



News Release

April 1, 2015
Capital Eye Ltd.

BEST DEALS OF 2014 Awards Selection:
Panasonic's Straight Bond, Recruit's IPO

On April 1, Capital Eye Ltd. announced its Awards "BEST DEALS OF 2014". The honors reflect the results of surveyed responses from securities companies and institutional investors, combined with Capital Eye's editorial judgment, in determining outstanding bond and equity transactions, issuers, and underwriters of the 2014 fiscal year (April 1, 2014 to March 31, 2015).

The 2014 fiscal year saw a number of large, attention-getting capital raising transactions to address needs ranging from capital expenditure (capex), product development, and merger and acquisition (M&A) activity. Among the award winners were Panasonic Corp., which raised Y400 billion via straight bonds (SB) for capex, and SoftBank Corp., which marketed Y1.55 trillion in retail investor targeted SBs to fund its appetite for acquisitions. Mitsui Fudosan also raised Y313.8 billion in order to fund various enterprises, while Dai-ichi Life Insurance Company made use of Y260 billion worth of equity financing in order to buy out a U.S. insurer. Recruit Holdings Co. also won honors for its IPO listing and subsequent M&A agenda.

In the bond category, issuers winning plaudits included Japan Student Services Organization (JASSO) and Kobe City, both of which set a floor on coupon in the super-low interest rate environment. Meanwhile, Mitsubishi UFJ Financial Group and Rabobank used yen-denominated debt for the first time to boost their core capital ratios. In the equity arena, Seibu Holdings Inc. returned to the market for the first time in nine years, four months, while Nippon Healthcare Investment Corporation led a field that brought a fresh asset class to the market.

In the category of Best House--newly established from this fiscal year--Nomura Securities stood out in the SB, IPO, PO, and CB fields, while Mitsubishi UFJ Morgan Stanley Securities shined in the zaito (agency) bond and regional bond arenas. In other areas, Daiwa Securities made its mark in the Samurai market, while Bank of America Merrill Lynch raised its flag in foreign currency bonds, and SMBC Nikko Securities was a prominent J-REIT underwriter.

STRAIGHT BONDS

Best Deals-Winner

No. 12 Panasonic Corporation	Mar 4, 2015	5-year	Y220bn
No. 13 Panasonic Corporation	Mar 4, 2015	7-year	Y80bn
No. 14 Panasonic Corporation	Mar 4, 2015	10-year	Y100bn

〈Nomura / SMBC Nikko / Daiwa / Goldman Sachs / Mizuho / Merrill Lynch Japan / Mitsubishi UFJ Morgan Stanley〉

Panasonic's single-A rated large Y400 billion offer was readily digested by the market; it ranked as the biggest corporate bond of the period geared for institutional investors. The transaction was also completed at relatively thick spreads, in line with the size of the deal, and signaled that the company had achieved a speedy rebound in the evaluation of its credit. In the end, nearly 1,200 institutional investors participated. An

iconic Japanese company, Panasonic left the impression as having staged a complete recovery, garnering bids for its paper on expectations of future growth.

Best Deals-Winner

SUB. No. 1 Mitsubishi UFJ Financial Group	Jun 20, 2014	10-year	Y40bn
SUB. No. 2 Mitsubishi UFJ Financial Group 〈Mitsubishi UFJ Morgan Stanley〉	Jun 20, 2014	10-year (Non-Call5)	Y10bn

Mitsubishi UFJ Financial Group (MUFG)'s offer was the first domestic yen-denominated B3T2 deal from a banking group. Acting under new industry guidelines and armed with the fruit of dialogue with investors, the bank was able to create a new kind of deal under a subordinated bank bond scheme, resulting in a path-breaking transaction. The offer was divided by investor class into 10-year 'bullet' and 10NC5 tranches, enabling it to meet a wide variety of demands, and establish a benchmark status for the pricing of future deals of its type.

Best Issuer of 2014

SoftBank Corp.

