

Yen Bond Offerings in Japan

The procedures for making a public offering of bonds in the Tokyo capital markets are similar to those in other international capital markets. Currently, there are two types of public offerings in Japan of bonds by foreign issuers: (i) primary offering (*boshu*) of bonds to be newly issued; and (ii) secondary offering (*uridashi*) of bonds issued outside Japan. Registration (by filing of a Securities Registration Statement (“**SRS**”) or Supplement to Shelf Registration Statement with the Director of the Kanto Local Finance Bureau (“**KLFB**”) of the Ministry of Finance of Japan) is required for any offering of bonds in Japan unless one of the private placement exemptions discussed below under “V. Private Placement” is available.

I. Primary Offering (*boshu*) (Samurai Bond)

A primary offering of bonds means any solicitation of orders to purchase or any offer to sell bonds to be newly issued which is neither a private placement only to qualified institutional investors (“**QIIs**”) nor a private placement to a small number of investors.

The issue is underwritten by managing underwriters in Japan and a subscription agreement is executed between the issuer and the managing underwriters. All the related agreements mentioned below (including the terms and conditions of bonds to be issued) are governed by the laws of Japan and all documentation is prepared in the Japanese language (and English *translations* of agreements to which the issuer is a party are also prepared).

1 Parties involved in the Issue

1.1 Managing Underwriters

For any issuer of yen-denominated bonds, one of the first steps to be taken is the selection of a registered (what is called) Type I financial instruments dealer to act as lead managing underwriter. Simply put, a Type I financial instruments dealer is a securities house registered in Japan.

1.2 Japan Securities Depository Center, Inc. (“**JASDEC**”) for Book-Entry Transfer

The Book-Entry Transfer System (*furikae-seido*) for “Corporate Bonds” based on the Law Concerning Book-Entry Transfer of Corporate Bonds, etc. (Law No.75 of 2001) (“**LBETCB**”) is applicable to bonds issued and offered in Japan. This Book-Entry Transfer System for “Corporate Bonds” (“**BET System**”) enables the transfer of bonds by electronically recording the increase or decrease of the balance on a transfer account book. It also enables complete dematerialisation where issuers are able to issue bonds in

dematerialised form, in which case investors are not allowed to request the issue of bond certificates.

In order to be handled by JASDEC as bonds based on the BET System (*furikae-sai*) (“**book-entry bonds**”), foreign bonds must meet the following requirements:

- 1.2.1 The bonds must be initially issued in Japan.
- 1.2.2 The nominal value of each issue, in the case of yen-denominated bonds, has to be ¥1,000 or above, with increments of ¥1,000, and the nominal value of each bond has to be equal. (If bonds are denominated in another currency, the same quantity of such currency is required. For example, in the case of dollar-denominated bonds, the nominal value of each issue has to be \$1,000 or above, with increments of \$1,000, and the nominal value of each bond has to be equal.)
- 1.2.3 The total amount of the issue, in the case of yen-denominated bonds, has to be at least ¥10 million. (The same currency policy as mentioned in 1.2.2 above applies.)
- 1.2.4 The currency of the bonds must be prescribed by ISO 4217.¹
- 1.2.5 Fixed date redemptions and methods of interest calculation of the bonds have to conform with JASDEC rules.

In the case of the transfer of outstanding recorded and physical bonds to the book-entry system, issuers may be exempted from requirement 1.2.3 above.

In order to use the BET System, **issuers** must:

- (i) present the necessary documents to JASDEC, including a consent notice concerning the handling of book-entry bonds;
- (ii) resolve that the Law Concerning Book-Entry Transfer of Bonds (Law 75 of 2001) shall apply to all the bond based on the resolution or decision of the issue.
- (iii) appoint an Issuing Agent (*hakko-dairinin*) and a Paying Agent (*shiharai-dairinin*). The Issuing Agent and the Paying Agent are financial institutions, designated by JASDEC in advance and appointed by the issuer, which must undertake, on behalf of the issuer, the procedure for the issue of bonds required by JASDEC (in the case of the Issuing Agent) and the procedure mainly related to fund settlement between JASDEC and the issuer (in the case of the Paying Agent). One financial institution should be appointed as both Issuing Agent and Paying Agent.

