



**Rating Action: Moody's downgrades 13 Japan government-related issuer ratings to Aa3 following sovereign downgrade**

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**Global Credit Research - 24 Aug 2011**

Tokyo, August 24, 2011 -- Moody's Japan K.K. has downgraded the ratings of 13 Japanese government-related issuers (GRIs) to Aa3 from Aa2, subsequent to Moody's decision on August 24 to downgrade the Japanese Government Bond (JGB) rating to Aa3 -- with a stable outlook -- from Aa2.

The rating outlooks of the 13 GRIs are stable.

This rating action concludes the rating review for possible downgrade initiated on May 31, 2011.

The 13 GRIs are:

- (1) Japan Expressway Holding and Debt Repayment Agency
- (2) East Nippon Expressway Company Limited
- (3) Central Nippon Expressway Company Limited
- (4) West Nippon Expressway Company Limited
- (5) Metropolitan Expressway Company Limited
- (6) Urban Renaissance Agency
- (7) Japan Railway Construction, Transport and Technology Agency
- (8) Kansai International Airport Company Limited
- (9) Japan Finance Corporation
- (10) Japan Finance Organization for Municipalities
- (11) Japan Housing Finance Agency
- (12) Development Bank of Japan Inc. (DBJ)
- (13) Shoko Chukin Bank, Ltd (SCB)

**RATING RATIONALE**

Today's rating action was solely prompted by Moody's decision to downgrade the JGB rating to Aa3.

Accordingly, the downgrades of these GRIs' ratings do not reflect any change in their standalone credit fundamentals and any change in their strong relationship with the Government of Japan.

The stable rating outlooks for these GRIs reflects the stable rating outlook of the government.

The GRIs are constrained by the government's debt rating.

Moody's uses a credit substitution approach for 11 of the above GRIs.

Accordingly, Moody's assigns the same rating as that of the government to these 11 institutions.

For the remaining two GRIs - DBJ and SCB - Moody's continues to apply its Joint Default Analysis approach. The probability of support from, and the dependence on, the Government of Japan for these two GRIs remain very high; thus, their final ratings are the same as the government's rating.

Moody's continues to retain a baseline credit assessment (BCA) of 7 (on a scale of 1 to 21, where 1 represents lowest credit risk) for DBJ and a bank financial strength rating (BFSR) of D (translated into BCA of Ba2) for SCB, reflecting the Japanese government's unchanged objective of fully privatizing these two institutions over the medium-term.

The principal methodologies used in these ratings were (1) Moody's Government-Related Issuers: Methodology Update, (2) Bank Financial Strength Ratings: Global Methodology, and (3) Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology (all published on September 30, 2010) and available on [www.moodys.co.jp](http://www.moodys.co.jp).

Below is a list of those entities whose ratings have been downgraded with details of the rating actions.

Japan Expressway Holding and Debt Repayment Agency (Lead analyst: Okamoto Kenji)

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior unsecured debt ratings (domestic currency): to Aa3 from Aa2

Government-guaranteed senior secured debt ratings (domestic currency): to Aa3 from Aa2

Government-guaranteed senior unsecured debt ratings (domestic currency): to Aa3 from Aa2

East Nippon Expressway Company Limited (Lead analyst: Okamoto Kenji)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior secured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

Central Nippon Expressway Company Limited (Lead analyst: Okamoto Kenji)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior secured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

West Nippon Expressway Company Limited (Lead analyst: Okamoto Kenji)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior secured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

Metropolitan Expressway Company Limited (Lead analyst: Okamoto Kenji)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior secured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

Urban Renaissance Agency (Lead analyst: Okamoto Kenji)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Government-guaranteed senior secured debt rating (domestic currency): to Aa3 from Aa2

Japan Railway Construction, Transport and Technology Agency (Lead analyst: Okamoto Kenji)

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Kansai International Airport Company Limited (Lead analyst: Okamoto Kenji)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior secured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

Japan Finance Corporation (Lead analyst: Yamamoto Tetsuya)

Long-term issuer rating (domestic and foreign currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Government-guaranteed senior unsecured debt ratings (foreign currency): to Aa3 from Aa2

Senior unsecured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

Japan Finance Organization for Municipalities (Lead analyst: Tamba Yuka)

Long-term issuer rating (domestic and foreign currency): to Aa3 from Aa2

Senior unsecured debt ratings (domestic currency): to Aa3 from Aa2

Senior unsecured Medium Term Note Program rating (domestic currency): to (P)Aa3 from (P)Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Government-guaranteed senior unsecured debt ratings (domestic and foreign currency): to Aa3 from Aa2

Government-guaranteed senior secured debt rating (domestic currency): to Aa3 from Aa2

Government-guaranteed senior unsecured shelf registration rating (foreign currency): to (P)Aa3 from (P)Aa2

Japan Housing Finance Agency (Lead analyst: Yamamoto Tetsuya)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Development Bank of Japan Inc. (DBJ) (Lead analyst: Yamamoto Tetsuya)

Long-term issuer rating (domestic currency): to Aa3 from Aa2

Senior secured debt ratings (domestic currency): to Aa3 from Aa2

Government-guaranteed senior secured debt ratings (domestic currency): to Aa3 from Aa2

Senior unsecured debt ratings (domestic and foreign currency): to Aa3 from Aa2

Government-guaranteed senior unsecured debt ratings (domestic and foreign currency): to Aa3 from Aa2

Senior unsecured shelf registration rating (domestic currency): to (P)Aa3 from (P)Aa2

Government-guaranteed senior unsecured shelf registration rating (foreign currency): to (P)Aa3 from (P)Aa2

Non-guaranteed Medium Term Note Program rating (domestic currency): to (P)Aa3 from (P)Aa2

Government-guaranteed Medium Term Note Program rating (domestic currency): to (P)Aa3 from (P)Aa2

Shoko Chukin Bank, Ltd (SCB) (Lead analyst: Yamamoto Tetsuya)

Long-term Bank deposit ratings (domestic and foreign currency): to Aa3 from Aa2

Senior unsecured debt rating (domestic currency): to Aa3\* from Aa2

\*By Japan regulations, this following rating was not requested by the issuer or the rating-related entities. Moody's has received any information that has not been publicly disclosed - and has been deemed to materially affect the credit evaluation - from rating-related entities pertinent to the issuance of the credit rating.

-JPY20bn SeriesJ1 senior unsecured bond due 2012: to Aa3 from Aa2

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Tokyo

Kenji Okamoto

Vice President - Senior Analyst

Corporate Finance Group

Moody's Japan K.K.

JOURNALISTS: (03) 5408-4110

SUBSCRIBERS: (03) 5408-4100

Tokyo  
Kei Kitayama  
MD - Asia-Pac Structured Fin  
Moody's Japan K.K.  
JOURNALISTS: (03) 5408-4110  
SUBSCRIBERS: (03) 5408-4100

Moody's Japan K.K.  
Atago Green Hills Mori Tower 20fl  
2-5-1 Atago, Minato-ku  
Tokyo 105-6220  
Japan  
JOURNALISTS: (03) 5408-4110  
SUBSCRIBERS: (03) 5408-4100



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