SoftBank made use of its high name recognition, gearing all four of its tranches towards individual investors to produce a total of Y1.55 trillion worth of straight bonds. The aggregate size of the deal was a big contributor to the industry as a whole, as it comprised just under 20% of the entire year's paper by value. The deals were able to meet exacting investor needs in spite of the prevailing low interest rate environment, printing 2.50% coupons for both tranches of 7-year subordinated paper, which it published on separate dates in the course of the year.

Best House of 2014

Nomura Securities

Nomura led successful large-scale deals in fiscal 2014, including Panasonic's straight bond and SoftBank's subordinated offer. As a bookrunner, the brokerage was behind nearly 40% of the transactions that came to market, making its presence felt in terms of both quality and quantity.

ZAITO (AGENCY) BONDS

Best Deal-Winner

No. 37 Japan Student Services Organization 〈Mitsubishi UFJ Morgan Stanley / Daiwa / SMBC Nikko〉	Oct 24, 2014	2-year	Y40bn
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JASSO adopted a marketing method that employed bottom-limit coupon just above the Bank of Japan's 0.1% rate--and successfully priced its paper based upon that level. The extra interest 'plus alpha' found market favor, and resulted in a deal that was just under twice covered in terms of demand.

Best Issuer of 2014

No selection

Best House of 2014

Mitsubishi UFJ Morgan Stanley Securities

Mitsubishi UFJ Morgan Stanley Securities got the ball rolling in fiscal 2014 by leading JASSO's No. 37 debt offer, which featured a limit-low coupon approach to deal-making in response to the prevailing domestic ultra-low interest rate environment. The transaction style was adopted by 16 other issuers. Mitsubishi UFJ Morgan Stanley led the rankings by issue count and value, commanding a 30% total market share.

REGIONAL BONDS

Best Deal-Winner

No. 1 Sakai City	Nov 14, 2014	30-year	Y15bn
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〈Mitsubishi UFJ Morgan Stanley / Mizuho / Daiwa〉

Sakai City's bond offer helped to resurrect conventional standards around the 30-year regional paper space after additional central bank monetary easing had all but extinguished supply in that tenor. Sakai priced its offer at 15 basis points over sovereign debt—a level it had previously disclosed in a one-price, day-and-a-half, short-term marketing period that reduced risks to both the issuer and investors. The transaction demonstrated one kind of issuing model that showed promise for potentially fast-moving markets.

Best Deal-Winner

No. 15 City of Kobe	Dec 11, 2014	5-year	Y12bn
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〈Mitsubishi UFJ Morgan Stanley / Nomura / Goldman Sachs〉

Among regional bonds, City of Kobe's five-year offer was the first to be marketed at rock-bottom interest rates, succeeding in pricing just above the Bank of Japan's official 0.1% level. Considering the manner in which bookrunners traditionally operate, the deal terms reflected agile handling and decision-making. The offer helped to pave the way for other five-year transactions amid the super-low domestic interest rate environment.

Best Issuer of 2014

Fukuoka Prefecture

Regular redemption bond met with spreads that simply tightened too much, as well as worsening demand. Fukuoka Prefecture's February deal ultimately marked a turning point for the entire industry. Careful explanation of the general bookrunner system—which had been in place for several years in the super-long bond space--garnered high marks for the issuer.

Best House of 2014

Mitsubishi UFJ Morgan Stanley Securities

Mitsubishi UFJ Morgan Stanley Securities had a hand in a variety of noteworthy deals as bookrunner, including Sakai City's 30-year bond and City of Kobe's five-year deal--both of which won awards—as well as Fukuoka Prefecture's redemption bond and Hyogo Prefecture's 18-year debt issue. The brokerage also won plaudits for its efforts in Fukuoka's debt redemption/maturity issues which were rolled together, Kitakyushu's simultaneous 15- and 20-year transactions, and Nagoya's 10-year redemption bond.

SAMURAI BONDS

Best Deal-Winner

SUB No. 1 Rabobank	Dec 12, 2014	10-year	Y50.8bn
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〈Daiwa / Merrill Lynch Japan / Mizuho / Nomura / SMBC Nikko〉

Facing ever-tightening spreads, Rabobank presented a new product to the Samurai market. The bank painstakingly explained to investors the concepts of bankruptcy vis-à-vis Japan, and took the prudent step of preparing the groundwork for its deal a year ahead of time, putting emphasis on marketing efforts in reaction to volatility. The bank ultimately succeeded in producing a benchmark-sized deal. In getting a head start on other issuers, Rabobank also contributed to the growth of the B3T2 market.

