

Fiscal Conditions at Shizuoka Prefecture

October 2010

Shizuoka Prefecture



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Population, and Economic and Industrial Status of Shizuoka Prefecture

○Transition and Forecast of Population (Shizuoka Prefecture, Japan total)

(Units : thousand, %)

Category	FY1985	FY1990	FY1995	FY2000	FY2005	FY2010	FY2015	FY2020	FY2025
Population in Shizuoka (A)	3,575	3,671	3,738	3,767	3,792	3,771	3,712	3,623	3,511
Age 0 to 14	795	695	619	569	538	504	453	400	361
Age 15 to 64	2,413	2,531	2,565	2,532	2,475	2,373	2,233	2,131	2,042
Age 65 and above	367	445	554	666	779	894	1,026	1,092	1,108
(ratio)	(10.3)	(12.1)	(14.8)	(17.7)	(20.6)	(23.7)	(27.6)	(30.1)	(31.6)
Population in Japan (B)	121,049	123,611	125,570	126,926	127,768	127,176	125,430	122,735	119,270
Share (A/B)	2.95	2.97	2.98	2.97	2.97	2.97	2.96	2.95	2.94

※Figures until FY2005 depend on the national population census, and those after FY2010 depend on the population estimates provided by National Institute of Population and Institute of Population Problems

○Total fertility rate in Shizuoka Prefecture (per 1000)

Category	2005	2006	2007	2008	2009
Figure in Shizuoka	1.39	1.39	1.44	1.44	1.43
Japan total	1.26	1.32	1.34	1.37	1.37

○Various indices about economy and industries in Shizuoka Prefecture

Category	2005	2006	2007	2008
Gross Production	167,764	170,620	169,275	-
Ranking	10	10	10	-
Output of Manufactured Goods	173,227	182,347	194,103	191,777
Ranking	3	3	3	3
Production of Medical Goods	6,738	6,308	6,096	5,600
Ranking	2	1	2	2
Output of Medical Equipment and	917	958	1,083	1,249
Ranking	2	2	1	1

Category	2005	2006	2007	2008	2009
Number of Corporate industrial locations	85	102	124	144	44
Ranking	3	3	1	1	5
Job offer-to-seekers Ratio	1.17	1.24	1.20	0.87	0.40
National Average	0.98	1.06	1.02	0.77	0.45
Unemployment Rate (%)	3.1	2.8	2.6	3.0	4.2
National Average	4.4	4.1	3.9	4.0	5.1

※Ranking figures are ranked in 47 prefectures

FY2009 General Account: Revenues

(Units: Yen 100 million, %)

Categories	FY 2009	FY 2008	Change	% Growth	% of Total	
					FY 2009	FY 2008
Reported Revenues	12,146	11,435	711	6.2	100.0	100.0
Prefectural Tax	4,178	5,412	Δ 1,234	Δ 22.8	34.4	47.3
Local Consumption Tax Settlements	766	728	38	5.3	6.3	6.3
Local Transfer Tax	226	30	196	661.0	1.9	0.3
Special Local Grants	58	79	Δ 21	Δ 26.9	0.5	0.7
Local Allocation Tax	1,484	1,161	323	27.8	12.2	10.1
Special Grants for Traffic Safety	13	13	0	2.3	0.1	0.1
Contributions	60	68	Δ 8	Δ 11.5	0.5	0.6
Usage Fees and Commissions	176	169	7	4.1	1.4	1.5
National Treasury Disbursements	2,020	1,301	719	55.2	16.6	11.4
Asset-based Revenues	39	31	8	26.4	0.3	0.3
Donations	3	6	Δ 3	Δ 52.8	0.0	0.1
Transfer Money	361	176	185	105.2	3.0	1.5
Carry-forwards	95	104	Δ 9	Δ 8.9	0.8	0.9
Miscellaneous Revenues	327	320	7	2.0	2.7	2.8
Prefectural Bonds	2,340	1,837	503	27.4	19.3	16.1

FY2009 General Account: Expenditures (Analytical Breakdown)

(Units: Yen 100 million, %)

