined in the manner specified in the applicable Final Terms 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.

To exercise the right to require redemption of the Note the holder of the Note must, if this Note is a Definitive Note and held outside Euroclear and Clearstream, Luxembourg, deliver on a Business Day (as defined in Condition 4(b)(i)) falling within the notice period at the specified office of any Paying Agent accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") 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 Registered Notes, the nominal amount to be redeemed) accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

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 shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(e) Early Redemption Amounts

For the purpose of Condition 6(b) above and Condition 9 below, each Note will be redeemed at the early redemption amount (the "Early Redemption Amount") calculated as follows:

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

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,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalment Notes

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6(e) above.

(g) Partly Paid Notes

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

(h) Purchases

ITOCHU Corporation or any of its direct or indirect subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together in the case of Definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6(h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 below 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 Condition 6(e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

7. Taxation

(a) Where the relevant Issuer is ITOCHU Corporation or ITOCHU Corporation acts as Guarantor:

All payments of principal and interest by ITOCHU Corporation as Issuer and by ITOCHU Corporation as Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority therein or thereof having power to tax (the “Taxes”), unless the withholding or deduction of such

Taxes is required by law. If such deduction or withholding is so required, the relevant Issuer will pay such additional amounts as will result in the receipt by the holders of the Notes, Receipts or Coupons of the amount which would otherwise have been payable in respect of the Notes, Receipts or Coupons in the absence of such withholding or deduction; provided that no such additional amount shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is subject to such Taxes by reason of its being connected with Japan otherwise than merely by holding or ownership of the Note, Receipt or Coupon or by the receipt of principal or interest in respect of such Note, Receipt or Coupon; or
- (ii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would otherwise be exempt from any such withholding or deduction but who fails to comply with any applicable requirement to provide Exemption Information (as defined below) or to submit a Claim for Exemption (as defined below) to the Paying Agent to whom the relevant Note, Receipt or Coupon is presented, or whose Exemption Information is not duly communicated through the Participant (as defined below) and the relevant international clearing organisation to such Paying Agent; or
- (iii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is for Japanese tax purposes treated as a resident of Japan, a Japanese corporation or a non-resident of Japan or a non-Japanese corporation that, in either case, is a person having a special relationship with the relevant Issuer as described in the Special Taxation Measures Law (as defined below) (in respect of Notes issued by the relevant Issuer, except for (A) a Designated Financial Institution (as defined below) who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption or (B) a resident of Japan or a Japanese corporation who duly notifies (directly or through the Participant (as defined below) or otherwise) the relevant Paying Agent of its status as exempt from Taxes to be withheld or deducted by the relevant Issuer by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it); or
- (iv) presented for payment more than 30 days after the Relevant Date (as defined in Condition 7(c) below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such 30 day period.

Where a Note, Receipt or Coupon, in respect of Notes issued by the Issuer, is held through a certain participant of an international clearing organisation or a certain financial intermediary (each a “Participant”), in order to receive payments free of withholding or deduction by the Issuer for, or on account of Taxes, if the relevant Noteholder, Receiptholder or Couponholder is (A) a non-resident of Japan or a non-Japanese corporation that, in either case, is not a person having a special relationship with the relevant Issuer as described in the Special Taxation Measures Law or (B) a Japanese financial institution falling under certain categories prescribed by the Special Taxation Measures Law (Law No. 26 of 1957) and the cabinet order (Cabinet Order No. 43 of 1957) promulgated thereunder, as amended (together with the ministerial ordinance and other regulation promulgated thereunder, the “Special Taxation Measures Law”) (a “Designated Financial Institution”), all in accordance with the Special Taxation Measures Law, such Noteholder, Receiptholder or Couponholder shall, at the time of entrusting a Participant with the custody of the relevant Note, provide certain information prescribed by the Special Taxation Measures Law to enable the Participant to establish that such Noteholder, Receiptholder or

Couponholder is exempted from the requirement for Taxes to be withheld or deducted (the “Exemption Information”) and advise the Participant if the Noteholder, Receiptholder or Couponholder ceases to be so exempted.

Where a Note, Receipt or Coupon, in respect of Notes issued by the Issuer, is not held by a Participant, in order to receive payments free of withholding or deduction by ITOCHU Corporation for, or on account of, Taxes, if the relevant Noteholder, Receiptholder or Couponholder is (A) a non-resident of Japan or a non-Japanese corporation that, in either case, is not a person having a special relationship with the relevant Issuer as described in the Special Taxation Measures Law or (B) a Designated Financial Institution, all in accordance with the Special Taxation Measures Law, such Noteholder, Receiptholder or Couponholder shall on or prior to each time on which it receives interest, submit to the relevant Paying Agent a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a “Claim for Exemption”) stating, *inter alia*, the name, address and any other required information of the Noteholder, Receiptholder or Couponholder, the title of the Notes, the relevant Interest Payment Date, the amount of interest and the fact that the Noteholder, Receiptholder or Couponholder is qualified to submit the Claim for Exemption, together with documentary evidence regarding its identity and residence.

If any interest on the Notes issued by ITOCHU Treasury Centre Europe Plc is attributable to a business that is conducted by ITOCHU Treasury Centre Europe Plc through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, the consequences relating to the Notes issued by the Issuer in this Condition 7(a) are also applicable to the Notes issued by ITOCHU Treasury Centre Europe Plc as if a reference to the Issuer in this Condition 7(a) would be read as the reference to ITOCHU Treasury Centre Europe Plc.

(b) *Where the Issuer is ITOCHU Treasury Centre Europe Plc*

Where the Issuer is ITOCHU Treasury Centre Europe Plc, all payments of principal, premium and/or interest by or on behalf of the Issuer (failing which, the Guarantor) in respect of the Notes, Receipts and Coupons shall be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax unless the withholding or deduction is required by law. In that event, the Issuer (failing which, the Guarantor) 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 the Issuer in respect of their Notes, Receipts or Coupons; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a person liable to such tax, duty, assessment or governmental charge in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom other than the mere holding or ownership of such Note, Receipt or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined in Condition 7(c) below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30-day period assuming that day to have been a Payment Business Day (as defined in Condition 5(e) above).

(c) *In all cases*

As used herein:

“**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 below.

8. Prescription

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) above or any Talon which would be void pursuant to Condition 5(b) above.

9. Events of Default

- (a) If any one or more of the following events (each an “Event of Default”) shall have occurred and be continuing:
- (i) default is made by the Issuer or the Guarantor for more than 14 days in the payment in the Specified Currency of principal due in respect of any of the Notes when and as the same ought to be paid in accordance with these Conditions or the Guarantee; or
 - (ii) default is made by the Issuer or the Guarantor for more than 14 days in the payment in the Specified Currency of interest due in respect of any of the Notes when and as the same ought to be paid in accordance with these Conditions or the Guarantee; or
 - (iii) default is made in the performance or observance by the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) of any other obligation under the Notes or, as the case may be, the Guarantee and either such default is not capable of remedy and has a material adverse effect on the interests of the Noteholders, or such default continues for a period of 60 days after written notification requiring such default to be remedied has been given to the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) by any Noteholder; or
 - (iv) any bonds, debentures, notes (other than notes issued with the benefit of the Agency Agreement) or other instruments of indebtedness or any other loan indebtedness (hereinafter individually or collectively called “Indebtedness”) of the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) having an aggregate outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) shall become prematurely repayable as a result of a default in respect of the terms thereof, or the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) defaults in the repayment of any Indebtedness having an aggregate outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) at the maturity thereof or at the expiration of any applicable grace period therefor, or, in the case of Indebtedness having an aggregate outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) due on demand, the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) defaults in the payment of such Indebtedness on demand or at the expiration of any applicable grace period therefor, or any guarantee or indemnity in respect of any Indebtedness of others having an aggregate outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) given by the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) shall not be honoured when due and called upon or upon the expiration of any applicable grace period therefor; or
 - (v) any note (by whatever name called) issued with the benefit of the Agency Agreement becomes prematurely repayable as a result of a default in respect of the terms thereof, or the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) of such a note

defaults in the repayment of it at the maturity thereof or at the expiration of any applicable grace period therefor; or

- (vi) an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) other than (A) in respect of ITOCHU Corporation in its capacity as Issuer, or, as the case may be, Guarantor for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms of which have previously been approved in writing or otherwise by an Extraordinary Resolution of Noteholders and (B) in respect of ITOCHU Treasury Centre Europe Plc in their respective capacities as Issuer for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing entity effectively assures the entire obligations of the Issuer; or
- (vii) the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) stops payment (within the meaning of the bankruptcy law of the jurisdiction in which the Issuer is incorporated or any other applicable bankruptcy law) or (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (vi)) ceases or through an official action of the Board of Directors or other governing entity of the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) threatens to cease to carry on business; or
- (viii) proceedings under any applicable bankruptcy, reorganisation, composition or insolvency law shall have been initiated against the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) and such proceedings shall not have been discharged or stayed within a period of 60 days, or the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) shall itself initiate or consent to any such proceedings or the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) shall make a conveyance or assignment for the benefit of, or enter into any composition with, its creditors in general; or
- (ix) where the Issuer is ITOCHU Treasury Centre Europe Plc the Guarantee ceases to be or is claimed by the Issuer or the Guarantor not to be, in full force and effect,

then any Noteholder may, by written notice to the Issuer, effective 14 days after receipt thereof by it, declare the nominal amount of, and all interest then accrued on, the Note held by the holder 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 be cured within 14 days after such written notice is received by it.

