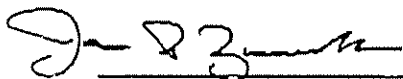


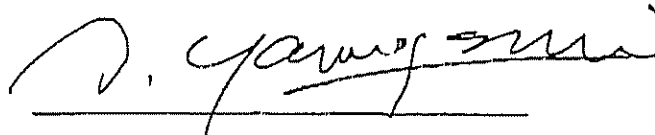
RECORD OF DISCUSSIONS
[WITH RESPECT TO THE CONVENTION
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF JAPAN
FOR THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME,
SIGNED AT WASHINGTON ON NOVEMBER 6, 2003]

The representatives of the Government of the United States of America and of the Government of Japan wish to confirm their intentions regarding application of clause (iv) of subparagraph (c) of paragraph 3 of Article 11 of the Convention between the Government of the United States of America and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at Washington on November 6, 2003. It is understood that, in the case of an enterprise that derives more than 50 percent of its liabilities from the issuance of bonds in the financial markets or from taking deposits at interest, the conditions with respect to the assets described in that clause will be considered to be satisfied, if they are satisfied on the basis of the consolidated financial statement of that enterprise prepared for financial disclosure or other regulatory purposes related to such debt issuances, which would take into account on a consolidated basis the assets of that enterprise and the assets of subsidiary companies consolidated with that enterprise for such purposes. The preceding sentence will not apply if on a consolidated basis 50 percent or more of the liabilities of the enterprise and the liabilities of the subsidiary companies consolidated with the enterprise for such purposes are derived other than from the issuance of bonds in the financial markets or from taking deposits at interest.

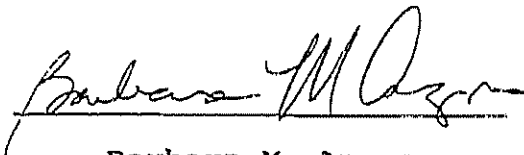
DONE in duplicate at Tokyo this nineteenth day of May,
2004, in the English and Japanese languages.



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