



## **News Release**

**April 2, 2010**  
**Capital Eye Ltd.**

### **BEST DEALS OF 2009 Awards Selection:** **A Market of Rebirth & Revival**

On April 2, Capital Eye Ltd. announced its "Best Deals of 2009" and "Best Issuers of 2009" 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 2009, "rebirth" and "revival" were the industry keywords, as the year's most outstanding deals tested the market's recovery from the August, 2008 "Lehman Shock."

Among straight bond issuers, Sony and Nissan Motor came to the recovering market with large-scale deals, while Softbank, with its triple-B issue, and frequent issuer Orix also showing their grit.

Among stock issuers, Toshiba led the way with its massive Y300 billion capital increase offer. Meanwhile, Nippon Accommodations Fund re-opened the J-REIT space, while retailer Takashimaya cracked the Euroyen convertible bond market; the latter two deals were the first of their kind in about 15 months, respectively.

#### **STRAIGHT BONDS**

##### **Best Deal-Winner**

No. 24 Sony	Jun 9	3-year	Y60 billion
No. 25 Sony	Jun 9	5-year	Y110 billion
No. 26 Sony	Jun 9	10-year	Y50 billion

(Nomura/Nikko Citigroup/Mitsubishi UFJ/Mizuho)

Despite a loss-making bottom line, as well as a Moody's downgrade (from A2 to A3), Sony put its IR department to work to help it scrupulously market Y220 billion worth of paper, making the multi-tranche offer a bellwether transaction through which improvement in the issuing environment could be confirmed. The deal was also the largest non-bank wholesale offer of 2009.

##### **Best Deal-Runner-up**

No. 48 Nissan Motor	Sep 11	3-year	Y35 billion
No. 49 Nissan Motor	Sep 11	5-year	Y35 billion

(Mizuho/Mitsubishi UFJ/Nikko Citigroup)

Nissan's offer was the largest single-A-minus(R&I) rated deal to come to market since the Lehman Shock, leaving the impression that improving underlying fundamentals had spread to this credit class. Investor understanding was well achieved even in pursuit of tighter pricing that the prevailing market might have otherwise suggested.

### **Best Deal-3<sup>rd</sup> Place**

No. 5 Japan Tobacco (Nomura/Daiwa SMBC/Mizuho)	May 28	5-year	Y100 billion
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Japan Tobacco's issue was able to succeed despite a general sense of unease in the market, thanks to the scarcity factor, the issuer's stable finances, and the deal's collateralized scheme, which appealed to investors. The single-tranche offer was expanded from Y40 billion to Y100 billion.

### **Special Prize**

No. 28 Softbank (Daiwa SMBC/Mizuho)	Jul 15	3-year	Y30 billion
No. 30 Softbank (Daiwa Capital Markets/Mizuho)	Mar 5	5-year	Y30 billion

Softbank's No. 28 issue represented the first post-Lehman Shock, non-private railroad, triple-B class wholesale bond. In December 2009, JCR subsequently upgraded its rating to BBB+ from BBB (flat), helping the follow-up No. 30 bond to push its five-year tenor; twice as many investors came out for the latter issue than for the former, while spreads tightened by some 100bp.

### **BEST ISSUER OF 2009**

Orix Corp.

Orix Corp.'s November 2009 three-year offer aimed at institutional investors represented its first paper since the firm's August 2008 two-year retail bond. Thanks to spread tightening, Orix was able to come to market five times in the fiscal second half alone (inclusive of retail paper) raising Y175 billion. As a regular issuer, the company brilliantly re-launched itself in the debt market, paving the way for others to come later.