For the purpose of Condition 9(a)(iv) above, any Indebtedness which is in a currency other than U.S. dollars shall be translated into U.S. dollars at the “spot” rate for the sale of the U.S. dollars against the purchase of the relevant currency as quoted by the Agent on the calendar day in London corresponding to the calendar day on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

- (b) If any Note shall become so repayable, it shall be repaid at its Early Redemption Amount (as defined in Condition 6(e) above) together, if appropriate, with accrued interest thereon, such interest to accrue and be paid in accordance with Condition 4 above.

10. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent or (in the case of Registered Notes) the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to

evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. Agent, Paying Agents, Registrar and Transfer Agent

The names of the initial Agent and the other initial Paying Agents, the Registrar and Transfer Agent and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent and (in the case of Registered Notes) a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and
- (ii) there will at all times be an Agent and (in the case of Registered Notes) a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents, the Registrar or the Transfer Agent act solely as agents of the Issuer and the Guarantor, as the case may be, and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent, the Registrar or the Transfer Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent, registrar or the transfer agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of 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 above. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

13. Notices

All notices regarding Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the Financial Times in London. If such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been validly given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

All notices regarding Registered Notes will be 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 third day after mailing.

Until such time as any Definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper (in the case of Bearer Notes) and by mail (in the case of Registered Notes) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, so long as any of the 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 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 day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Definitive Note) with the relative Note or Notes, where the Issuer is ITOCHU Corporation, with its agent in England for receipt of process appointed under Condition 17 below, or, where the Issuer is ITOCHU Treasury Centre Europe Plc, at its registered office for the time being in England. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification, Waiver

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

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

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

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

15. Further Issues

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

16. Contracts (Rights of Third Parties) Act 1999

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

17. Governing Law and Submission to Jurisdiction

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

Each of the Issuer and the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, to the jurisdiction of the English courts for all purposes in connection with the Agency Agreement, the Notes, the Receipts, the Coupons, the Deed of Covenant and the Guarantee (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) (including a dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Receipts, the Coupons, the Deed of Covenant and the Guarantee (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Agency Agreement, the Notes, the Receipts, the Deed of Covenant, the Coupons and the Guarantee (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Deed of Covenant, the Coupons and the Guarantee (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) may be brought in such courts, and in relation thereto each of the Issuer (where the relevant Issuer is ITOCHU Corporation) and the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) have appointed ITOCHU Treasury Centre Europe Plc at its registered office at 20 Primrose Street, London EC2A 2EW as its agent in England for receipt of process and on its behalf and has agreed that in the event of ITOCHU Treasury Centre Europe Plc ceasing so to act or ceasing to be registered in England each of them will appoint another person as its agent for service of process.

Each of the Issuer and the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor (where the relevant Issuer is ITOCHU Treasury Centre Europe Plc) 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.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

TAXATION

The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their own professional advisers.

Japan

If any interest on the Notes issued by ITE is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, the consequences relating to the Notes issued by IC in the following paragraphs are also applicable to the Notes issued by ITE.

Payments of interest (i) by IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, on the Notes to a resident of Japan or a Japanese corporation (except for a designated financial institution which has complied with the requirements under the Special Taxation Measures Law) or to an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purpose (a “non-resident holder”) that, in either case, is a person having a special relationship (as described in Article 3-2-2, paragraphs 5 to 7 of the Cabinet Order) with the relevant Issuer (a “specially-related person”) will be subject to Japanese income tax at a rate of 15.315 per cent. of the amount specified in sub-paragraphs (a) and (b) below, as applicable:

- (a) if interest is paid to an individual resident of Japan, to a Japanese corporation not described in sub-paragraph (b) below, or to a non-resident holder that is a specially-related person (except as provided in sub-paragraph (b) below), the amount of such interest will be subject to deduction in respect of Japanese income tax at a rate of 15 per cent. (for the period up to and including 31st December, 2037, an additional 0.315 per cent. is added thereto as special income surtax for reconstruction); and
- (b) if interest is paid to a public corporation, a financial institution, a financial instruments firm or certain other entities through a Japanese payment handling agent as provided in Article 3-3, paragraph 6 of the Special Taxation Measures Law in compliance with the requirement for tax exemption under that paragraph, the amount of such interest will not be subject to deduction in respect of Japanese income tax.

BY PURCHASING NOTES, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT 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 PERSON HAVING A SPECIAL RELATIONSHIP WITH (X) IC OR (Y) ITE, IF THE INTEREST ON THE NOTES IS ATTRIBUTABLE TO A BUSINESS THAT IS CONDUCTED BY ITE THROUGH ITS PERMANENT ESTABLISHMENT IN JAPAN IN THE MANNER PROVIDED FOR IN THE SPECIAL TAXATION MEASURES LAW AS DESCRIBED IN ARTICLE 6, PARAGRAPH 4 OF THE SPECIAL TAXATION MEASURES LAW.

Payments of interest by (i) IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, on the Notes outside Japan by IC or ITE, or the Paying Agent to a beneficial owner that is a non-resident holder will not be subject to Japanese withholding tax, provided that the beneficial owner complies with procedures for establishing its status as a non-resident holder in accordance with the requirements of the Special Taxation Measures Law. However, such payment of interest will be subject to Japanese withholding tax if:

- (i) the amount of interest on the Notes is calculated or determined on the basis of or by reference to certain indicators including the amount of profit, income, earnings, revenue, assets and

distribution of surplus, distribution of profit and other similar distributions of the relevant Issuer or any of its specially-related persons as provided in Article 3-2-2 of the Cabinet Order;

- (ii) the recipient of interest on the Notes is a specially-related person; or
- (iii) the recipient of interest on the Notes has a permanent establishment in Japan and such interest is attributable to a business conducted through a permanent establishment in Japan of such recipient; *provided, however*, that if such recipient has submitted a claim for exemption from Japanese withholding tax (*hikazei tekiyo shinkokusho*) provided under the Special Taxation Measures Law and such recipient is not a specially-related person, the provisions for withholding tax under the Japanese income tax law will not be applicable to such interest.

If the recipient of any difference between the acquisition cost of the Notes and the amount which the holder receives upon redemption of such Notes, which is defined in Article 41-13 of the Special Taxation Measures Law as a redemption premium (the “Redemption Premium”), is a non-resident holder with no permanent establishment in Japan that is not a specially-related person, no Japanese income or corporation taxes will be payable with respect to the Redemption Premium. If the Redemption Premium is attributable to a business conducted through a permanent establishment maintained by the recipient of such Redemption Premium in Japan and in certain other cases provided by the Cabinet Order, however, the Redemption Premium will be subject to Japanese income or corporation taxes.

Under current Japanese practice, IC or ITE (as the case may be) and the Paying Agent may determine their withholding obligations in respect of Notes issued (i) by IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, held through a qualified clearing organisation in reliance on certifications received from such an organisation, and need not obtain certifications from any ultimate beneficial owner of such Notes. As part of the procedures under which such certifications are given, a beneficial owner may be required to establish that it is a non-resident holder and not a specially-related person to the person or entity through which it holds the Notes issued (i) by IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law. A non-resident holder that holds the Notes issued (i) by IC or (ii) by ITE, if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law, otherwise than through a qualified clearing organisation may be required to deliver a duly completed claim for exemption from Japanese withholding tax, and to provide documentation concerning its identity, residence and any other required information, to the Paying Agent in order to receive interest from the Paying Agent free of Japanese withholding tax. IC or ITE (as the case may be) and the Paying Agent may adopt modified or supplemental certification procedures to the extent necessary to comply with changes in, or as otherwise permitted under, Japanese law or administrative practice.

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

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

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

United States

Pursuant to certain provisions of the Code, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Japan) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

United Kingdom

The following is a summary of the United Kingdom withholding tax treatment in relation to payments of principal and interest in respect of the Notes which is based on current United Kingdom law and the published practice of Her Majesty’s Revenue and Customs (“HMRC”) as of the date of this Base Prospectus, which may be subject to change, possibly with retrospective effect. The summary does not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes or any other United Kingdom tax aspects relating to the Guarantee. The comments relate only to the position of persons who are absolute beneficial owners of the Notes (and any Coupons) and do not deal with the position of certain classes of Noteholders such as dealers. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all the tax considerations that may be relevant to a prospective Noteholder. Prospective Noteholders who are in any doubt as to their tax position should consult their professional advisers. Prospective Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, prospective Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

This summary assumes that there will be no substitution of any Issuer and that neither the obligations of any Issuer under the Notes nor the obligations of the Guarantor under the Guarantee will be secured as contemplated in Condition 2(b) or otherwise. This summary also assumes that IC is not resident in the United Kingdom for United Kingdom tax purposes and that interest on Notes issued by IC will not have a United Kingdom source. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice.

Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of the Notes.