In order to use the BET System, investors must open BET System accounts at Account Management Institutions (*koza-kanri-kan*), which are securities companies, banks and other financial institutions approved by JASDEC to open such accounts.

1.3 Special Considerations for US issuers

1.3.1 Changes in January 2006

Prior to the introduction of the BET System in January 2006, Samurai bonds issued by US issuers were treated as bearer bonds for US tax purposes because, among other things, bond certificates were issued or at least issuable with respect to Samurai bonds, and US TEFRA D rules were complied with by managers' submitting TEFRA D certificates in order to avoid US withholding tax.

¹ ISO 4217 is a list of global currencies drawn up by the International Organisation for Standardisation.

Due to the BET System, however, under which bond certificates are *prohibited* from being issued², the classification of Samurai bonds for US tax purposes changed from bearer to registered. For registered bonds, the TEFRA D rules, which the Japanese Samurai market had been accustomed to for a long time, are not applicable and certification procedures that are not practicable in the market would be required to avoid US withholding. Consequently, the Samurai bond market for US issuers would effectively have ceased to exist in 2006.

1.3.2 Foreign Targeted Registered Obligations

To address this problem, JASDEC, with the involvement of Linklaters New York and Tokyo as JASDEC's US tax and Japanese law counsel, obtained a notice (the "**IRS Notice**") from the IRS³ in November 2006. The IRS Notice provided for a two-year period during which Samurai bonds can be issued under regulations (the "**FTRO Regulations**") applicable to Foreign-Targeted Registered Obligations, under which procedures similar those under the TEFRA D rules are sufficient, even though these Samurai bonds are treated as registered bonds for US tax purposes. Linklaters also advised JASDEC on the implementation of guidelines necessary to incorporate the FTRO regulations into its own regulations.

However, the issuance of Samurai bonds in reliance on the FTRO regulations is subject to limitations in that, under the IRS Notice, the applicability of the FTRO regulations is limited to securities (i) issued prior to 1 January 2009; and (ii) for which the maturity is no more than 10 years⁴. It has therefore been crucial for the Samurai bond market to quickly address this problem.

1.3.3 "Exchangeable" Structure

The way to address these limitations on FTRO Samurai bonds is to make registered Samurai bonds "exchangeable" to bearer Samurai bonds because, for US tax purposes, registered securities exchangeable into bearer securities are considered to be bearer securities⁵ and therefore TEFRA D procedures are sufficient to avoid US withholding on these "exchangeable" Samurai bonds.

In November 2007, General Electric Capital Corporation ("**GECC**") issued Samurai bonds using this "exchangeable" structure for the first time, and in January 2008, The Goldman Sachs Group, Inc. ("**Goldman Sachs**") launched Samurai bonds based on a similar structure. Linklaters acted as Japanese counsel to the lead managers in these GECC and Goldman Sachs issues. As of the date of this memorandum, these GECC and Goldman Sachs Samurai bonds are the only ones that use the "exchangeable" regime, but we expect that more will do so in the near future, and there may continue to be some issuers that choose to rely on the FTRO regulations.

1.4 Legal Counsel

When SRSs and other legal documents are filed with the KLFB, they must be accompanied by a legal opinion of an official (such as general counsel) in charge of the legal affairs of the issuer or a qualified counsel in the home country of the issuer. It is also advisable to engage counsel in Japan to represent the interests of the issuer on any legal matters related to Japanese law, who may also act as an agent or attorney-in-fact of the

² Except in the limited circumstances that JASDEC ceases to operate without a successor operator of the BET System.

³ <http://www.irs.gov/pub/irs-drop/n-06-99.pdf>

⁴ Please see the third paragraph of the IRS Notice.

