



Credit Rating Activities Basic Policy

1. R&I provides credit ratings for issuers and obligations in a broad range of sectors, including corporates, financial institutions, sovereigns, government agencies, local governments and structured finance products. While such ratings are the opinion of R&I, R&I's objective is to contribute to the appropriate and smooth procurement and investment of capital in the financial and capital markets by issuing ratings that are "the most trusted and most widely used" by not only issuers and other rating stakeholders but also by market participants including investors.
2. R&I shall provide high-quality, internationally consistent ratings that are supported by insights into the environment surrounding issuers, including the economic, financial and industry trends, and that give sufficient, careful attention to the structures and the commercial, credit and other practices that are unique to the country and region which the issuer belongs to. R&I shall strive to ensure such ratings anticipate the long-term creditworthiness of rated issuers and obligations with foresight and a high degree of stability, based on diversified, thorough and sophisticated analysis. However, R&I shall review a rating promptly when a change that exceeds R&I's assumptions has occurred.
3. R&I shall strive to obtain information it believes to be accurate, and shall assign ratings in accordance with a rigorous, systematic Rating Determination Policy and Methodologies. R&I shall be committed to providing issuers and investors with explanations concerning ratings and the basis for ratings that are easily understood. In the event that after R&I has publicly released a rating, R&I does not receive sufficient cooperation in gathering information from an issuer or other party despite the occurrence of an event that will significantly affect the issuer's creditworthiness, R&I shall reflect this in its evaluation.
4. R&I shall assign ratings promptly and in a timely manner, based on the recognition that its ratings are useful information for investment decisions. R&I shall actively release not only the basis for its rating results but also other information that is useful for investment decisions.

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R&I shall release updates on its Rating Determination Policy and Methodologies on a prompt and timely basis so that investors can use its ratings appropriately to make investment decisions. Furthermore, R&I shall regularly disclose information concerning the status of its credit rating business.

5. R&I shall strive to maintain the quality of its rating process so that it can provide fair and proper ratings from an independent standpoint. To achieve this objective, R&I shall continuously monitor its Rating Policies and adopt various measures, including the employment, assignment and training of rating analysts with professional knowledge and skills, and assurance of sufficient quality of the information used as the basis for its ratings.
6. R&I's business model is based on assigning ratings solicited by issuers and other rating stakeholders, in return for receiving fees from such parties. This business model entails the risk of potential conflicts of interest. Recognizing this point, R&I has adopted measures to prevent such conflicts of interest, which R&I applies to all executives and employees related to its credit rating business, including the rating analysts involved in determining the ratings.
7. R&I currently does not provide ratings for all of the issuers and obligations for which ratings are assumed to be necessary in the market, and believes mitigation of this problem is an issue to be addressed. When R&I judges that broadening the coverage of issuers and obligations will contribute to investors' investment decisions, R&I will assign a rating even if it has not been solicited by the issuer or other rating stakeholders. Moreover, the need for credit risk information changes incessantly as financial markets develop. R&I shall respond to these changes and work as aggressively as possible to meet the rating needs for new sectors and schemes.

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