## **ZAITO (AGENCY) BONDS**

### **BEST DEALS OF 2009-Winner**

No. 21 Kansai International Airport	Jan 28	3-year	Y35 billion
No. 22 Kansai International Airport (Daiwa Capital Markets/Mizuho)	Jan 28	5-year	Y5 billion

Kansai International Airport's transaction came amid much turmoil regarding government budget cuts, subsidy freezes (and subsequent reductions), which pushed out spreads on its existing paper. Needless to say, the slow demise of Japan Airlines (JAL) only added to the headwinds facing the issuer. However, through effective investor visits and needs-sensitive pricing, the Airport was able to smoothly land Y40 billion worth of paper, helping to lift some of the prevailing opacity in the sector.

### **BEST ISSUER OF 2009**

Japan Finance Corporation

Japan Finance Corporation, the result of the merger of four policy-based financing institutions, came to market with its inaugural deals in 2009, raising Y186 billion in two transactions and five-tranches, featuring tenors ranging from two to 20 years, and reminding players of the agency's important role as an issuer, as well as zaito bonds' benchmark-status position.

## REGIONAL BONDS

### Best Deal-Winner

2009 No. 18 Aichi Prefectural Government      Mar 12      2-year      Y28 billion

(Nikko Cordial/Tokai Tokyo/Mizuho Investors)

Aichi's offer was the first two-year "nationwide" type of publicly offered regional bond. Regional bonds generally see upsizing, and while tenor diversification did become a topic in the municipalities, the prefecture elected to issue in new tenor. In the end the paper was greeted well by investors seeking to address short-term investment needs.

### BEST ISSUER OF 2009

Tokyo Metropolitan Government

As the top regional bond issuer, Tokyo boasts its investors' sense of security, as well as the prowess to print and circulate its paper, while its stance as purveyor of the whole of the domestic regional bond market also carries weight. The municipality introduced its 2009 10-year offer also sported innovative features including a hybrid structure.

## SAMURAI BONDS

### Best Deal-Winner

No. 1 Électricité de France	Jul 3	5-year, 3 months	Y45 billion
No. 2 Électricité de France	Jul 3	7-year	Y44.1 billion
No. 3 Électricité de France	Jul 3	3-year	Y16.3 billion
No. 1 FRN Électricité de France	Jul 3	5-year, 3 months	Y5 billion

(Mitsubishi UFJ)

Électricité de France's multi-tranche offer was a symbolic success amid the move away from government-guaranteed paper, although the firm's 90% market share and close ties to government were obvious strengths for this deal, which was the first corporate Samurai since Daimler's three-tranche offer of September, 2008. It ended up garnering Y110.4 billion worth of demand, paving the way for other issuers in the future.

### BEST ISSUER OF 2009

Wal-Mart Stores

Wal-Mart Stores carved out a representative name for itself in the Samurai space as the first "pure" corporate name to appear since the financial crisis. The company successfully placed Y100 billion worth of paper—the same amount it raised via its July, 2008 debut offer--leaving behind a definitive stamp of market rebirth. The firm was credited for not merely resting on the laurels of its stable credit, and for its deft communications with investors.

## SECURITIZATION DEALS

### Best Deal-Winner

No. 24 Japan Housing Finance Agency	Apr 23	35-year	Y80.4 billion
S-type No. 13 Japan Housing Finance Agency (Mitsubishi UFJ/Credit Suisse/Nomura)	Apr 24		Y150 billion

Japan Housing Finance Agency's twin offer was the new fiscal year's first, appearing April 23-24. The package was the first monthly and S-type securitization deal brought to market over consecutive days since the market went into hibernation the prior December, and signaled the complete resurrection of the Residential Mortgage Backed Security (RMBS) in garnering Y230.4 billion. The S-type unit, with its shortened weighted average life (WAL), was the first of its kind.

## FOREIGN CURRENCY BONDS

### Best Deal-Winner

Japan Bank for International Cooperation (JBIC) (Deutsche Bank/Barclays Capital/Morgan Stanley)	Jun 17	2-year	\$2.5 billion
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### BEST ISSUER OF 2009

Japan Bank of International Cooperation (JBIC)

JBIC's June 2009 two-year offer represented the first Japanese government-sponsored foreign currency bond in a year, as the Lehman Shock occurred in the intervening autumn. Not willing to settle for routine 5-year benchmark issuance, however, the bank followed the demand trail, opting to print in the two-year tenor, and came away with at \$2.5 billion transaction—its largest ever deal. JBIC went on to print in three- and five-year tenors, eventually bringing its total issuance to nearly \$7 billion.