⁵ Section 2.02 of the IRS Notice confirms this.

issuer for filing purposes. Underwriters also often employ counsel of their own in order to ensure that all procedures and documents conform to Japanese law and that any conflict between the law of the country of the issuer and that of Japan is settled satisfactorily.

1.5 Execution of Agreements

The following agreements among the relevant parties referred to above are normally executed in connection with an issue of Samurai bonds in Japan:

- 1.5.1 Subscription Agreement;
- 1.5.2 Agreement among Managing Underwriters;
- 1.5.3 Underwriting Agreement among the Managing Underwriters and Sub-underwriters⁶;
- 1.5.4 Paying Agent Agreement; and
- 1.5.5 Agreement in connection with the usage of the book-entry system .

2 Timing for Primary Offering

2.1 When submitting an SRS

Depending on, among other things, the availability of information about the proposed issuer of the bonds, preparation of an SRS and the registration procedure can be a time-consuming process, and it may take up to two months between the commencement of the preparation and the initial filing of the SRS. An indicative timetable for a primary offering in which an SRS must be prepared and filed is attached as Annex A.

2.2 If using the Shelf Registration System

An issuer eligible for shelf registration (see 2.2.1 and 2.2.2 below) may register bonds in order to offer bonds from time to time over a period of either one or two years, with the offering terms to be set in light of market conditions and other factors at each sale. Under the shelf registration system, an issuer that is eligible for shelf registration and that has filed a Shelf Registration Statement can conduct an offering by filing a Supplement to the Shelf Registration Statement. The issuer thereby avoids the delays and suspension period involved in the preparation and filing of a new registration statement at the time of each offering, since the information concerning the issuer is incorporated by reference into the disclosure documents (annual securities report, semi-annual report and extraordinary report discussed in “IV. Continuous Disclosure Requirements after Registration” below) filed with the KLFB.

2.2.1 Public Issuers⁷

⁶ The issuer is not a party to this agreement.

⁷ Public issuers are foreign governments, municipalities, governmental agencies, etc. (so-called quasi-sovereign entities) and international organisations.

In order for a foreign issuer to enjoy a quasi-sovereign status, the KLFB must be satisfied that all of the following three conditions have been met:

- (i) the issuer was established or incorporated and is operated under a special law or order or any other special governmental or parliamentary action;
- (ii) more than half of the share capital or equity or voting rights in the issuer is directly or indirectly held by the government or governmental agency; and

For a public issuer to be eligible for shelf registration, it must have:

- (i) submitted annual securities reports for the past year; and
- (ii) (a) bonds issued under an SRS for primary offering in the aggregate principal amount of ¥10 billion or more; or
 - (b) bonds already issued rated A- (or A3) or more by one of the designated rating agencies (i.e. Standard & Poor's Ratings Services, Moody's Investors Service, Inc, Fitch Ratings Ltd., Japan Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd.) ("**Designated Rating Agencies**"), and bonds already issued or to be issued or sold with filing of an SRS rated in the same rating as above by another Designated Rating Agency; provided that such ratings must have been made public.

2.2.2 Private Corporate Issuers

For a private corporate issuer to be eligible for shelf registration, it must have:

- (i) submitted annual securities reports for the past year; and
- (ii) bonds already issued rated A- (or A3) or more by one of the Designated Rating Agencies, and bonds already issued or to be issued or sold with filing of an SRS rated in the same rating as above by another Designated Rating Agency; provided that such ratings have been made public.

Please note that if shares of a private corporate issuer are listed on a Japanese stock exchange or are registered as over-the-counter trading shares in Japan, the issuer may be eligible for shelf registration when it has one of the followings instead of 2.2.2 (ii) above.

- (i) a market value in excess of ¥25 billion in the Japanese market; or
- (ii) a market value of more than ¥10 billion and an annual trading value of more than ¥10 billion in the Japanese market.