1. The Notes issued by ITE which carry a right to interest which has a UK source (“UK Notes”) will constitute “quoted Eurobonds” provided they are and continue to be listed on a “recognised stock exchange” as defined in section 1005 of the Income Tax Act 2007. It is expected that interest on the Notes issued by ITE will have a UK source. The SGX-ST is a recognised stock exchange for these purposes and securities will be treated as listed on the SGX-ST if they are officially listed in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area and admitted to trading on the SGX-ST. Securities which are to be listed on a stock exchange other than the SGX-ST will satisfy this requirement if they are officially listed in the relevant country in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on a recognised stock exchange in that country as defined in section 1005 of the Income Tax Act 2007. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.
2. Interest on UK Notes with a maturity date of less than one year from the date of issue can be paid without withholding or deduction on account of United Kingdom income tax in any event provided that such 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 which has, or is intended to have, a total term of one year or more.
3. In other cases not falling within paragraphs 1 to 2 above, subject to such relief as may be provided under the provisions of any applicable double taxation treaty or to any other exemption which may apply, interest on UK Notes will generally fall to be paid under deduction for United Kingdom income tax at the basic rate (currently 20 per cent.).
4. Interest payments on Notes issued by IC may be made without withholding or deduction for or on account of United Kingdom income tax.
5. The United Kingdom withholding tax treatment of payments by the Guarantor under the terms of the Guarantee in respect of interest on the UK Notes is uncertain. Accordingly, if the Guarantor makes any payments in respect of interest on the UK Notes (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to United Kingdom withholding tax and such payments by the Guarantor may not be eligible for the exemptions described above.
6. Any payments made by ITE under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described in paragraphs 1 to 2 above.
7. When Notes are issued at an issue price of less than 100 per cent. of their principal amount, United Kingdom withholding tax will not apply to any discount element.
8. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, it is possible that any such element of premium (or part thereof) may constitute a payment of interest. Payments of interest on the UK Notes are subject to United Kingdom withholding tax as outlined above.
9. Other Rules Relating to United Kingdom Withholding Tax
 - (a) Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

- (b) The references to “interest” above mean “interest” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

DESCRIPTION OF THE ISSUERS

ITOCHU CORPORATION

Overview

ITOCHU Corporation (“IC” and, together with its consolidated subsidiaries, the “Group”), the predecessor of which was founded in 1858, was incorporated on 1st December, 1949. As a general trading company (*sogo shosha*), IC operates in a comprehensive array of business domains, ranging from upstream areas, such as transactions involving raw materials, to downstream domains, such as retail. IC considers itself to be a leading Japanese general trading company with diverse business activities. IC is a globally integrated corporation with 9 domestic offices and 99 overseas offices (as of 1st April, 2019) with operations that cover a broad spectrum of industries. The following summarises the business of the Group’s eight business groups:

- **Textile Company** – the Textile Company develops businesses in a wide range of fields from raw materials to finished products, and from fashion to non-fibre materials.
- **Machinery Company** – the Machinery Company develops businesses in a wide range of fields such as electric power generation, petrochemicals, railways and other infrastructure related projects, aircraft, ships, automobiles, construction machinery, industrial machinery and other businesses related to machinery, and healthcare.
- **Metals & Minerals Company** – the Metals & Minerals Company supports basic industries, such as steel and electric power, through the provision of raw materials and engages in global mining and trading related to iron ore, coal, uranium, base metals and rare metals. The Metals & Minerals Company is also involved in the development and trade of non-ferrous metal materials with a focus on aluminium, the trade of metal materials and products, recycling, and other businesses.
- **Energy & Chemicals Company** – the Energy & Chemicals Company handles trading and promotes general energy-related products, exploration, development and production of oil and gas projects, organic chemicals, inorganic chemicals, pharmaceuticals, synthetic resin, fine chemicals and electronic materials.
- **Food Company** – the Food Company develops a high-value-added value chain that organically links customer needs-driven food resources development, food resources supply, product processing, midstream distribution, and retail on a global scale with a focus on Japan, China and Asia.
- **General Products & Realty Company** – the General Products & Realty Company deals with pulp, natural rubber, tires, housing materials, other products and the distribution business including third-party logistics and international transportation. The General Products & Realty Company is also involved with the development of properties such as housing and distribution facilities.
- **ICT & Financial Business Company** – the ICT & Financial Business Company expands new markets by combining the business development functions with the customer networks and expertise in areas such as the FinTech business and the amalgamation of finance and technology.
- **The 8th Company** – the 8th Company gathers IC’s consumer-related businesses from the other seven business groups (centred around FamilyMart and Nippon Access). The 8th Company aims to cultivate new partners and customers with a market-oriented perspective to cater to the diversified and rapidly changing consumer needs.

IC’s total revenues, gross trading profit and net profit attributable to IC for the fiscal year ended 31st March, 2019 amounted to ¥11,600,485 million, ¥1,563,772 million and ¥500,523 million, respectively.

IC has obtained ISO 14001 certification, an international standard for environmental management systems. IC is registered in the Osaka Legal Affairs Bureau under No.1200-01-077358 and its registered head

office is located at 1-3, Umeda 3-chome, Kita-ku, Osaka, 530-8448, JAPAN (telephone no: +81-6-7638-2121) and its Principal Executive Office is located at 5-1, Kita-Aoyama 2-chome, Minato-ku, 107-8077, JAPAN (telephone no: +81-3-3497-2121).

IC keeps its accounts on the basis of annual fiscal periods ending on 31st March each year.

History

The history of IC dates back to 1858 when IC's founder Chubei Itoh commenced linen trading operations. Since then, IC has evolved and grown over 160 years.

With approximately 110 bases in 63 countries (as of 1st April, 2019), IC, one of the leading *sogo shosha*, is engaging in domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, as well as business investment in Japan and overseas.

In 1918, the business was transformed into a company limited by shares and in 1950, IC listed its common shares on the Osaka Securities Exchange and the Tokyo Stock Exchange, Inc. In 1992, IC established its new corporate philosophy, focusing on "ITOCHU Committed to the global good". New corporate symbols, including a new corporate logo, were also introduced in the same year.

In 1997, IC introduced a new way of doing business by dividing operations into independently managed "division company system". This was followed in 1999 by the adoption of the position of corporate executive officer for each division to divide more clearly the duties of senior management and the Board of Directors. The "division company system" facilitates prompt responses to today's borderless, rapidly evolving markets, while leveraging the benefits of IC's scale.

In 2011, IC adopted its new management principle, "Earn, Cut, Prevent", for its new medium-term management plan "Brand-new Deal 2012". "Earn" refers to the expansion and improvement of IC's earning platform, by strengthening its workforce capabilities and carefully selecting new investment projects while replacing assets. "Cut" refers to the reduction of expenses by reviewing all categories of expenses. "Prevent" focuses on maximising earnings through improved risk management.

Strengths

Diversified and stable earnings base through the "Earn, Cut, Prevent" Principle

- Strong diversified business portfolio with high non-resource sector exposure
 - IC has achieved a record high profit of ¥500 billion in total and ¥378 billion in non-resource sector in the year ended 31st March, 2019.
 - Approximately 77 per cent. of IC's consolidated net profit was derived from non-resource sectors, and approximately 23 per cent. from resource sectors, in each case in the year ended 31st March, 2019.
 - Based on the 3 year average as of 31st March, 2019, approximately 89 per cent. of IC's total assets, were derived from non-resource sectors, and approximately 11 per cent. were derived from resource sectors.
- Robust earnings base and non-resource sectors have earned stable profits and contributed around 80 per cent. of net profits since the fiscal year ended 31st March, 2014.
 - For the year ended 31st March, 2019, IC recorded consolidated net profit above ¥500 billion by applying the "Earn, Cut, Prevent" principle, mainly due to the increase in profit of the non-resource sector centred on the consumer sector and the higher resource price.

- Return on equity has been maintained at above 10 per cent. from the year ended 31st March, 2005, and improved to 17.9 per cent. for the fiscal year ended 31st March, 2019.
- High ratio of profitable Group companies and diversified risk through effective risk management.
 - The number of profitable Group companies increased to 90.0 per cent. as of 31st March, 2019 from 78.1 per cent. as of 31st March, 2011.

Improved financial soundness through robust, growing cash flow

- Under IC's management's strong commitment to financial soundness, IC has improved its financial position and lowered its net debt-to-shareholder's equity ratio to 0.82 times as of 31st March, 2019, which was a historical low, from 1.41 times as of 31st March, 2011. IC aims to control the amount of interest-bearing debt. Under the FY2020 management plan, IC aims to control its balance sheet to maintain its A ratings, and gradually decrease its net debt-to-shareholder's equity ratio.
- IC's consolidated core operating cash flow was a net cash inflow of ¥515 billion for the year ended of 31st March, 2019, which renewed the highest record for the third consecutive year, as a result of continuous business portfolio management and expanded core profit with cash flow mainly in non-resource sector.
- IC has a principle of maintaining positive core free cash flow after returns to shareholders by strengthening cash generation capacity and adhering to stringent investment disciplines, and thoroughly implementing management control to front lines with a focus on cost of capital and cash flow management. See "Strategy – "Brand-new Deal 2020 – ITOCHU: INFINITE MISSIONS: INNOVATION"" for more information.

Practical and effective investment management strategies

- IC has set individual hurdle rates for each industry to allocate management resources to the non-resource sectors, focusing on consumer-related businesses, which are IC's areas of strength.
- IC has structured a practical decision-making process across the Group with multiple layers of screening at each Division Company, Investment Consultative Committee, and Headquarters Management Committee. IC also employs quantitative and qualitative evaluation methods in accordance with various investment criteria, making its judgement on investing, monitoring and exiting more effective.
- IC is utilising a Risk Capital Management (RCM) strategy. Under this strategy, IC first calculates "risk assets" based on the maximum amount of the possible future losses from all assets on the balance sheet, including investments and all off-balance-sheet transactions. Second, IC aims to control the quantity of risk assets within the limits of the "risk buffer" (consolidated shareholders' equity plus non-controlling interests). As of 31st March, 2019, IC had a risk buffer of ¥3,690 billion against the risk assets of ¥2,268 billion.
- In its continuous efforts to improve capital efficiency, IC has expanded its hurdle rates for investment. The hurdle rates that must be cleared when conducting investments have evolved and IC has now established approximately 40 hurdle rates according to business type (by country) to manage investments meticulously.

