



## Rating Action: Moody's assigns Aa3 to JRTT's domestic bonds

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### JPY 50 billion of New Debt Securities Rated

Tokyo, July 25, 2014 -- Moody's Japan K.K. has assigned Aa3 ratings to the bonds issued by Japan Railway Construction, Transport and Technology Agency (JRTT). The rating outlook is stable.

The specific bond issues rated are:

- JPY 20 billion Series 67 bonds, due 2019
- JPY 23 billion Series 68 bonds, due 2024
- JPY 7 billion Series 69 bonds, due 2034

### RATINGS RATIONALE

The rating reflects JRTT's strong links with the government of Japan (Aa3, stable).

Moody's concludes that the creditworthiness of JRTT should be the same as that of the sovereign, given the integration of the company's mandate with the government's transportation policies and the high level of government oversight of its operations. As a result, Moody's has adopted the same credit substitution approach for JRTT that it has for the 11 other government-related entities or "Zaitos" in Japan.

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

The independent administrative corporation (IAC) law states that the Ministry of Land, Infrastructure and Transport (MLIT) set JRTT's business objectives and approves its medium-term plan. The plan is required to have detailed budgets, funding plans and requirements for cash flow borrowings. Any change to the plan requires the approval of the Minister. A committee established by the Minister also evaluates the extent to which the objectives set out in the plan have been achieved.

The principal methodology used in this rating was Government-Related Issuers: Methodology Update published in July 2010. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

Japan Railway Construction, Transport and Technology Agency is an IAC established in October 2003, under the general law for IACs and the JRTT law.

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