



News Release

April 1, 2011
Capital Eye Ltd.

BEST DEALS OF 2010 Awards Selection: Panasonic leads in Straight Bonds, Toray in Stock Offers

On April 1, Capital Eye Ltd. announced its “Best Deals of 2010” and “Best Issuers of 2010” awards recipients. Winners of fixed income and equities capital markets awards were selected on the basis of survey returns from underwriters, institutional investors, and through evaluation by Capital Eye’s panel of editors.

In the corporate bond and structured finance sectors, Panasonic and the Japan Housing Finance Agency produced the historically large issues. Meanwhile, among Samurai bonds, Rabobank’s issuance was also significant. In the equities and equity-linked sphere, the IPO and convertible bond markets saw Otsuka Holdings and Nidec lead the way with large offers, while Toray garnered high marks among returning equity issuers for its fund usage, care in handling dilutive effects, and for its aftermarket performance.

Among smaller deals, Taisei garnered a special award for its straight bond, as its offer represented the first appearance in this market by a general contractor following the Lehman Shock. Industrial & Infrastructure Fund’s REIT was praised for its clear equity story. Finally, the Tokyo Metropolitan Government received a special award after its 10-year bond transaction restored function to the market following the massive earthquake and tsunami that struck Japan toward the end of the fiscal year in March.

STRAIGHT BONDS

Best Deal-Winner

No. 9 Panasonic	Mar 3	2-year	Y150 billion
No. 10 Panasonic	Mar 3	5-year	Y200 billion
No. 11 Panasonic	Mar 3	7-year	Y150 billion

〈Nomura/Goldman Sachs/Nikko Cordial/Daiwa Capital Markets/Mizuho/Merrill Lynch Japan〉

At a combined Y500 billion, Panasonic’s straight bond package ranked as the largest-ever wholesale corporate bond, and was smoothly digested, as the majority of players participated in some form. The deal certainly contributed to the vitality of market, showcasing aggressive investor relations, appropriate pricing, and the proper posture for a deal of such immense size.

Best Deal-Runner-up

No. 51 Nissan Motor	Apr 22	5-year	Y50 billion
No. 52 Nissan Motor	Apr 22	7-year	Y30 billion
No. 53 Nissan Motor	Apr 22	10-year	Y20 billion

〈Nikko Cordial/Goldman Sachs/Mizuho/Merrill Lynch Japan〉

Nissan's three-tranche issue symbolized the normalization of the market. Totalling Y100 billion overall, it was the largest single A minus (R&I) rated issue at the time to come to market following the 2008 Lehman Shock, and showed across-the-board tightening in its pricing.

Best Deal-3rd Place

No. 4 Seven & i Holdings 〈Nomura/Nikko Cordial/Mitsubishi UFJ Morgan Stanley〉	Jun 22	5-year	Y30 billion
No. 5 Seven & i Holdings 〈Nomura/Nikko Cordial/Mitsubishi UFJ Morgan Stanley/Mizuho〉	Jun 22	7-year	Y20 billion
No. 6 Seven & i Holdings 〈Nomura〉	Jun 22	10-year	Y60 billion

With lower-trending interest rates making underlying market conditions less than savory, Seven & i Holdings was nevertheless able to make ample use of the trust it had built up in the market, as well as its name recognition, in successfully raising Y110 billion. The issue's fair pricing appealed to a wide investor base, and was helped by the clarity of its purpose: the repurchase the company's flagship Seibu Ikebukuro store in Tokyo.

Best Deal-3rd Place

No. 75 Mitsubishi Corporation 〈Mitsubishi UFJ Morgan Stanley〉	Jul 23	10-year	Y35 billion
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Despite questionable pricings in earlier deals by other names, Mitsubishi Corporation's dedication to communications with investors and fair pricing helped to keep the deal together and focused towards successful conclusion.

Special Prize

No. 30 TAISEI CORPORATION 〈Mizuho〉	Jun 16	5-year	Y15 billion
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Taisei's transaction was the first such offer from a general contractor following the 2008 Lehman Shock, and its straightforward, investor-friendly pricing helped revive this sector of the market. Taisei's concentration on investor relations--as well as the credit rating it garnered--enabled an expansion of the deal's original size.