Consistent financial/capital management policies and strong commitment to delivering results

- IC has consistent financial/capital management policies and has strongly committed to the results, which has been demonstrated by IC's track record of achieving financial targets.
- Under "Brand-new Deal 2017", the previous mid-term management plan, IC's management committed to four financial targets for net debt-to-shareholder's equity ratio, core free cash flow, return on equity

and shareholders returns, and successfully achieved them by the year ended 31st March, 2018, and proved its management capability.

Strategy

“Brand-new Deal 2020 – ITOCHU: INFINITE MISSIONS: INNOVATION”

In May 2018, IC announced its new three-year corporate strategy beginning in the fiscal year ending 31st March, 2019 aimed at creating greater corporate-value and establishing a reinvented and sustainable growth model.

“Brand-new Deal 2020” sets forth IC’s corporate vision: The Group, the best global partner playing an integral role in supporting prosperous lifestyles, will become the Next-Generation Merchant and seek sustainable growth through a reinvented “*sampo yoshi*” approach, with evolution of its business model through new technologies and new partnerships (“Reinventing Business”), and with advanced work-styles (“Reinventing Work-Styles”), that will help each employee create greater value through higher productivity and quality.

Introduction of “Sampo yoshi”

“*Sampo yoshi*” is a part of the management philosophy of Ohmi (the location of IC’s foundation) merchants, emphasising the importance of activities that are “Good for the seller, good for the buyer, and good for society”, and with a spirit originated from IC’s founder Chubei Itoh that remains true today.

Policies for Reinventing Business

IC will incorporate new technologies in all fields to evolve the “Earn, Cut, Prevent” principles. Through these policies, IC aims to increase value across the consumer-related value chain and achieve an evolution of the business model with new technologies.

In “Brand-new Deal 2020”, IC’s investment policy will aim to consistently maintain positive core free cash flow after deducting shareholder returns (being operating cash flow, minus changes in working capital, net investment and dividends and share buybacks) by reinventing businesses through investment in new and next-generation technologies and conducting continuous and disciplined growth investments.

“FY2020 Management Plan – Evolution to Next Generation Growth Models”

In April 2019, IC announced its management plan in the fiscal year ending 31st March, 2020 with the following fundamental policies:

- *Actively promote growth investments and maintain high efficiency*: Active investments to promote the next-generation growth model and replace businesses that are in their peak-out stage or are generating low returns
- *Realising new vision of what a trading company can achieve (Market-oriented perspective and escape from vertical-oriented mindset)*: Establishment of the 8th Company and measures for invigorating human resources
- *Balanced cash allocation*: Balancing the cash allocation across growth investments, shareholders return and control of interest-bearing debt
- *Steady advancement of sustainability initiatives*: Establishing a sustainable working environment through smart and health management, governance and address climate change

IC announced the establishment of the 8th Company on 1st July, 2019. The purpose of the 8th Company is to break down vertical-oriented mindset and accelerate new businesses from a market-oriented perspective in order to cater to diversified and rapidly changing consumer needs. Consumer-related businesses including the assets and human resources are transferred to the new company from the other seven business groups. The 8th Company does not have the traditional product-based divisions or sections, introducing a

highly manoeuvrable, amoeba-like organisational structure based on market-oriented perspective and promoting initiatives to further invigorate organisations and human resources. IC aims to further enhance its corporate value by expanding the shift to a market-oriented perspective and the invigoration of organisations and human resources across the company.

Financial Highlights of IC

The financial information below as of and for the years ended 31st March, 2018 and 2019 has been derived from the audited consolidated financial statements of IC as of 31st March, 2019 and for the years then ended:

	Year ended 31st March,	
	2018	2019
	(Millions of yen)	
Consolidated Operating Results		
Revenues.....	¥5,510,059	¥11,600,485
Gross trading profit.....	1,210,440	1,563,772
Net profit attributable to IC	400,333	500,523
	As of 31st March,	
	2018	2019
	(Millions of yen)	
Consolidated Financial Position		
Total assets.....	¥8,663,937	¥10,098,703
Total liabilities	5,679,586	6,408,587
Net Interest-bearing debt	2,320,418	2,406,756
Common stock		
Authorised: 3,000,000,000 shares;		
Issued: 1,584,889,504 fully paid-up shares	253,448	253,448
Total equity	¥2,984,351	¥3,690,116
	Year ended 31st March,	
	2018	2019
Financial Ratios		
Return on assets (%)	4.8	5.3
Return on equity (%)	15.8	17.9
Ratio of shareholders' equity to total assets (%).....	30.8	29.1
Net debt-to-equity ratio (times)	0.87	0.82

Notes:

- (1) "Return on assets" is calculated by dividing net profit attributable to IC by the average of total assets as of the beginning and the end of the fiscal year, multiplied by 100 per cent.
- (2) "Return on equity" is calculated by dividing net profit attributable to IC by the average of shareholders' equity as of the beginning and the end of the fiscal year, multiplied by 100 per cent.
- (3) "Ratio of shareholders' equity to total assets" is calculated by dividing total shareholders' equity by total assets, multiplied by 100 per cent.
- (4) "Net debt-to-equity ratio" is calculated by Net interest-bearing debt divided by shareholders' equity.

Operations

The Group conducts its operations through its “division company system”, established in 1997 in order to streamline decision-making for each sector of operations. There are currently eight division companies:

- Textile Company;
- Machinery Company;
- Metals & Minerals Company;
- Energy & Chemicals Company;
- Food Company;
- General Products & Realty Company;
- ICT & Financial Business Company; and
- The 8th Company

The following information sets forth the total revenues, net profit attributable to IC, total assets and return on assets ratio for each of the seven division companies as of and for the years ended 31st March, 2018 and 2019:

	Year ended 31st March,	
	2018	2019
	(Millions of yen)	
Total revenues		
Textile Company.....	¥522,469	¥593,626
Machinery Company	722,801	1,232,300
Metals & Minerals Company.....	229,661	666,109
Energy & Chemicals Company	1,577,847	3,158,160
Food Company.....	1,149,636	4,291,249
General Products & Realty Company.....	607,296	914,146
ICT & Financial Business Company	704,152	738,113

	Year ended 31st March,	
	2018	2019
	(Millions of yen)	
Net profit attributable to IC		
Textile Company.....	¥12,499	¥29,764
Machinery Company	57,052	47,628
Metals & Minerals Company.....	82,460	79,230
Energy & Chemicals Company	36,882	80,643
Food Company.....	80,466	207,909
General Products & Realty Company.....	55,683	62,921
ICT & Financial Business Company	51,099	68,432

	As of 31st March,	
	2018	2019
	(Millions of yen)	
Total assets		
Textile Company	¥474,856	¥527,204
Machinery Company	1,218,556	1,180,268
Metals & Minerals Company	850,295	844,399
Energy & Chemicals Company	1,355,712	1,288,711
Food Company	1,962,169	3,238,135
General Products & Realty Company	978,777	980,618
ICT & Financial Business Company	766,159	1,093,255

	Year ended 31st March,	
	2018	2019
	(Per cent.)	
Return on assets		
Textile Company	2.6	5.9
Machinery Company	5.2	4.0
Metals & Minerals Company	9.7	9.4
Energy & Chemicals Company	2.9	6.1
Food Company	4.3	8.0
General Products & Realty Company	6.1	6.4
ICT & Financial Business Company	6.9	7.4

Note:

- (1) “Return on assets” is calculated by dividing net profit attributable to IC of each division company by the average of total assets of each division company as of the beginning and the end of the fiscal year, multiplied by 100 per cent.

Textile Company

The Textile Company consists of three divisions: (i) the Apparel Division, (ii) the Brand Marketing Division 1, and (iii) the Brand Marketing Division 2.

The Textile Company develops businesses in a wide range of fields from raw materials to finished products, and from fashion to non-fibre materials and operates in the following business fields:

Raw Materials for Clothing / Industrial Materials

Textile materials and raw materials businesses are the founding businesses of IC. The Group’s business started by handling linen, fabric, felt and other materials, and the Group has expanded its operations and evolved as a cotton wholesaler and an exporter of processed cotton cloth, managing spinning mills, and exporting rayon filament yarn and rayon fabric. In such a diverse range of businesses, the Group has introduced high-value-added products by using the most of Japan’s advanced technological capabilities and its manufacturing network throughout Asia. Such businesses include textile fabrics, lining and garment materials, shirts, denim, functional materials, as well as fibre raw materials such as yarn and cotton.

The Group has formed strategic alliances with leading textile manufacturers in textile production regions in Japan and supplies high-value-added textiles within Japan and overseas. Globally known for high quality, these textiles are widely chosen by well-known sportswear manufacturers and high-end European brands, while these products have established an overwhelming presence in the Middle Eastern market. The

Group is also actively developing new products and creating new markets. These initiatives include marketing “Outlast”, temperature adjusting materials, and “μ-func”, silver fibres with anti-bacterial and anti-odour functionalities.

Apparel

The Group has production functions (both in Japan and overseas) that can support all kinds of garments, from men’s and ladies’ fashion through to casual clothing, sportswear and underwear as well as uniforms and work clothes. The Group’s business has evolved from being an original equipment manufacturing (OEM) business that is only engaged in manufacturing into an original design manufacturing (ODM) business covering everything from product development to production. The Group has experience in developing businesses that cater to a diverse range of customer needs by covering every aspect from proposing materials and planning products through to sewing and distributing garments.

In addition to having a broad range of apparel sales channels, including apparel manufacturers, department stores, boutique stores, SPA-type retailers, volume sellers, and mail-order sales, the Group offers a full range of other fashion-related items such as bags, shoes, and accessories.

Brand Business

The Group has promoted the brand business, which adds brand value to products. The Group introduced a variety of European and North American brands into Japan and overseas markets centred on Asia. The Group has established business models that include import businesses and licence combinations, the production of branded products, M&A and participation in management. In addition to garments in a wide range of areas such as luxury, sports and casual clothing, the Group handles numerous brands relating to shoes, bags and other accessories.