Categories		FY2009	FY2008	Change	% Growth	% of Total	
						FY2009	FY2008
Reported Expenditures		12,040	11,340	700	6.2	100.0	100.0
Mandatory Expenses	Personnel Expense	3,765	3,863	△ 98	△ 2.5	31.3	34.0
	Social Aid Expense	724	686	38	5.5	6.0	6.1
	Bond Expense	1,678	1,608	70	4.3	13.9	14.2
	Disaster Recovery Expenses	11	34	△ 23	△ 68.0	0.1	0.3
	Total	6,178	6,191	△ 13	△ 0.2	51.3	54.6
Others	Investment Expenses	1,920	2,025	△ 105	△ 5.1	16.0	17.9
	Public/Direct	892	897	△ 5	△ 0.5	7.4	7.9
	Standalone	1,028	1,128	△ 100	△ 8.8	8.6	10.0
	Other Expenses	3,942	3,124	818	26.2	32.7	27.5
	Total	5,862	5,149	713	13.9	48.7	45.4

FY2009 General Account: Expenditures (Purpose Breakdown)

(Units: Yen 100 million, %)

Categories	FY 2009	FY 2008	Change	% Growth	% of Total	
					FY2009	FY2008
Congressional expenses	20	20	0	Δ 3.4	0.2	0.2
Administrative expenses	496	549	Δ 53	Δ 9.7	4.1	4.8
Project expenses	193	247	Δ 54	Δ 21.7	1.6	2.2
Community affair expenses	139	126	13	10.2	1.2	1.1
Public welfare expenses	2,095	1,550	545	35.2	17.4	13.7
Industrial Expenses	571	432	139	32.0	4.8	3.8
Constructional expenses	1,647	1,698	Δ 51	Δ 3.0	13.7	15.0
Police expenses	810	822	Δ 12	Δ 1.4	6.7	7.2
Educational expenses	3,063	3,087	Δ 24	Δ 0.8	25.4	27.2
Disaster countermeasure Expenses	12	35	Δ 23	Δ 64.7	0.1	0.3
Bond issuance related expenses	1,677	1,608	69	4.3	13.9	14.2
Other expenses	1,317	1,166	151	12.9	10.9	10.3
Total	12,040	11,340	700	6.2	100.0	100.0

General Account: Trends in Reported Income

(Unit: Yen 100 million)

Categories	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009
Revenues	14,448	14,061	13,714	13,796	12,237	11,856	11,672	11,326	11,342	11,428	11,435	12,146
Expenditures	14,306	13,924	13,541	13,628	12,109	11,693	11,553	11,212	11,221	11,324	11,340	12,040
Nominal Income (Revenues - Expenditures)	142	137	173	168	128	163	119	114	121	104	95	106
Real Income	41	41	49	58	53	60	62	57	59	61	57	57

*Real Income = Nominal Income - revenues sources which should be carried over to the next fiscal year.

General Account: Trends in Reported Revenues

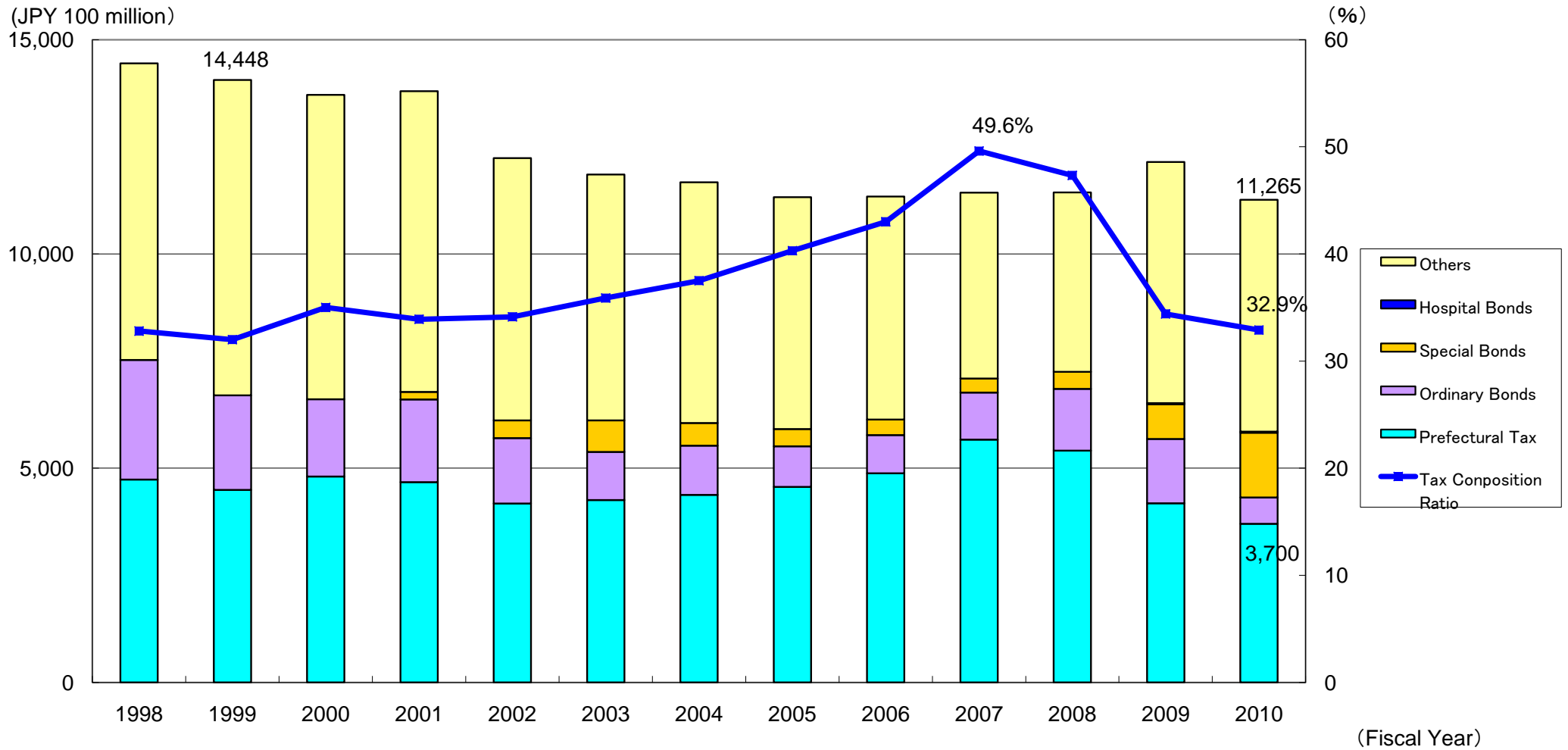
(Units: Yen 100 million, %)