Best Issuer of 2010

SOFTBANK

Including retail bonds, Softbank made three trips to the market in fiscal 2010, raising a total of Y235 billion—a figure that ranked second only to Panasonic's Y500 billion in the pure corporate bond category. The firm's hot-selling iPhone and popular commercials served to support the issue, and pricing spreads tightened in spite of the company's triple-B rating. As its stands, Softbank CEO Masayoshi Son's followers apparently exist not only on Twitter, but in the bond market—ostensibly swelling the investor base for the company's paper. In February, JCR upgraded Softbank's rating to single-A.

by both Moody's and S&P, the carmaker was able to increase the issue size from the original Y30 billion to Y45 billion, thanks to surprisingly strong demand. The firm made ample use of its high name awareness in Japan, as well as careful communications, in order to distill diverging investor views. The issue also benefited from JCR's upgrade to single-A just before launch.

Best Issuer of 2010

Rabobank

A rare so-called "6A" credit, Rabobank produced nine tranches in two separate Samurai issues in fiscal 2010, raising a total of Y158.4 billion—the largest amount for one issuer in the fiscal year. Rabobank was also able to increase the amount of 10-year paper in the formerly sparse segment. The bank was lauded for its skillful, consistent investor relations, including the use of Japanese language on its website.

SECURITIZATION DEALS

Best Deal-Winner

No. 45 Japan Housing Finance Agency	Jan 21	35-year	Y276 billion
〈Mitsubishi UFJ Morgan Stanley/Nikko Cordial/Nomura/Mizuho〉			

The largest transaction of its kind in history, the agency defied calls that the paper might face problems being digested. In the end, it used thoughtful marketing and appropriate pricing to expand its investor base, resulting in smooth sales. Through this deal, Japan Housing Finance continued the heretofore solid momentum of its residential mortgage backed securities (RMBS).

FOREIGN CURRENCY BONDS

Best Deal-Winner

Mitsubishi Corporation	Sep 8	5-year	\$500 million
〈Citigroup/JPMorgan〉			
Mitsubishi Corporation	Feb 23	5-year	\$500 million
〈Citigroup/JPMorgan/Morgan Stanley〉			

Mitsubishi Corporation came to market twice in fiscal 2010. Its initial September issue, which made extensive use of IR to deepen understanding of its business as a general trader, produced demand totaling eight times the value of the issue; it also outperformed in the secondary market. The follow-up February issue launched quickly in order to capitalize on a market recovery after the Libyan crisis. Together, the combined \$1 billion in issuance increased the liquidity of the firm's debt as well as the transparency of its pricing. With spreads tightening from the prior issue's 47bps, the February paper saw a healthy \$2 billion worth of demand.

Best Issuer of 2010

Japan Bank for International Cooperation (JBIC)

In all, JBIC came to market with three government-guaranteed, foreign currency-denominated issues totaling \$5.25 billion, continuing to add to the liquidity of its debt. The April issue, undertaken amid a falling interest rate environment, was structured to help investors lock in a higher yield, resulting in a two-year, two-month offer. JBIC's \$2.25 billion offer—it's largest deal of the fiscal year--was smoothly digested. The bank has continued to steadily increase its presence in the international market.

NEW PUBLIC EQUITY ISSUES/URIDASHI

Best Deal-Winner

Otsuka Holdings	Nov 12	Public Issue/Uridashi
〈Nomura/Morgan Stanley MUFG/UBS〉		Total shares: 90,000,000
		Total amount: Y 189,000,000,000

Otsuka Holdings' IPO was a representative deal for the 2010 fiscal year. Sixty percent of the stock in the deal was targeted for overseas foreign investors. While the issuer is well-known domestically, its hit antipsychotic treatment ABILIFY is mostly consumed in the US market. The issue's aftermarket performance was nothing to crow about, but the company deserved ample praise for aiming globally, facing up discerning overseas investors.

Best Issuer of 2010

No selection

EXISTING PUBLIC EQUITY ISSUES/URIDASHI

Best Deal-Winner

TORAY INDUSTRIES	May 24	Public Issue
〈Nomura〉		Total shares: 200,000,000
		Total amount: Y 92,400,000,000

Toray successfully returned to the equity market as part of its growth strategy. The scale of its stock issue, as well as its appropriateness in terms of share dilution, garnered good support. Aftermarket performance was also strong, satisfying both pre-existing and new shareholders.

Best Issuer of 2010

No selection

REAL ESTATE INVESTMENT TRUSTS

Best Deal-Winner

Industrial & Infrastructure Fund Investment	Feb 21	Public Issue
〈Nomura/Nikko Cordial/Mitsubishi UFJ Morgan Stanley〉		Total shares: 14,200
		Total amount: Y 5,764,419,000

While the total transaction size was relatively small, Industrial & Infrastructure Fund Investment featured the advantage of high profitability and high quality assets. Investors clearly warmed to the stable dividend aspect of its equity story.

Best Issuer of 2010

No selection