Shelf registration offers a shorter lead time for preparation of filing documentation and registration of bonds when compared to using an SRS. An indicative timetable for a primary offering in which an eligible issuer uses shelf registration is attached as Annex B.

II. Secondary Offering (*uridashi*)

A secondary offering of bonds means any solicitation of orders to purchase or any offer to sell bonds already issued on uniform terms (i.e., the same offer price and the same delivery date) to 50 or more investors.

First, bonds are issued in accordance with the customary documentation, such as Euro MTN programmes, used in the relevant market outside Japan.

Secondly, in practice bonds are subscribed and purchased by a non-Japanese underwriter or dealer at the closing and resold to a seller or secondary distributor which is a Japanese registered securities firm. The Japanese registered securities firm then sells, on a

(iii) the government or governmental agency has control over the board members, the content of charter documents (articles of association), the basic policy, the budget (settlement of accounts), audit of financial statements and other basic matters relating to the management of the issuer.

secondary basis, bonds to Japanese investors one day or more after the closing of the primary issue. However, in this transaction, if solicitations to investors commence before the closing of the primary issue, this may cause doubts as to whether this can really be treated as a secondary offering.

In the case of a secondary offering (*uridashi*), (a) the documents with respect to the primary issue outside Japan are governed by non-Japanese law, (b) Japanese legal counsel to the underwriters or the selling Japanese registered securities firm is not generally appointed, and (c) no paying agent in Japan is appointed.

The indicative timetable for a secondary offering (i) by using an SRS and (ii) by using a Shelf Registration Statement is basically the same as in Annexes A and B respectively, with the relevant changes with respect to the parties, the agreements, and the listing and settlement.

III. Disclosure Required for Registration

Any SRS filed in connection with registered primary or secondary offerings must contain the following information concerning the issuer in addition to the information concerning the offering and underwriting terms and terms and conditions of the bonds to be offered:

(i) **Supranational Institution**

An issuer which is a supranational institution of which Japan is a member country, e.g. the International Bank for Reconstruction and Development, the Inter-American Development Bank or the African Development Bank, is not subject to the filing requirements of an SRS.

(ii) **Other Public Issuer**

(a) If the issuer is a Nation:

an outline; details on the economy, trade and international balance of payments, monetary and financial system, public finance, and government bonds or notes of the issuer; and any other relevant matters.

(b) If the issuer is a Municipality:

an outline; details on the economy, financial condition, and municipal bonds or notes of the issuer; any other relevant matters; and an outline of the country to which the issuer belongs.

(c) If the issuer is an International Institution or Governmental Agency, etc.:

details concerning the incorporation or establishment, capitalisation, organisation, operations (in outline), and financial conditions of the issuer; any other relevant matters; and an outline of the country to which the issuer belongs.

(iii) **Private Corporate Issuer**

Outline of legal system of the issuer's home country (corporate system, such as shareholders' meetings, boards of directors and their rights and duties, voting rights and dividends on shares, accounting); foreign exchange controls regarding remittance of dividends or interest on bonds; taxation treatment on dividends or interest on bonds; legal opinion regarding legality of offering and truth and

correctness of legal description in the SRS; five year key financial data; history of the issuer; outline of business of the issuer, its subsidiaries, affiliates and parent; description of relationship of subsidiaries, affiliates and parent (equity holdings, business relations, interlocking directorships); number of employees; outline of business operations; description of production, orders and sales; business and financial issues to be dealt with by the company; risks relating to its business; material contracts of merger, acquisition, business transfer, technology licence, share exchange or share transfer; research & development activities; discussion and analysis of the most recent year's results of operations (MD&A); outline of capital investment; description of major facilities; plans relating to facilities; information regarding shares (share capital, changes in share capital for the last five years, distribution of shares by type of shareholder, 10 largest shareholders, dividend policy, share price movements for the last five years); list of board members and executive officers (name, title, age, brief personal history, number of the issuer's shares held); compensation to directors and executive officers as a whole paid for the last fiscal year; outline of corporate governance system (organisation, risk management); the financial statements for the last five years (The financial statements for the most recent two years must be audited.); trends of the foreign exchange rates; outline of the share-handling of the company etc. in Japan; and information concerning the guarantor of the company.

