

Rating Action: Moody's assigns Aa2 rating to JRJT's bonds

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JPY 43.5 billion of New Debt Securities Rated

Tokyo, November 16, 2010 -- Moody's Japan K.K. has assigned its Aa2 ratings to various bonds issued by Japan Railway Construction, Transport and Technology Agency (JRJT). The bonds are not guaranteed by the Japanese government. The rating outlook is stable.

The specific bond issues rated are:

- JPY 33.5 billion Series 34 bonds, due 2014
- JPY 10 billion Series 35 bonds, due 2020

RATING RATIONALE

The Aa2 rating reflects JRJT's intrinsic strength -- including Moody's expectation the favorable legal and regulatory framework will continue, contributing to its low operating and refinancing risks -- and the credit support which Moody's believes the government would provide in a stressful situation.

JRJT operates a wide variety of business -- from constructing railway facilities and leasing them to railway companies, joint building and ownership of ships and providing financial support to shipbuilding technology R&D, to disposing of the legacy assets of the former Japan National Railways, as well as the exclusive construction of Shinkansen Super Express railway facilities, carried out as determined by the national government's transportation policy.

An upgrade of the sovereign rating would lead to upward rating pressure. Moody's sovereign team says an upgrade would be contingent upon improvements in the government debt trajectory and in economic growth.

A downgrade in the sovereign rating would trigger a downgrade. Moody's sovereign team sees any downgrade contingent on a severe and protracted deterioration in government finances; and erosions in government debt affordability and the special characteristics of Japan's government debt market.

The last rating action with respect to JRJT was on July 22, 2009, when Moody's re-aligned 13 Japanese government-related issuers' ratings to the same level as the Japanese Government Bonds (rated at Aa2 for its local currency obligations).

The principal methodology used in this rating was "Government-Related Issuers: Methodology Update" published on September 30, 2010. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on www.moody's.co.jp.

Japan Railway Construction, Transport and Technology Agency is an independent administrative corporation, established in October 2003. Its headquarter is in Kanagawa-ken.

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