Machinery Company

The Machinery Company consists of two divisions: (i) the Plant Project, Marine & Aerospace Division, and (ii) the Automobile, Construction Machinery & Industrial Machinery Division.

The Machinery Company develops businesses in a wide range of fields such as electric power generation, petrochemicals, bridges, railways and other infrastructure related projects, aircraft, ships, automobiles, construction machinery, industrial machinery and other businesses related to machinery, and healthcare businesses. The Machinery Company further seeks new opportunities in business fields such as water and environmental businesses and renewable energy business for the creation and reinforcement of new revenue bases. The Machinery Company operates in the following business fields:

Plant Project, Marine & Aerospace

The Group is engaged in a number of different business areas.

In the plant project field, the Group brings the collective strengths of a trading company, including information gathering and development capabilities obtained through involvement in international projects over many years. The Group’s expertise, including engineering, procurement and construction services, finance structuring capacity, investment and coordinating functions among stakeholders, contributes to the successful realisation of projects in the field of oil, gas and petrochemicals, power generation and transmission, and social and transportation infrastructure such as railways, bridges, and ports. Moreover, in recent years, the Group has been expanding its business into water and environmental related projects, which include seawater desalination facilities and power generation from geothermal sources, wind, biomass, or waste. The Group also undertakes project financing, project investment, M&A, and operation and maintenance for projects.

The Group’s marine business provides comprehensive high-value-added solutions, such as brokering new and second-hand vessels, providing ship financing and undertaking ship ownership and chartering. The Group has established a track record for providing services to shipping lines around the world, including

North America, Europe, Asia, Japan, Latin America, and the Middle East. The Group also actively engages in transportation projects for liquefied natural gas (“LNG”) and liquefied petroleum gas (“LPG”).

The Group’s aircraft business is focused upon areas related to defence, civil aircraft, aircraft leasing, space and security. The Group undertakes marketing and contract implementation in the field of defence and government business as well as private/commercial aircraft business. The Group also operates an aircraft interior and maintenance business, and leasing of commercial aircraft.

Automobile

By capitalising on its global network, the Group provides a broad range of flexible functions suited to the needs of markets and customers, including export-financing and inventory control. The Group participates in manufacturing operations and in the development and distribution of manufactured parts and finished goods, opening up the markets of neighbouring countries and developing export operations; and building wholesale, retail sales, and equipment-related businesses. Further, in response to the structural changes in the automobile industry in recent years, the Group has been broadening the scope of its activities to include upstream and downstream areas, such as materials, parts manufacturing, distribution, retail, and finance-related operations.

Isuzu Motors Limited (“Isuzu”) has been an important business partner since 1971, when IC arranged a partnership between Isuzu and General Motors Company of the United States.

The Group is involved with operations for the sale of Isuzu’s products in Japan, North America, Latin America, Asia, Africa, the Middle East, and other regions worldwide. Moreover, the Group is further strengthening its partnership through equity participation in Isuzu distributors in the United States, Japan, Vietnam, and Turkey.

In Japan, the establishment of Isuzu dealership companies has made the Group the only trading company involved in Isuzu’s domestic dealership operations for commercial vehicles.

Construction Machinery, Industrial Machinery & Healthcare

The Group engages in the manufacture, trade and finance of construction and mining machinery in Japan and around the world. The Group also serves as distribution agents. The Group manufactures and distributes small-to-medium-size construction machinery and generators. The Group is launching proactive initiatives to expand value chains in fields such as rental equipment, parts, and services.

The Group deals with conventional industrial machinery, such as machine tools, food machinery and textile machinery, and sells components and equipment in such advanced technology fields as secondary batteries, displays, films and automation. Also, the Group is concentrating on environmental products, such as PET bottle recycling lines and biomass power generation-related facilities.

Furthermore, the Group is engaged in the sale of a wide range of electronic devices for industrial applications, including electronic components related to IoT and AI.

The Group operates across a range of medical fields, such as provision of medical devices to medical institutions and hospital management support. To domestic medical institutions, the Group provides medical devices and implants for a broad range of areas in the field of diagnosis and treatment. The Group also handles other large-scale medical devices such as radiation treatment equipment.

Metals & Minerals Company

The Metals & Minerals Company consists of one division, the Metals & Mineral Resources Division.

The Metals & Minerals Company supports basic industries, such as steel and electric power, through the provision of raw materials and engages in global mining and trading related to iron ore, coal, uranium, base metals and rare metals. The Metals & Minerals Company is also involved in the development and trade of non-ferrous metal materials with a focus on aluminium, the trade of metal materials and products, recycling, and other businesses. In addition, the Steel Business Coordination Department, which is directly

overseen by the Metals & Minerals Company, pursues synergies in the field of steel products. The Metals & Minerals Company operates in the following business fields:

Mineral Resources

The Group develops and trades raw materials for steel, electric power, non-ferrous metals and other basic industries around the world, aiming to ensure stable supply of materials to such industries.

The Group operates several iron ore mining joint ventures, such as Mt. Newman in Australia with BHP-Billiton Ltd. In Brazil, the Group has made an investment in Congonhas Minérios S.A., an iron ore producer affiliated with the major Brazilian steel producer Companhia Siderurgica Nacional (CSN). While in the area of coal, the Group jointly operates coal-producing joint ventures in Queensland and New South Wales in Australia, and is invested in the Drummond Coal Mine in Colombia. In non-ferrous materials, The Group engages in the trading of aluminium, which helps make automobiles lighter. The Group is also advancing exploration of copper, zinc, lead, and other minerals to secure high-quality mining interests.

Steel Product

The Group has established a robust global steel distribution network to support product sales and processing while delivering solutions and diverse services to customers in Japan and abroad.

Energy & Chemicals Company

The Energy & Chemicals Company consists of two divisions: (i) the Energy Division, and (ii) the Chemicals Division.

The Energy Division handles trading of general energy-related products, including crude oil, petroleum products, LPG, LNG, natural gas, and electricity as well as promoting related projects. The Energy Division also promotes exploration, development and production of oil & gas projects.

The Chemicals Division handles trading and promotes projects for a wide range of products such as organic chemicals, inorganic chemicals, pharmaceuticals, synthetic resin, fine chemicals and electronic materials.

The Energy & Chemicals Company operates in the following business fields:

Energy

In the upstream oil and gas sector, the Group holds assets in various regions, including Azerbaijan, Russia (Sakhalin) and the North Sea. In the field of natural gas development, the Group participates in LNG projects in Qatar and Oman, and the Group is working actively on trading of LNG. The Group also trades crude oil as well as petroleum products globally and also has petroleum product distribution business. In Japan, the Group operates as an oil wholesaler.

Chemicals

The Group trades an extensive line-up of products, including basic chemicals, plastics, electronic materials, and pharmaceutical raw materials. By leveraging its sales network, the Group handles a number of organic basic raw materials, synthetic fibre raw materials, sulfur and its derivatives, and plastics. In addition to trading, by investing in businesses the Group is building a multifaceted portfolio that covers upstream areas through downstream areas.

The Group has begun participating in trading in pharmaceuticals raw materials and preparations, pharmaceuticals licensing business, and pharmaceuticals wholesale and pharmacy chain businesses in China. In the area of rechargeable batteries, the Group has strengthened its trading of components, and sells stationary rechargeable battery systems in the domestic and overseas markets. The Group also globally trades fertiliser materials mainly in Asia.

Food Company

The Food Company consists of three divisions: (i) the Provisions Division, (ii) the Fresh Food Division, and (iii) the Food Products Marketing & Distribution Division.

The Food Company is developing a high-value-added value chain that organically links customer needs-driven food resources development, food resources supply, product processing, midstream distribution, and retail on a global scale with a focus on Japan, China and Asia. The Food Company operates in the following business fields:

Food Resources

The Group utilises its supply bases in North America, Asia, Australia, South America and elsewhere to trade for Japan and Asian countries. The Group promotes businesses in producing areas, such as a grain company in North America, a coffee exporter in Central America and a dairy producer in Oceania. In addition, the Group also utilises Japan's food processing skills and knowledges in other emerging markets in Asia.

Product Processing

The Group is bolstering initiatives in the production and processing areas. As well as harnessing the advantages of a trading company in procuring ingredients, the Group also taps into its networks for marketing. In overseas development, in addition to the Group's existing strategy of manufacturing products intended for Japan, the Group has been investing in or developing joint projects with companies that manufacture products intended for the local market.

Midstream Distribution

The Group operates a nationwide distribution system for processed foods and has put this system in place as a high value-added wholesale business that enables the Group to respond fully to diverging needs.

Retail

In February 1998, the Group acquired shares of FamilyMart Co., Ltd. Since then the Group has pursued initiatives with FamilyMart in a range of fields including efficient distribution management and product development. The Group will promote a strategy based on customer needs, focusing on the retail segment, using the information obtained from customers as the key to developing a high-value-added value chain.

General Products & Realty Company

The General Products & Realty Company consists of two divisions: (i) the Forest Products, General Merchandise & Logistics Division, and (ii) the Construction & Real Estate Division.

The Forest Products, General Merchandise & Logistics Division deals with pulp, natural rubber, tires and the distribution business including third-party logistics and international transportation. The Construction & Real Estate Division is involved with the development of properties such as housing and distribution facilities, housing materials and other products. The General Products & Realty Company operates in the following business fields:

Forest Products & General Merchandise

The Group contributes to affluent lifestyles through diverse value creation in the consumer-related sector focusing on the home and living.