Categories	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Prefectural Tax	4,733	4,492	4,804	4,676	4,176	4,254	4,377	4,565	4,882	5,669	5,412	4,178	3,700
% of total	32.8	32.0	35.0	33.9	34.1	35.9	37.5	40.3	43.0	49.6	47.3	34.4	32.9
Local Allocation Tax	1,311	1,970	2,141	2,070	2,050	1,918	1,652	1,691	1,442	1,280	1,161	1,484	1,555
% of total	9.1	14.0	15.6	15.0	16.7	16.2	14.1	14.9	12.7	11.2	10.1	12.2	13.8
National Treasury Disbursements	2,429	2,333	2,225	2,311	2,061	1,901	1,805	1,543	1,274	1,177	1,301	2,020	1,241
% of total	16.8	16.6	16.2	16.8	16.8	16.0	15.5	13.6	11.2	10.3	11.4	16.6	11.0
Prefectural Bonds	2,793	2,209	1,804	2,102	1,941	1,862	1,676	1,348	1,254	1,425	1,837	2,340	2,153
Ordinary Bonds	2,793	2,209	1,804	1,930	1,524	1,125	1,150	945	890	1,096	1,437	1,506	618
Special Bonds	—	—	—	172	417	737	526	403	364	329	400	809	1,510
Hospital bonds	—	—	—	—	—	—	—	—	—	—	—	25	25
% of total	19.3	15.7	13.2	15.2	15.9	15.7	14.4	11.9	11.1	12.5	16.1	19.3	19.1
Others	3,182	3,057	2,740	2,637	2,008	1,921	2,162	2,179	2,490	1,877	1,724	2,124	2,616
% of total	22.0	21.7	20.0	19.1	16.5	16.2	18.5	19.3	22.0	16.4	15.1	17.5	23.2
Total	14,448	14,061	13,714	13,796	12,236	11,856	11,672	11,326	11,342	11,428	11,435	12,146	11,265

*Initial budget used for FY2010.

*Special Bonds included in Prefectural Bonds refer to Extraordinary Fiscal Measure Bonds and Non-interest-bearing NTT loans.

General Account: Trends in Reported Revenues (Chart)



*Initial budget used for FY2010.

*Special Bonds included in Prefectural Bonds refer to Extraordinary Fiscal Measure Bonds and Non-interest-bearing NTT loans.