Special Prize

No. 9 Morgan Stanley	May 16, 2014	4-year	Y122.5bn
No. 10 Morgan Stanley	May 16, 2014	10-year	Y8.7bn
FRN No. 3 Morgan Stanley	May 16, 2014	4-year	Y18.8bn

〈Mitsubishi UFJ Morgan Stanley / Morgan Stanley MUFG〉

Morgan Stanley's deal attracted investors to the short- and mid-tenor ranges of its paper. The bank utilized a shortened marketing period that dramatically reduced the risk of price swings, ending up with a jumbo Samurai worth Y150 billion-its first in six years. The deal benefited from comparisons with other offers in terms of spread thickness, while its name scarcity, as well as the sterling backing of Mitsubishi UFJ Financial Group, all combined to bring its efforts to fruition. With all investors participating, the deal signaled to the market that Morgan Stanley was officially back.

Special Prize

No. 18 United Mexican States	Jul 15, 2014	5-year	Y33.8bn
No. 19 United Mexican States	Jul 15, 2014	10-year	Y13.9bn
No. 20 United Mexican States	Jul 15, 2014	20-year	Y12.3bn

〈Citigroup / Mizuho / Nomura〉

Mexico issued its first 10-year paper in 18 years, and its first-ever 20-year tranche, successfully stretching the credit curve to the super-long-tenor range. The offer illustrated sound strategic management, backed by Mexico's solid credit, as well as spread tightening and tenor lengthening, as it accommodated a broad expansion of the investor base.

Best Issuer of 2014

Renault

Renault's May two-tranche deal was the largest French, as well as the largest corporate Samurai offer, ever to come to market, and demonstrated the success of the automaker's more than 10-year commitment to the market. Not content to rely on its sterling reputation as Nissan Motor Corp.'s parent company, Renault pursued rigorous dialogue with the market, listening carefully to investors. This helped the triple B rated company to print a stunning Y150 billion worth of Samurai paper.

Best House of 2014

Daiwa Securities

Daiwa ranked as the top-ranked house for the second consecutive year. Sporting the strength of a wide

coverage area, the house not only brought new types of subordinated bonds by Rabobank and BPCE to market, but also had a hand in multiple other transactions as bookrunner, including deals by Credit Suisse and Deutsche Bank. While it was not the first to make an impression at start of the fiscal year, upon reflection, Daiwa ended up as a standout house.

SECURITIZATION DEALS

Best Deal-Winner

No selection

Best Issuer of 2014

Japan Housing Finance Agency

Printing about Y100 billion in residential mortgage backed securities on a monthly basis, Japan Housing Finance Agency (JHF) was responsible for Y1.2438 trillion in RMBS paper in fiscal 2014, which altogether accounted for the largest class of domestic debt. The Agency sports a reputation for attentiveness to stable digestion of its paper, as well as a fine-tuned approach to diagnosing the market. JHF comes with new issues regularly, revitalizing dormant areas of the market. The year posed challenges, however; as interest rate changes became more pronounced towards the end of the period, JHF narrowed its marketing range, managing its deals adroitly and without arranging a syndicate.

Best House of 2014

No selection

FOREIGN CURRENCY BONDS

Best Deals-Winner

Suntory Holdings Global SB	Sep 24, 2014	3-year	\$500mil
Suntory Holdings Global SB	Sep 24, 2014	5-year	\$500mil
〈BOA Merrill Lynch / Morgan Stanley / Citigroup / JPMorgan / Barclays / BNP Paribas〉			

Suntory Holdings' dollar bond offer was aimed at converting part of a bridge loan for the purpose of buying out U.S. beverage maker Beam Inc. Suntory's first-ever foreign currency denominated bond, the transaction carried huge significance as the firm made its appeal to investors based on its aspirations to become a global company. Its scarcity as a corporate issuer also served as a point of strength, resulting in pricing that was tight, and accompanied by strong demand. Suntory and its deal garnered praise abroad for its challenging spirit.

