



## Press Release

### Corporate & Government Ratings & Research

For immediate release

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#### ***S&P: Ratings On Japan's JFM To Remain At 'AA/A-1+' Following Name Change***

**Tokyo, May 29, 2009** -- As of June 1, 2009, Japan Finance Organization for Municipal Enterprises will change its name to Japan Finance Organization for Municipalities (referred to hereinafter as JFM). Standard & Poor's Ratings Services confirmed today that its 'AA' long-term and 'A-1+' short-term ratings on the entity, the legal identity of which will remain the same, would remain the same after the name change. Standard & Poor's said the outlook would also remain stable.

The ratings on JFM reflect the organization's robust public policy role as the primary public financial institution supplying long-term, low-cost financing for local and regional governments (LRGs) in Japan. This is the second name change relating to the entity in the space of a year; on Oct. 1, 2008, Japan Finance Organization for Municipal Enterprises officially took over the assets and liabilities of Japan Finance Corp. for Municipal Enterprises. For details, see "Research Update: Japan Finance Organization for Municipal Enterprises Rated 'AA/A-1+', Replacing Old JFM", published on Sept. 26, 2008.

The newest incarnation of JFM is going to expand its role. In addition to providing traditional long-term financing for fee-based services, such as water and sewage, operated by LRGs in Japan (collectively called "municipal enterprises"), JFM will extend loans for non-fee administrative services in the LRG general account. Standard & Poor's assumes that the volume of loan expansion would not endanger the current business and financial profiles of JFM. Also, even though JFM is now effectively owned by the LRGs, having previously been owned 100% by the central government, Standard & Poor's expects JFM, in light of its policy role, to receive similar levels of support from the LRGs as was received from the central government. Moreover, JFM is still entitled to receive unconditional and irrecoverable guarantees from the central government in respect of its financing of fee-based services. Despite the change in ownership, we also consider the likelihood of extraordinary government support for JFM to be extremely high, given its close links to the central government, plus its critical role in the centralized financing system for LRGs in Japan. For the rationale of our ratings on JFM, see "Ratings On Japan's JFM Affirmed Despite Lending Expansion Plan", published Dec. 12, 2008. Also, please see "Rating Government-Related Entities: A Primer," published June 14, 2006.

A Japanese-language version of this media release is available on Standard & Poor's Research Online at [www.researchonline.jp](http://www.researchonline.jp), or via CreditWire Japan on Bloomberg Professional at SPCJ <GO>.

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