The financial statements must have been prepared in accordance with generally accepted accounting principles ("GAAP") of a jurisdiction approved by the Minister of Finance of Japan, or otherwise Japanese GAAP. The approval is required for each issue. So far, we are aware of precedents where Australian, Canadian, Dutch, Finnish, French, German, Hong Kong, Korean, Luxembourg, Malaysian, Spanish, Swedish, Swiss, Taiwanese, UK and U.S. GAAP were approved but, not just in theory but in practice also, approval is required for each issue, and the fact that there is a precedent does *not* guarantee that a new approval (based on a precedent) will be obtained automatically. Obtaining this approval can take a very long time.

IV. Continuous Disclosure Requirements after Registration⁸

Once an issuer has its bonds registered with the KLFB, it will be required to abide by the following continuous disclosure requirements for as long as such bonds remain outstanding:

- (i) **Public Issuer (except a nation and a municipality and certain other entities as regards (b), (c) below)**
 - (a) **Annual Securities Report:** the contents thereof are almost identical to the SRS and must be submitted within six months of the end of the fiscal year on the latest financial and corporate status basis.
 - (b) **Semi-annual Report:** this must be submitted within three months of the end of the semi-annual period. A brief description of business operations during the six months under review should be made, any change in purposes of establishment, legal status, privileges, related institutions,

⁸ This paragraph does *not* cover continuous disclosure obligations for issuers listed in Japan. Please contact us if you are contemplating listing bonds in Japan.

material contract relating to its business, capitalisation or organisation should be described and interim financial statements for the six months under review should be included.

- (c) **Extraordinary Report:** this must be submitted in the event of changes in principal shareholders.

The above Reports must be submitted to the KLFB, together with the relevant exhibits.

(ii) **Private Corporate Issuer**

- (a) **Annual Securities Report:** the contents thereof are almost identical to the SRS and must be submitted within six months of the end of the fiscal year on the latest financial and corporate status basis.

- (b) **Semi-annual Report:** this must be submitted within three months of the end of the semi-annual period. The following information must be included: any change in the legal system in the home country of the issuer during the six months under review; any change in key financial data for the last three six month periods and the last two fiscal years; any material change in the business of the issuer or its subsidiaries, affiliates or parent; any change in subsidiaries, affiliates or parent; the number of employees as at the end of the six-month period; a discussion and analysis of results of operations for the six-month period; any material change in the business and financial issues to be dealt with by the company; material contracts of merger, acquisition, business transfer, technological licence, share exchange or share transfer entered into during the six-month period; research and development activities for the six-month period; any material change in facilities or the plans relating to facilities; share capital as at the end of the six-month period; any change in share capital for the six-month period; the 10 largest shareholders as at the end of the six-month period; share price movements during the six-month period; any change in list of board members and executive officers; the interim financial statements for the six-month period prepared in accordance with GAAP applied for the financial statements contained in any previously filed SRS or annual securities report; trends of the foreign exchange rates and information concerning the guarantor of the company.

- (c) **Extraordinary Report:** this must be submitted in certain situations, for example in the event of (1) the offer and issue by way of public offering or private placement outside Japan of shares, convertible debentures or debentures with warrants to subscribe for shares with the issue amount being ¥100 million equivalent or more, (2) changes in parent company or principal subsidiaries, (3) changes in principal shareholders, (4) the occurrence of a material unforeseen negative event (e.g., war, terrorism, act of nature), (5) the occurrence of material litigation or settlement of material litigation, (6) merger, (7) the transfer or acquisition of a material business, (8) a change in president or any other executive officer of the issuer, (9) a voluntary or involuntary petition for bankruptcy or corporate reorganisation, (10) the default or threatened default by a debtor in the amount of 3 per cent. or more of the consolidated net assets of the issuer,

or (11) the occurrence of a material event adversely affecting the financial position or results of operations; and when similar events occur to a consolidated subsidiary of the issuer.