## NEW PUBLIC EQUITY ISSUES/URIDASHI

### Best Deal-Winner

Cookpad (Nomura)	Jun 12	Public Issue/Uridashi
		Total shares: 317,000
		Total amount: Y3,011,500,000

Cookpad, a recipe site with a heretofore unseen business model and high growth expectations, met with wide support, soaring in value from its IPO price, and holding its value in the aftermarket. Its subsequent share split was also widely applauded.

### Best Deal-Runner-up

Hajime Construction (Mitsubishi UFJ)	Nov 20	Public Issue/Uridashi:
		Total shares: 4,350,000
		Total amount: Y10,005,000,000

A top class "power-builder", Hajime Construction's offer met with few troubles, despite the lingering wariness felt by retail investors over the real estate sector. The offer's Y10 billion-plus size and appropriate pricing also garnered good institutional investor demand.

## BEST ISSUER OF 2009

No selection

## EXISTING PUBLIC EQUITY ISSUES/URIDASHI

### Best Deal-Winner

Toshiba (Nomura)	May 8	Public Issue	
		Total shares:	897,000,000
		Total amount:	Y298,701,000,000

Toshiba's capital increase offer was a credible success, helped by its compelling equity story of growth and structural reform. With shares performing well in the aftermarket, the mammoth deal spoke volumes of significance about such public equity transactions.

### Special Prize

Elpida Memory (Morgan Stanley)	Sep 1	Public Issue	
		Total shares:	55,000,000
		Total amount:	Y63,360,000,000

The timing of Elpida's offer was hardly opportune, coming soon after the firm had received public assistance capital; regarding approval of its restructuring plan. But with the deal's structure, the company targeted well its investor base--primarily foreigners able to grasp its business model. With dynamic deal execution the firm was able to place its shares despite the severe environment.

## BEST ISSUER OF 2009

Sumitomo Mitsui Financial Group (SMFG)

SMFG successfully raised over Y1.9325 trillion in 2009, taking advantage of good market timing with its two capital increase global share offers, aimed at boosting its core capital in response to likely stricter forthcoming industry standards. The firm's solid equity story featured its purchase of Nikko Cordial Securities and strategic plans for Asian markets.

## REAL ESTATE INVESTMENT TRUSTS

### Best Deal-Winner

Nippon Accommodations Fund (Nomura/Merrill Lynch Japan)	Oct 16	Public Issue	
		Total shares:	42,000
		Total amount:	Y20,492,220,000

The first issue of its kind in 15 months, Nippon Accommodations' offer, aimed at boosting its real estate portfolio, essentially re-opened the REIT market. The firm helped its own cause by striving to limit dilution damage to its share price, and ultimately succeeded in signaling the market's likely resurrection while raising expectations for more such market activity.

## BEST ISSUER OF 2009

No selection

### Best Deal-Winner

Takashimaya's public Euroyen convert represented the first such transaction from a Japanese issuer in 15 months. The zero-coupon issue achieved a strong 30% premium amid healthy outright demand, and benefited from a measure of scarcity despite questions over its structure. The offer was a pathbreaker, helping sweep aside market uncertainties and opening the door for subsequent deals.

Asahi Glass' combined offer represented the largest Euroyen convertible bond of 2009. The three- and five-year two-tranche deal addressed a wide swath of investors' needs, while also fitting the issuer's debt requirements structurally well. The firm's good credit rating afforded a generous premium in the upper 30% range.

No selection

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, including towards promoting further activity.

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Establishment:	July, 2006
Capital:	Y80,000,000 (as of Nov. 30 2007)
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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