In the building products and materials related area, the Group has established a strong market presence through the major Group companies.

In the pulp and paper area, the Group promotes trading strategy over several sales networks in Asia, Europe, and North America. In 2012, the Group acquired shares of METSA FIBRE OY, a large softwood pulp producer.

In the rubber and tire area, the Group has established a value chain from one of the largest natural rubber and natural rubber processing businesses in Southeast Asia to wholesale and retail sales of tire in Europe, the United States, and Russia. In particular, the Group has acquired the Kwik-Fit Group Limited, the leading tire retailer in the United Kingdom, to strengthen its sales network.

Logistics Solutions

The Group ensures the success of the global supply chain solution business by strategically understanding customers' logistics businesses beyond simply segmented services such as storage and transportation. The Group provides customers in a wide range of fields in Japan and overseas with high quality one-stop logistics services utilising its logistics functions for land, sea and air, its wide domestic and international networks, its rich experience-based knowledge of on-site logistics operations, and added value including the distribution channel function. The Group established third-party logistics companies in developing countries such as Indonesia, China and India. Marine transportation is also the Group's business field. The Group charters ships, including scheduled cargo and non-scheduled cargo, to transport various products. In partnership with leading international shipping companies, the Group continues expanding transportation services for non-scheduled cargo.

Construction & Real Estate

The Group develops, sells and provides operation/management services for properties that include residential housing (including condominiums), industrial facilities, commercial facilities, and office buildings. The Group draws on ample experience and skill-set in a wide range of fields in order to create and develop new businesses that respond to current needs and provide planning and consulting for effective land utilisation, risk-sharing and finance management. The Group also engages in Private Finance Initiative (PFI), which provides services using private sector capital and technical and operating knowledge instead of those of the public sector. Not limited to development, the Group works as a broker to supply construction machinery, equipment and materials to all types of development projects in Japan and overseas.

ICT & Financial Business Company

The ICT & Financial Business Company consists of two divisions: (i) the ICT Division, and (ii) the Financial & Insurance Business Division.

In areas such as the FinTech business, where amalgamation of finance and technology has attracted increased attention in recent years, the Group is leading efforts to tackle and expand new markets by combining the business development functions of the ICT Division with the customer networks and expertise of the Financial & Insurance Business Division. The ICT & Financial Business Company operates in the following business fields:

IT Solutions Business

The Group provides high-value-added products and solutions to a range of different businesses and industries. The Group is concentrating on services based on data centres, virtualisation, and green IT solutions.

In the area of internet-related services, the Group provides website development, and management services. The Group is expanding its business into online advertising and the non-store retailing space.

In the green technology business, the Group is targeting the smart buildings and smart utility infrastructure area. The Group provides various solutions such as energy management services and energy control services.

The Group also participates in the development of many IT-related venture firms through the organisation and operation of venture funds.

Communication & Mobile

From the early 1990s, the Group recognised the potential of the mobile phone field and approached NTT DOCOMO, Inc. with a proposal to establish “DOCOMO shops”. Since the opening of the first store in Hachioji, Tokyo, the Group has become the leading agency in the Tokyo metropolitan area.

The Group has been commissioned to operate NTT DOCOMO Inc.’s mobile phone protection service. The Group provides value-added aftercare services to increase satisfaction levels among existing users of mobile phones.

Space/Satellite and Media

The Group provides support, such as the utilisation of its global network, to the space / satellite business and the charged multi-channel business of SKY Perfect JSAT Holdings Inc. In the area of media business, the Group has been entering into the booming markets and rapidly growing business area, such as the exporting of Japanese contents to the Asia and China market, and as well as involvement in new digital media.

BPO (Outsourcing)

In 2014, the investment in BELLSYSTEM24, Inc., the industry’s leading player, led the Group into the contact centre business. BELLSYSTEM24 engages in the BPO business, which is ready for the omni-channel environment accompanied by the rapid growth of social media, as well as the high-quality call centre service. The aim is to upgrade the quality and efficiency of communications in the area of contact with customers and consumers in the Group’s businesses.

Life & Healthcare

The Group is promoting efforts from new business/market creation to monetisation in the business field of medical care and health that is expected to grow with the advent of an aging society.

In response to increased use of outsourcing in the pharmaceutical industry, the Group provides services to pharmaceuticals, as being contract research organisation (CRO) and contract sales organisation (CSO).

In the area of preventive medicine, the Group provides services that facilitate health check-up reservations and handle settlements on behalf of companies and health insurance societies.

M&A and Finance for Companies and Projects

Overseas, in April 2011, IC has concluded a Memorandum of Agreement with CITIC Group (“CITIC”), a major Chinese government-run conglomerate. At the same time, the Group participated in the investment in CITIC International Assets Management (“CIAM”), a financial business firm under the CITIC Group, as the first project of the strategic alliance. CIAM operates a debt/equity financing business for growth companies and businesses in China that utilises its own funds, and an asset management business where it is entrusted with third-party funds. IC plans to harness the financial business expertise, human resources and networks that CIAM possesses to expand profits in the Chinese financial market. Since 2006, when the Group jointly established Tokyo Century Leasing China Corporation with Tokyo Century Corporation, the business entity has offered finance lease services such as yuan-based leases to Japanese companies operating in the Chinese market and leases for blue-chip Chinese corporations utilising the Group’s networks.

Domestically, the Group will provide the optimal financial solutions and services according to the life cycles of client companies and their project needs through private equity funds and finance companies, such as M&A and funding that effectively use the functions of a trading firm.

Global Retail Finance

The Group is involved in the financial services business in Hong Kong, China, Thailand, and also the United Kingdom.

Insurance Brokerage

The Group provides high-value-added marine cargo insurance, trade credit insurance and other risk solutions, utilising know-how cultivated with years of experience as a general trading company. In Japan, the Group offers highly useful insurance products in light of increasingly diversified and complex risks, as the optimal solutions for customers including both corporate clients and individuals. Overseas, the Group has built the largest Japanese global brokerage network, with nodes in Hong Kong, London, Thailand, Vietnam and Taiwan.

Reinsurance

In November 2012, the Group formed a business alliance with Antares Managing Agency Limited (“Antares”), which runs a syndicate at Lloyd’s of London (“Lloyd’s”) in the United Kingdom, the world’s largest insurance market, to enter into business at Lloyd’s by means of underwriting reinsurance from the syndicate. The Group has established strategic relationship with Antares and jointly develops reinsurance business opportunities.

Strategic Business Alliances and Capital Participations

The Group focuses on the non-resource sector, centred on the Group’s strengths in consumer-related businesses. The Group aims to accelerate the establishment of operating capabilities and business areas in China and other Asian countries utilising the two strategic alliances described below.

Business alliance and capital participation with the Charoen Pokphand Group Company Limited

IC entered into a business alliance and capital participation with the Charoen Pokphand Group Company Limited (the “Charoen Pokphand Group”) in 2014. The Charoen Pokphand Group operates a diverse business covering, among others, production of animal feed, agriculture and livestock products, food, ICT, logistics, finance and pharmaceuticals.

Through the business alliance and capital participation, IC acquired 25 per cent. of the shares of C.P. Pokphand Co. Ltd., a core company in the Charoen Pokphand Group.

To advance cooperative business-expansion initiatives in a steady, sustainable manner, IC and the Charoen Pokphand Group have implemented cross-investment measures and established a solid relationship to increase the corporate value of both groups.

Strategic business alliance and capital participation with CITIC and the Charoen Pokphand Group

In 2015, CITIC Limited (“CITIC”), the Charoen Pokphand Group, and IC entered into a capital participation agreement under which IC and the Charoen Pokphand Group acquired a total of 20 per cent. of the shares of CITIC. The CITIC group’s businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate, and other businesses in China and overseas.

Through the integration of the three groups’ management resources and the joint acquisition of assets, the groups intend to implement initiatives that address demand arising in a wide range of fields in conjunction with China’s “transition from quantity to quality”. IC intends to enhance the business opportunities in a variety of fields that have been difficult to enter and also anticipates a strengthening of its existing consumer-related businesses in China.

Funding

IC aims to ensure flexibility in funding in response to changes in financial conditions and to take advantage of opportunities to lower its overall financing costs. Also, as a means of enhancing the stability of its financing, IC seeks to maintain funding through long-term sources and endeavours to find the optimum balance in its funding structure through diversified funding sources and methods. Moreover, IC established a ‘Group Finance’ scheme utilising Group finance managing companies based in Asia, Europe and the United States for the funding of overseas subsidiaries. IC utilises indirect financing techniques, such as bank loans,

and direct financing, such as bond issuance. Also, IC undertakes funding through commercial paper to heighten capital efficiency and lower capital costs.

Liquidity

The Group works to ensure an adequate amount of reserves in order to cope with unpredictable events, such as a deterioration in the financing environment.

As of 31st March, 2019, against the necessary liquidity amount, which is the total of short-term interest-bearing debt and contingent liabilities of ¥811.4 billion, the amount of reserves, which is the sum of cash, cash equivalents, time deposits, and the unutilised commitment line was ¥999.1 billion. IC believes that this constitutes adequate reserves for liquidity. In addition, as of 31st March, 2019, the amount held as other assets that can be converted to cash in a short period of time, such as available-for-sale securities was ¥617.7 billion.

Risk Management

In addition to managing risk conducted on a Division Company basis, risks are also assessed for the Group as a whole. The Group has identified, and manages, the following 18 types of risk as its major focus risks; Compliance Risks, Legal Risks (excluding Compliance Risks), Risks Associated with Trade Security Policy Management, Risks Associated with Customs, Country Risks, Commodity Price Risks (for specific important products), Credit Risks, Investment Risks, Stock Price Risks, Foreign Exchange Rate Risks, Interest Rate Risks, Financing Risks, Information System Risks, Information Security Risks, Labour Management Risks, Human Resource Risks, Risks Associated with the Appropriateness of Financial Reporting, Risks Associated with Internal Control. Each of these risks are managed by the respective Division Companies and are regularly reviewed by IC on a Group-wide basis.