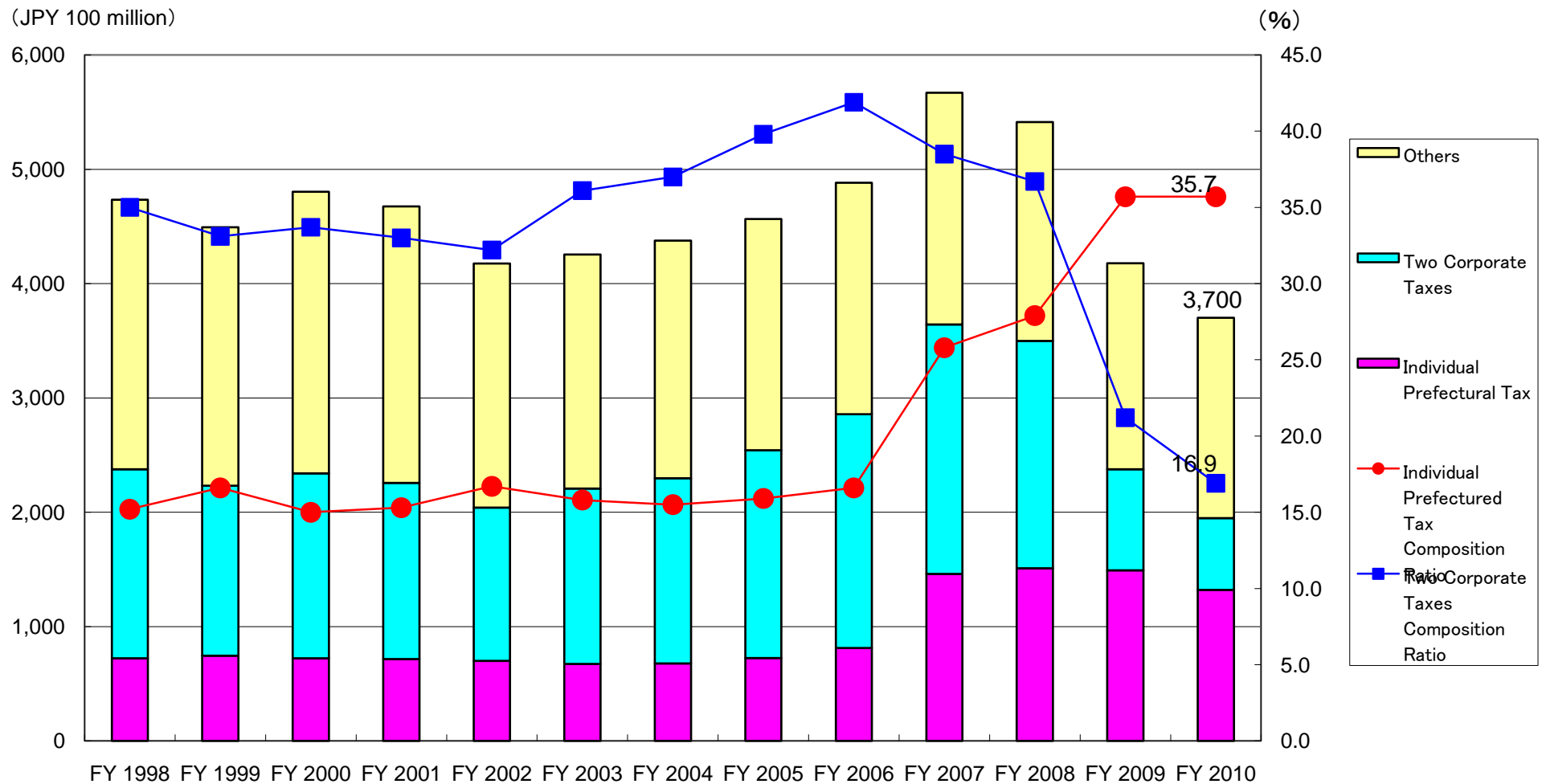
General Account: Trends in Reported Revenue (Prefectural Tax)

(Units: Yen 100 million, %)

Categories	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Individual Prefectural Tax	722	746	722	715	699	673	677	724	812	1,460	1,510	1,492	1,322
% of total	15.2	16.6	15.0	15.3	16.7	15.8	15.5	15.9	16.6	25.8	27.9	35.7	35.7
Two Corporate Taxes	1,655	1,485	1,617	1,541	1,343	1,534	1,620	1,818	2,046	2,184	1,988	885	627
% of total	35.0	33.1	33.7	33.0	32.2	36.1	37.0	39.8	41.9	38.5	36.7	21.2	16.9
Others	2,356	2,261	2,465	2,420	2,134	2,047	2,080	2,023	2,024	2,025	1,914	1,801	1,751
% of total	49.8	50.3	51.3	51.7	51.1	48.1	47.5	44.3	41.5	35.7	35.4	43.1	47.4
Total	4,733	4,492	4,804	4,676	4,176	4,254	4,377	4,565	4,882	5,669	5,412	4,178	3,700

*Initial budget used for FY2010.