Special Prize

Development Bank of Japan Euro SB	Sep 30, 2014	3-year	€250mil
〈BOA Merrill Lynch / Morgan Stanley / Citigroup / Daiwa〉			

Development Bank of Japan's (DBJ)'s offer was the first Green Bond from a Japanese issuer, and was able to take advantage of a bullish European debt market, expanding its investor base while at the same time realizing tight pricing. Despite not being of traditional benchmark size, its ready reception and potential as a Green Bond served it well in the marketing process.

Best Issuer of 2014

Japan Finance Organization for Municipalities

Japan Finance Organization for Municipalities (JFM) brought to market the only Japanese public SSA (sovereign, supranational and agency) benchmark-sized non-government guaranteed euro-denominated and dollar-denominated paper. Thanks to some scarcity value, the deal succeeded at an upsized 1 billion euros. JFM's subsequent February dollar bond, coming on the heels of JBIC's post-sovereign credit downgrade deal, firmly established Japanese issuers in the non-government guaranteed space.

Best House of 2014

BOA Merrill Lynch

Bank of America Merrill Lynch displayed its power as a main house as it stood behind several noteworthy deals, including Suntory Holdings' award-winning global bond offer, senior bank sector debt, life insurer subordinated debt, and other deals from prominent public issuers. BOAML also helped to make a place for Japanese issuers of U.S. dollar bonds as it had a hand in JBIC's February post-sovereign credit downgrade deal. In the euro-denominated zone, BOAML contributed to market growth with its involvement in deals by JFM as well as DBJ's Green Bond.

NEW PUBLIC EQUITY ISSUES/URIDASHI

Best Deal-Winner

SEIBU HOLDINGS
〈UBS / Mizuho〉

Apr 23, 2014 (Listing date)

Public Uridashi

Total shares: 27,826,000

Total amount: ¥44,521.6mil

Seibu Holdings' secondary share sale proceeded despite the threat of jinxing after lead shareholder Cerberus Capital Management refused to sell its stake. Flexible pricing that met investors' levels marked Seibu's successful return to the market after nine years, four months. The shares' strong performance in the secondary market also warranted praise.

Best Issuer of 2014

Recruit Holdings

Sporting a high degree of name recognition, Recruit Holdings' IPO had been long awaited by the market. The company's reputation was solid; one private equity fund spokesperson said of Recruit: "In a group, this is a company that can fully express its individuality. Even in an M&A transaction, it seems to do something interesting." Recruit's IPO attracted many retail and institutional investors through the bookbuilding process.

Best House of 2014

Nomura Securities

As illustrated by Recruit Holdings, SKYLARK, and other high-profile deals from IPOs to IT companies and exit strategies, Nomura Securities earned high grades through its involvement as bookrunner in a wide array of transactions. In terms of ranking, its market share totaled 45.64%, standing head and shoulders above its competitors in both deal count and deal size.

SECONDARY PUBLIC EQUITY ISSUES/URIDASHI

Best Deal-Winner

Mitsui Fudosan 〈Nomura / Daiwa / SMBC Nikko〉	May 27, 2014	Public Issue Total shares: 100,000,000 Total amount: Y313.8bn
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Mitsui Fudosan timed its equity sales perfectly, as excitement over the 2020 Tokyo Summer Olympics and the perceived positive implications for the real estate market helped to push up publicly traded land developer shares to their highest levels. Mitsui Fudosan's equity story of bolstering its financial foundation and long-term investment potential found welcome agreement in the market.

Best Deal-Winner

The Dai-ichi Life Insurance Company 〈Goldman Sachs / Nomura〉	Jul 3, 2014	Public Issue Total shares: 184,900,000 Total amount: Y259.0449bn
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Dai-ichi Life's transaction was aimed at securing capital to enable its buyout of U.S. insurer Protective Life Corporation. The offer won praise as a nimbly orchestrated M&A momentum-capitalizing offer that captured the synergies between the two firms, resulting in growth potential for Dai-ichi Life.