Material Contracts

IC is not aware of any contracts entered into by it other than those which (a) are entered into in the ordinary course of its business or (b) could not result in any member of the Group being under an obligation or entitlement which is material to IC's ability to meet its obligations under any Notes to be issued by it under the Programme.

Major Shareholders

IC is an independent company and, as far as it is aware, is not directly or indirectly owned or controlled by any shareholder or group of shareholders acting together. IC is not aware of the existence of any arrangements, which may at a future date result in a change of control of IC.

Relationship with other members of the Group

IC is the parent company of the Group, consisting of 203 subsidiaries and 88 affiliates accounted for by the equity method as of 31st March, 2019. In addition to holding shares in its direct subsidiaries, it conducts its own business activities. Whilst a part of IC's business relates to transactions with other members of the Group, IC is not dependent on the other members of the Group.

Legal and Arbitration Proceedings

Neither IC, nor any of its subsidiaries, is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which IC is aware), which may have or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of IC or the Group.

Management

The board of directors of IC determines the fundamental management policy and other important matters of management of IC and supervises the performance of duties of the directors. All directors and audit and supervisory board members 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 audit and supervisory board members 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 audit and supervisory board member's election although each audit and supervisory board member may serve any number of consecutive years.

The audit and supervisory board members are not required to be certified public accountants but may not serve as directors or employees of IC or any of its subsidiaries at the same time. In addition, not less than half of the audit and supervisory board members must be outside audit and supervisory board members who have never been directors or employees of IC or any of its subsidiaries. The audit and supervisory board members have the statutory duty of supervising the administration of IC's affairs by the directors and also of examining the financial statements and business reports to be submitted by to general meetings of shareholders. The audit and supervisory board members must attend meetings of the board of directors and express opinions thereat, if necessary, but they are not entitled to vote.

Members of the Board

Name	Title
Masahiro Okafuji ⁽¹⁾	Chairman & Chief Executive Officer
Yoshihisa Suzuki ⁽¹⁾	President & Chief Operating Officer
Tomofumi Yoshida ⁽¹⁾	Executive Vice President
Yuji Fukuda ⁽¹⁾	Executive Vice President
Fumihiko Kobayashi ⁽¹⁾	Member of the Board
Tsuyoshi Hachimura ⁽¹⁾	Member of the Board
Atsuko Muraki ⁽²⁾	Member of the Board
Harufumi Mochizuki ⁽²⁾	Member of the Board
Masatoshi Kawana ⁽²⁾	Member of the Board
Makiko Nakamori ⁽²⁾	Member of the Board

Notes:

- (1) Representative director
- (2) Outside director

Audit and Supervisory Board Members

Name	Title
Kiyoshi Yamaguchi.....	Audit & Supervisory Board Member
Shuzaburo Tsuchihashi	Audit & Supervisory Board Member
Shingo Majima ⁽¹⁾	Audit & Supervisory Board Member
Kentaro Uryu ⁽¹⁾	Audit & Supervisory Board Member
Kotaro Ohno ⁽¹⁾	Audit & Supervisory Board Member

Note:

- (1) Outside audit & supervisory board member

Conflicts of Interest

There are no potential conflicts of interest between the duties to IC of all of the persons listed above (including members of the board and audit & supervisory board members) and their private interests or other duties.

ITOCHU TREASURY CENTRE EUROPE PLC

General

ITOCHU Treasury Centre Europe Plc (“ITE”) was incorporated in England and Wales on 16th September, 2008 with the registration number 6699600 and began trading on 25th September, 2008. ITE was incorporated as a public limited company under the Companies Act 1985 and operates under the Companies Act 2006 and is subject to the laws of England and Wales. The registered office of ITE is located at 20 Primrose Street, London EC2A 2EW, United Kingdom (telephone number: +44 20 7947 8200).

As of the date hereof, the total number of staff, including the Managing Director, is five.

Principal Business Activities

ITE provides group financing to the Group in Europe and the Middle East. In providing the financing services to the Group, the basic policy of ITE is to diversify its sources of funding by issuing securities and seeking alternative means of funding within the international capital markets.

Green Finance Activities

ITOCHU Europe Plc (ITOCHU Europe), as the regional headquarters of Group’s operation in Europe, published its “ITOCHU Europe Green Finance Framework” (the “ICE Framework”) in March 2019, which allows ITE as the Group’s funding vehicle for Europe and the Middle East to raise funds through green finance including public offerings and private placements under the Programme.

For the details of the ICE Framework, please refer to the ITOCHU Europe’s website (<https://www.itochu.com/uk/en/sustainability/index.html>). For the avoidance of doubt, the ICE Framework is not, nor shall it be deemed to be, incorporated by reference in and/or form part of this Base Prospectus.

Financial Highlights of ITE

The financial information below as of and for the years ended 31st March, 2018 and 2019 has been extracted from the audited financial statements of ITE as of 31st March, 2019 and for the year then ended:

	Year ended 31st March,	
	2018	2019
	(thousands of Sterling Pound)	
Income Statement		
Gross profit	£4,070	£4,812
Operating profit	4,115	4,426
Profit for the period after tax	3,427	3,655

	As of 31st March,	
	2018	2019
	<u>(thousands of Sterling Pound)</u>	
Balance Sheet		
Total assets.....	£1,431,688	£1,249,211
Total liabilities	1,297,484	1,114,854
Total shareholder's equity.....	134,204	134,357

	As of 31st March,	
	2018	2019
	<u>(thousands of Sterling Pound)</u>	
Share capital		
Authorised:		
130,000,000 ordinary shares of £1 each.....	£130,000	£130,000
Allotted, Issued and Fully paid up:		
130,000,000 ordinary shares of £1 each.....	130,000	130,000
	<u>£130,000</u>	<u>£130,000</u>

Recent Events

No events have occurred since 31st March, 2019 (the date of ITE's most recently published audited financial statements) which are material to the evaluation of ITE's solvency. There has been (a) no significant change in the financial or trading position of ITE, (b) no material adverse change in the prospects of ITE and (c) no significant trends have occurred that would affect ITE's prospects, in all cases, since 31st March, 2019 (the date of ITE's most recently published audited financial statements).

Material Contracts

ITE is not aware of any contracts entered into by it other than those which (a) are entered into in the ordinary course of its business or (b) could not result in it being under an obligation or entitlement which is material to ITE's ability to meet its obligations under any Notes to be issued by it under the Programme.

Major Shareholders

ITE is a direct wholly-owned and controlled subsidiary of ITOCHU Treasury Corporation ("ITCT"), which is a wholly-owned and controlled subsidiary of the ultimate holding and controlling company, IC. Some of the directors of ITE are also members of the administrative, management and supervisory bodies of ITCT. Transactions between ITE and ITCT are made on an arm's length basis and on normal commercial terms. Under the laws of England and Wales to which ITE is subject, when acting as directors of ITE, the directors are required to act in accordance with the best interests of ITE. ITE is not aware of the existence of any arrangements which may at a future date result in a change of control of ITE.

Relationship with other members of the Group

ITE is a wholly owned subsidiary of ITCT and its financial information is covered in the consolidated accounts of ITCT. ITE is not dependant on other members of the Group other than ITCT (as a wholly-owned subsidiary of ITCT).

Legal and Arbitration Proceedings

ITE is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ITE is aware), which may have or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of ITE or the Group.

Administrative, Management and Supervisory Bodies

The following are the names, functions and business addresses of the Directors of ITE:

Naoki Hattori	Managing Director	20 Primrose Street, London EC2A 2EW, United Kingdom
Kenichi Kijima.....	Director	20 Primrose Street, London EC2A 2EW, United Kingdom
Yoshiyuki Ochiai	Director	5-1 Kita-Aoyama 2-chome, Minato-ku Tokyo 107-8077, Japan
Shinichiro Ida.....	Director	5-1 Kita-Aoyama 2-chome, Minato-ku Tokyo 107-8077, Japan

Mr. Ochiai is also a Director of ITCT.

None of the persons listed above performs any activities outside the Group which are significant with respect to the Group.

Conflicts of Interest

There are no potential conflicts of interest between the duties to ITE of the persons listed above and their private interests or other duties (including their duties as directors of ITCT, if applicable).

SUMMARY OF GUARANTEE

IC, in its capacity as Guarantor of Notes issued by ITE under the Programme, has entered into a deed of guarantee dated 6th September, 2018 with ITE (the "Guarantee") under which IC has unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due by ITE as the issuer of the relevant Notes. The principal terms of the Guarantee is set out below (all capitalised terms used in this summary shall have the meanings given to them (including incorporated by reference therein) in the Guarantee):

1. The Guarantor as primary obligor unconditionally and irrevocably:
 - (a) guarantees to the holder of each Note or Coupon by way of continuing guarantee the due and punctual payment of all amounts payable by ITE on or in respect of the Note or Coupon (including any additional amounts which may become payable under Condition 7 (Taxation)) as and when the same shall become due according to the Conditions; and
 - (b) agrees that, if and each time that ITE fails to make any payments as and when the same become due on the Notes or Coupons, the Guarantor will on demand (without requiring the relevant Noteholder or Couponholder first to take steps against ITE or any other person) pay to the relevant Noteholder or Couponholder the amounts (as to which a certificate of the relevant Noteholder or Couponholder as to such amounts shall in the absence of manifest error be conclusive) in the currency in which the amounts are payable by ITE.
2. The obligations of the Guarantor under the Guarantee shall not be affected by any matter or thing which might operate to affect the Guarantor's obligations including, without limitation:
 - (a) any time or indulgence granted to or composition with ITE or any other person;
 - (b) the taking, variation, renewal or release of remedies or securities against ITE or any other person; or
 - (c) any unenforceability, invalidity or irregularity.