The above Reports must be submitted in triplicate to the KLFJ.

V. Private Placement

(i) Primary Offering

There are two private placement exemptions from registration requirements available: (i) private placements only to QILs and (ii) private placements to a small number of investors.

A. A private placement only to QILs must satisfy the following requirements:

(i) regardless of the number of persons solicited, the offer must be made exclusively to QILs⁹; and

(ii) in the case of registered bonds, either the following (a) or (b):

(a) (x) the bonds must be named such that it is clear that the transfer to any investor other than a QIL is prohibited ("QIL Resale Restriction"), such as "XYZ corporation coupon bonds due 20__ targeted to QILs", (y) the bonds must not be exchangeable for bearer bonds and (z) the QIL Resale Restriction must be stated clearly on the bond certificates; or

(b) the QIL Resale Restriction must be stated in the document explaining the terms and conditions of the subject bonds.

(iii) in the case of bearer bonds, until 3 January 2008 (inclusive), (a) the bonds must not be exchangeable for registered bonds, (b) subscribers must apply for recording of their bonds acquired pursuant to the LRB and (c) subscribers must agree to the QIL Resale Restriction and (d) the bonds must be named such that the QIL Resale Restriction is clear, on or after 4 January 2008, if the QIL Resale Restriction is stated in the document explaining the terms and conditions of the subject bonds, it will be sufficient; or

(iv) in the case of book-entry bonds, (a) the bonds must be named such that the QIL Resale Restriction is clear and (b) subscribers must agree to the QIL Resale Restriction.

B. A private placement to a small number of investors must satisfy the following requirements:

(i) the solicitation must be made to fewer than 50 offerees (In terms of counting the number of the offerees, you may exclude the QILs from the number of the offerees, provided that the bonds offered to such

⁹ QILs include, among others, registered Type I Brokers engaged in securities-related business (e.g., selling or purchasing securities and acting as securities broker or dealer), investment manager registered under the Financial Instruments and Exchange Law (Law No. 25 of 1948), investment corporations (*toushi houjin*) registered under Japanese law, foreign investment corporations (*gaikoku toushi houjin*), banks licensed under Japanese law, insurance companies licensed under Japanese law.

QILs must satisfy the requirements of private placement only to QILs set out in V. (i) A above.); and

- (ii) (a) (x) the bonds must be registered and not be exchangeable for bearer bonds and (y) resale restrictions must be stated clearly on the bond certificates that prohibit resale of the bonds except in the case of a resale of them in whole to one person (“Small Number Resale Restriction”);
 - (b) (x) the number of definitive bonds must be fewer than 50, (y) the bonds cannot be subdivided into a smaller denomination and (z) that prohibition set out in (y) immediately above must be stated in the bond certificates; or
 - (c) the Small Number Resale Restriction must be stated in the document explaining the terms and conditions of the subject bonds.
 - (iii) in the case of book-entry bonds, adding to (i) immediately above, either the following (a) or (b) must be satisfied:
 - (a) (x) the Small Number Resale Restriction must be stipulated and (y) the Small Number Resale Restriction must be stated clearly on the bond certificates; or
 - (b) (x) the number of definitive bonds must be fewer than 50, (y) the bonds cannot be subdivided into a smaller denomination and (z) the bonds must be named such that the that prohibition set out in (y) immediately above is clear.
- (ii) **Secondary Offering**

Bonds issued outside Japan may be offered and sold to investors in Japan without registration as long as (a) the number of offerees is limited to less than 50 and (b) the prospective purchasers (offerees) of those bonds have agreed not to resell them except in the case of a resale of those securities in whole to one person (in cases where the bonds are to be sold to non-residents of Japan, this restriction will not apply).

