



Rating Action: **Moody's assigns Aa3 issuer rating to JR TT**

Global Credit Research - 17 May 2012

Tokyo, May 17, 2012 -- Moody's Japan K.K. has assigned a Aa3 issuer rating (domestic currency) to the Japan Railway Construction, Transport and Technology Agency (JR TT). Moody's has also assigned Aa3 ratings to the JR TT's bonds. The outlook of the ratings is stable.

The specific bond issues rated are:

- JPY 32 billion Series 46 bonds, due 2016
- JPY 15 billion Series 47 bonds, due 2022

RATINGS RATIONALE

The Aa3 issuer and debt ratings reflects JR TT's strong links with the government of Japan (Aa3, stable) (*).

(*: This Moody's Investors Service's rating is not governed by Japanese regulation.)

Moody's concludes that the creditworthiness of JR TT reflects that of the sovereign, given the integration of its mandate with the government's transportation policies and the high level of government oversight of its operations.

The law establishing JR TT stipulates that the Japanese government provides strong financial support, including debt guarantees, loans, subsidies, and capital injections.

As a result, Moody's has adopted the same credit substitution approach for JR TT that it has for the 11 other government-related entities or "Zaitos" in Japan.

At end-FY2010, JR TT had outstanding debt of JPY3.8 trillion. Of this total, borrowings from the central government were JPY1.3 trillion and bonds outstanding were JPY1 trillion.

The principal methodology used in this rating was "Government-Related Issuers: Methodology Update" published on September 30, 2010 and available on www.moody's.co.jp.

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