The Guarantor has irrevocably agreed as principal debtor to indemnify each Noteholder and Couponholder from time to time and on demand from and against any loss incurred by such Noteholder and Couponholder as a result of the Guarantee or the Notes and Coupons becoming void, voidable, ineffective or unenforceable for any reason whatsoever. The amount of such loss shall be the amount which such Noteholder and Couponholder would otherwise have been entitled to receive under the Guarantee, the Notes or the Coupons.

3. The Guarantor has undertaken that, in relation to any payment to be made by it under the Guarantee, it will comply with the provisions of Condition 7(a) of the Terms and Conditions of the Notes as if those provisions had been set out in full in the Guarantee.
4. Where any discharge (whether in respect of the obligations of ITE or any security for the obligations of ITE or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under the Guarantee shall continue as if there had been no discharge or arrangement. Each Noteholder or Couponholder, acting in good faith, shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment.
5. The Guarantor has represented and warranted that:
 - (a) the obligations of the Guarantor under the Guarantee constitute the direct, unconditional and unsecured obligations of the Guarantor and rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but,

in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights; and

- (b) all necessary governmental consents and authorisations for the giving and implementation of the Guarantee have been obtained.
6. Until all amounts which may be or become payable under the Notes and the Coupons have been irrevocably paid in full, the Guarantor shall not by virtue of the Guarantee be subrogated to any rights of any holder of any Note or Coupon or claim in competition with the holders against ITE.
 7. Any Notes issued under the Programme on or after the date of the Guarantee shall have the benefit of the Guarantee but shall not have the benefit of any subsequent guarantee relating to the Programme (unless expressly so provided in any such subsequent guarantee).
 8. The Guarantee shall enure for the benefit of the Noteholders and Couponholders and shall be deposited with and held by Mizuho Trust & Banking (Luxembourg) S.A.
 9. The Guarantee and any non-contractual obligations arising out of or in connection with the Guarantee are governed by, and shall be construed in accordance with, the laws of England.
 10.
 - (a) Subject to subparagraph (c) below, the Guarantor has irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Guarantee (including a dispute relating to any non-contractual obligations arising out of or in connection with the Guarantee) and accordingly submit to the exclusive jurisdiction of the English courts.
 - (b) The Guarantor has waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.
 - (c) The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Guarantee (together referred to as Proceedings) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Guarantee) against the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.
 - (d) The Guarantor has appointed ITE at its registered office for the time being in London to accept service of process on its behalf. If such person shall cease to have an office in London, the Guarantor shall appoint another person with an office in London to accept service. The Guarantor will procure that, so long as any of the Notes remains outstanding, a person with an office in London shall be appointed to accept service.
 - (e) Nothing in the Guarantee shall affect the right to serve process in any other manner permitted by law.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 1st September, 2016 (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 will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Programme Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme.

United States

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

Notes in bearer form 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 U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Notes are expected to be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (“TEFRA D”) unless (i) the applicable Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“TEFRA C”) or (ii) the Notes are issued other than in compliance with the TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the U.S. Treasury regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until after the expiration of a 40-day distribution compliance period (as defined in Regulation S under the Securities Act) commencing upon completion of the distribution of all Notes of the Tranche of which such Notes are a part, as notified by the Agent (or in the case of Global Certificates, the Registrar) upon receipt of a certification from the relevant Dealer(s) or, in the case of a Tranche of Notes offered on a syndicated basis, the lead manager of the relevant Tranche of Notes, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer and person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of all Notes of a Tranche of which such Notes are a part, an offer or sale of Notes within the United States or to, or for the account or benefit of, U.S. persons by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issue of Indexed Notes and Dual Currency Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer, (where the relevant Issuer is ITE) the Guarantor and the relevant Dealer may agree as indicated in the applicable Final Terms. Each Dealer has agreed (and each further Dealer appointed under the Programme will be required to agree) that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes 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 for the Notes.

United Kingdom

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) 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 (ii) it has not offered or sold and will not offer or sell any Notes other than to persons (a) 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 (b) 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;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

The Notes (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Base Prospectus nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than in respect of Notes having a minimum denomination in excess of €100,000 (or the equivalent thereof in any non-Euro currency).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “FIEL”) and Notes issued (i) by IC and (ii) by ITE if the interest on the Notes is attributable to a business that is conducted by ITE through its permanent establishment in Japan in the manner provided for in the Special Taxation Measures Law of Japan (Law No. 26 of 1957) (as amended) (the “Special Taxation Measures Law”) are subject to the Special Taxation Measures Law. Each of the Dealers represents and agrees that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, any Notes in Japan or to any person resident in Japan for Japanese securities and financial instruments law purposes (including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL; and (ii) it has not, directly or indirectly, offered or sold and will not, directly or indirectly offer or sell Notes (a) as part of its initial distribution at any time, to any person other than a Gross Recipient, and (b) otherwise until 40 days after the closing date, to any individual resident of Japan or a Japanese corporation for Japanese tax purposes (except for Japanese financial institution, falling under certain categories defined in the Special Taxation Measures Law and the Cabinet Order for Enforcement of the Special Taxation Measures Law (Cabinet Order No. 43 of 1957) (as amended) (the “Cabinet Order”) that will hold Notes for its own proprietary account (a “Designated Financial Institution”) and an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2-2, paragraph 2 of the Cabinet Order (an “Article 3-3 Japanese Resident”). 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, in either case, having a special relationship (as described in Article 3-2-2, paragraphs 5 to 7 of the Cabinet Order) with the relevant Issuer, (ii) a Designated Financial Institution, or (iii) an Article 3-3 Japanese Resident.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed 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 Base Prospectus 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, 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:

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

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

securities or securities-based derivatives contracts (each term as defined in Section 2(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:

- (i) 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;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 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 securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or any Final Terms or any related offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor or any other Dealer shall have any responsibility therefor.

None of the Issuers, the Guarantor nor any of the Dealers have represented 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 assumed any responsibility for facilitating such sale.

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers or their affiliates. Such Dealers and their affiliates 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 a lending relationship 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 Issuers' securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. 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.

GENERAL INFORMATION

Authorisation

Programme

The establishment and update of the Programme and the issue of Notes under the Programme by ITE have been duly authorised by resolutions of the Board of Directors of ITE dated 2nd September, 2009, 1st September, 2010, 1st September, 2011, 7th September, 2012, 2nd September, 2013, 27th August, 2014, 26th August, 2015, 24th August, 2016, 31st August, 2017, 28th August, 2018, and 27th August, 2019.

As a matter of Japanese law, no resolution of the Board of Directors of IC is required in connection with the establishment or updating of the Programme. Issues of Notes under the Programme by IC during the period up to May 2020 have been duly authorised by resolutions of the Board of Directors of IC dated 16th May, 2019. By such resolutions of the Board of Directors of IC, the Representative Director (Chief Financial Officer) has been authorised to decide each issue of the Notes by IC during such period, subject to the terms and conditions authorised therein. The issues of the Notes by IC shall be completed pursuant to the decision of the Representative Director (Chief Financial Officer). It is expected that the Board of Directors will approve issues of Notes under the Programme for the period from June 2020 to the twelve month anniversary of the date of this Base Prospectus and beyond at a future meeting of the Board of Directors of IC.

As between themselves, the Issuers have agreed that the aggregate nominal amount of Notes outstanding under the Programme from time to time issued by (a) IC will not exceed U.S.\$4,500,000,000 and (b) ITE will not exceed U.S.\$500,000,000 (or, in each case, its equivalent in other currencies calculated as described herein).

Listing

Application has been made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the official list of the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or the equivalent in other currencies). So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the relevant Issuer shall appoint and maintain a paying agent in Singapore where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, if any of the Global Notes representing such Notes is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the relevant Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Documents Available

So long as any of the Notes remains outstanding and throughout the life of the Programme, copies of the following documents will, when available, be available from the registered offices of IC and ITE and from the specified office of the Agent:

- (i) the constitutional documents of the Issuers (or an accurate English translation thereof in the case of IC);
- (ii) the most recently available audited consolidated financial statements and (if any) consolidated unaudited quarterly financial information of IC as soon as they are available;

- (iii) the most recently available audited annual financial statements of ITE (ITE is not required to and does not publish interim financials);
- (iv) the Agency Agreement (which contains the forms of the Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons), the Guarantee and the Deed of Covenant (and any supplements thereto); and
- (v) this Base Prospectus and any further Base Prospectus or supplements and Final Terms (save that a Final Terms will only be available to a holder of a Note and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity) and other documents incorporated herein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate codes for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be contained in the relevant Final Terms. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be contained in the relevant Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of 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.

Independent Auditors

The consolidated financial statements of IC as of and for the years ended 31st March, 2018 and 31st March, 2019, incorporated in this Base Prospectus by reference, have been audited by Deloitte Touche Tohmatsu LLC, independent auditor, who has expressed an unmodified opinion thereon.

The financial statements of ITE as of and for the years ended 31st March, 2018 and 31st March, 2019, incorporated in this Base Prospectus by reference, have been audited by Deloitte LLP, independent auditor, who has expressed an unmodified opinion thereon.

Post-issuance Information

Each Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

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ITOCHU Treasury Centre Europe Plc

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