Best Issuer of 2014

No selection

Best House of 2014

Nomura Securities

As bookrunner, Nomura led the market with a 42.1% share of all deals, including such iconic offers from Mitsui Fudosan, Daiichi Life Insurance, and J-Power. In setting appropriate pricing, the brokerage performed admirably its role as equity market bridge for both issuers and investors.

REAL ESTATE INVESTMENT TRUSTS

Best Deal-Winner

Nippon Healthcare Investment Corporation 〈Daiwa〉	Nov 5, 2014(Listing date)	Public Issue Total shares: 39,000 Total amount: Y5,850mil
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Nippon Healthcare Investment's transaction was Japan's first-ever health care REIT, a reaction to changing market expectations, as well as momentum for expansion. The first printed price soared 48% above the public offer price, and aftermarket performance was also strong.

Best Issuer of 2014

Invincible Investment Corporation

Invincible Investment had much on its plate, including a sponsor change, reduction in debt costs, and portfolio reconstruction around its base of hotels. It was nevertheless able to attract the support of a plethora of investors both at home and abroad. High demand pushed up the publicly offered price by more than double.

Best House of 2014

SMBC Nikko Securities

As a bookrunner, SMBC Nikko Securities sponsored 29 of the 40 deals completed in the REIT sector in fiscal 2014 for a share of 33%. The brokerage was behind many large issues, as well as Japan Hotel REIT Investment Corporation, and Healthcare & Medical Investment Corporation's landmark offer, contributing greatly to growth of the industry.

CONVERTIBLE BONDS

Best Deals-Winner

The Chugoku Electric Power	Euro Yen CB	Feb 12, 2015	3-year	Y50bn
The Chugoku Electric Power	Euro Yen CB	Feb 12, 2015	5-year	Y50bn
〈Nomura〉				

Chugoku Electric's attempt at a large-scale CB offer represented a rarity for an electric power company. The company took the plunge as equity capital raising needs had been heightened by ongoing debate over liberalization of the power industry as well as the restart of the nation's nuclear power generators. Steady deal management won plaudits for helping the transaction finish at the upper limit of its pricing range.

Best Deal-Winner

Nagoya Railroad	Euro Yen CB	Nov 25, 2014	10-year	Y40bn
〈Daiwa / Morgan Stanley / SMBC Nikko / Mizuho〉				

Fiscal 2014 saw Nagoya Railroad produce 10-year zero-coupon bonds for the second consecutive year. The company did not shy away from making the deal in the face of a high share price on expectations for the renovation of the commercial area in front of Nagoya Station and the superconducting maglev "linear" bullet train's eventual passage. The company was also able to successfully print its convert at better terms than its prior visit to the market. Moreover, the deal's eight-year put was also the longest dated such feature since the 2008 "Lehman Shock."

BEST ISSUER OF 2014

No selection

Best House of 2014

Nomura Securities

Nomura served as bookrunner on 24 issues during the year--more than half of the 45 total deals that were generated. The house was behind Y100 billion in transactions, for a total market share of 54.51% in a display of overwhelming strength.

About Capital Eye awards:

Capital Eye's awards recognize the year's best and most reputable capital market transactions. Surveys are distributed to industry players, including underwriters and institutional investors, which assist in identifying worthy issuers and transactions, along with relevant asset classes: straight bonds, zaito (agency) bonds, regional bonds, Samurai bonds, foreign currency bonds (Japanese corporations issuing debt abroad), and securitized offers, as well as new share issues, existing share issues, J-REITs, and convertible bonds, etc. Transactions are also appraised by Capital Eye editors on such aspects as market digestion, significance and

relevance, towards promoting further activity.

About Capital Eye Limited

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Business: Financial service product provider, specializing in real-time (online) and published capital markets intelligence and analyses (Capital Eye News) geared for industry professionals. Fixed income coverage includes corporate bonds, zaito (agency) bonds, government guaranteed bonds, secondary market activity, as well as credit default swaps and corporate paper. Equities coverage includes corporate issuance, REITs, and convertible bonds, as well as mergers and acquisitions (M&A) and stock lending-related news and analyses.

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