Japanese registered Type I Brokers which engaged in securities broker business often offer and sell bonds issued outside Japan one day before to 49 or fewer Japanese investors without registration of such bonds, i.e. the so called “one day seasoning” basis. This is a practice arisen because the primary private placement requirements were more tightened so that it was not practical to satisfy them before 2004, and they used the “one day seasoning” in order to avoid such strict restriction in case of primary private placement. However, if a placement of bonds with Japanese investors is made before the issue thereof, such placement is deemed to be a primary offer and must satisfy the primary private placement requirements because there is no statutory basis for “one day seasoning” practice and it is not difficult to meet the current requirements of primary private placement as set out in V. (i).

Annex A Timetable for Filing of SRS

Day X - 50 days	(a) The mandate should be awarded by letter or telex (to be confirmed by letter), specifying the desired time of issue and issue amount.
	(b) The lead underwriter and the issuer commence the preparation of the following documents: <ul style="list-style-type: none">(i) SRS and Prospectus; and(ii) Subscription Agreement and the Terms and Conditions of Bonds.
	(c) Preparation of the following documents commences: <ul style="list-style-type: none">(i) Paying Agent Agreement;(ii) Agreement regarding book-entry.
Day X - 40 days	Documentation meeting (if necessary).
Day X - 22 days	Draft SRS is filed with the KLFB for preliminary and informal review.
Day X - 14 days	The issuer files the SRS with the KLFB; the KLFB may review the SRS and may request any amendment thereto, if necessary.
Day X - 10 day	The lead underwriter sends invitations to the prospective underwriters.
Day X - 1/3 days	Pricing meeting.
Day X	Signing of all agreements. An amendment to the SRS, together with those agreements as exhibits, is filed with the KLFB.
Day X+2 days	Securities Registration for the SRS becomes effective. Public offering starts.
Day X+7 days	Public offering ends. ¹⁰
Day X+8 days	Closing (payment of the issue proceeds to the issuer).
By Day X+28 days	The issuer files the report through the Bank of Japan to the Minister of Finance pursuant to the Foreign Exchange and Trade Law of Japan.

All the documents to be filed must be in Japanese or (in the case of original documents written in a foreign language) accompanied by a Japanese translation.

¹⁰ Offering period varies depending on:

- (i) whether the issue is targeted at retail or institutional investors; and
- (ii) the size of the issue.

Annex B

Timetable for Filing of Shelf Registration Statement and Supplement Thereto

Day Y - 14 days	(a) The mandate should be awarded by letter or telex (to be confirmed by letter), specifying the desired date of issue and issue size.
	(b) The lead underwriter and the issuer commence the preparation of the following documents:
	(i) Supplement to the Shelf Registration Statement and Prospectus; and
	(ii) Subscription Agreement and the Terms and Conditions of Bonds.
Day Y - 9 days	Filing of Shelf Registration Statement with the KLFB.
Day Y - 1 day	Shelf Registration becomes effective.
By Day Y - 1	Determination of Terms and Conditions of the Bonds.
Day Y	(a) Signing of Subscription Agreement, Paying Agent Agreement and Agreement regarding book-entry.
	(b) Filing of the Supplement to the Shelf Registration Statement with the KLFB, together with those agreements as exhibits.
Day Y+1 day	Public offering starts.
Day Y+7 days	Public offering ends. ¹¹
Day Y+8 days	Closing.
	Continuous disclosure.
	(When a periodic (annual or semi-annual) report or extraordinary report is filed, an amendment to the Shelf Registration Statement must be filed.)
Period of Interruption (excluding the day on which the relevant report is filed).	Annual Securities Report = 3 business days
	Semi-annual Securities Report = 2 business days
	Extraordinary Report = 1 business day
	Amendment to a Report = 1 business day

¹¹ See footnote 6 in Annex A.

If you would like further information on Samurai bonds in general or related Japanese regulations, please contact:

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