General Account: Trends in Reported Revenue (Prefectural Tax) (Chart)



*Initial budget used for FY2010.

*After FY2009, Individual Prefectural Tax has the highest percentage of tax revenue because tax revenue sources transferred to local governments in 2009, which is from income tax (national tax) to Individual Prefectural Tax (local tax).

General Account: Trends in Reported Expenditures

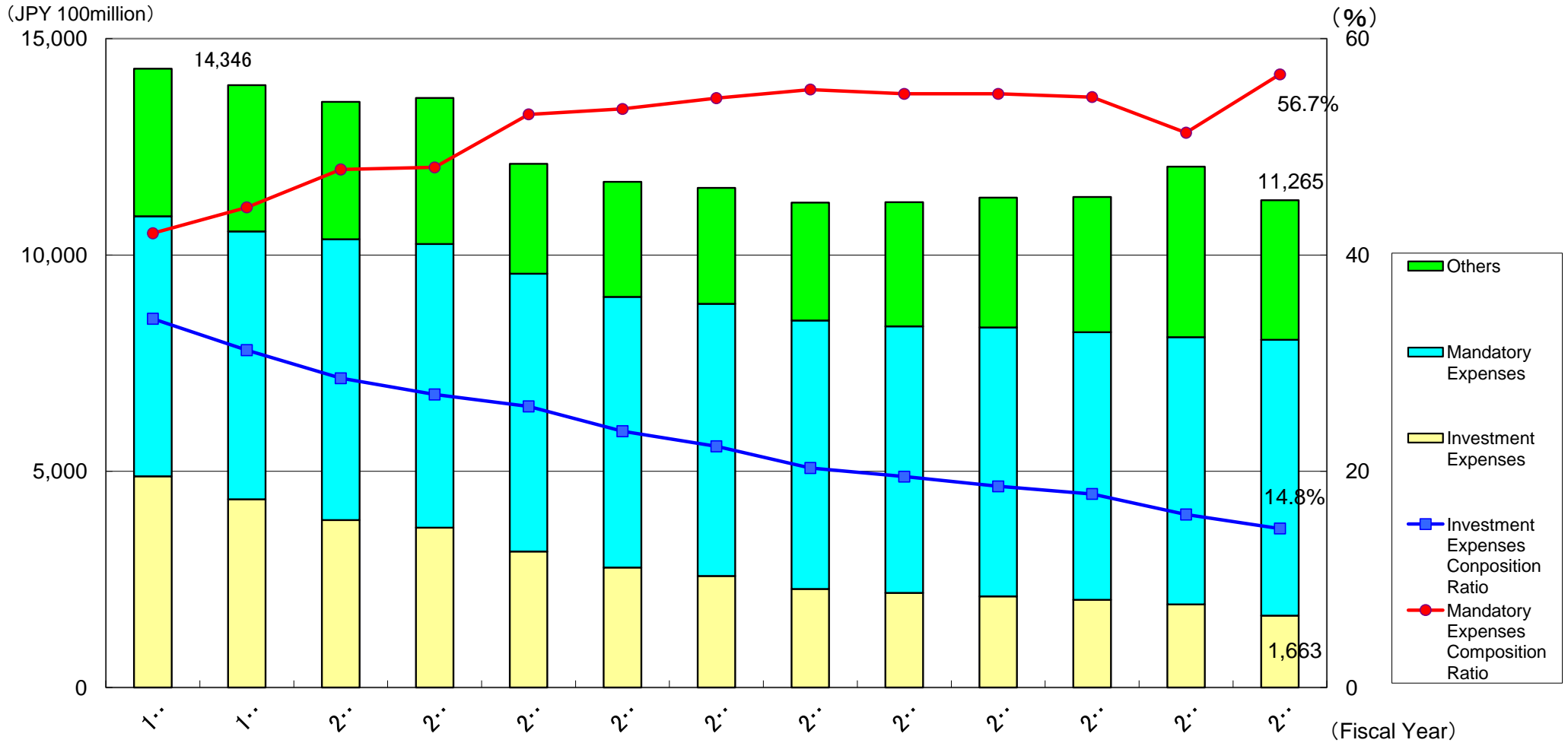
(Units: Yen 100 million, %)

Categories	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Mandatory Expenses	6,010	6,193	6,492	6,558	6,420	6,258	6,293	6,205	6,165	6,216	6,191	6,177	6,375
% of Total	42.0	44.4	47.9	48.1	53.0	53.5	54.5	55.3	54.9	54.9	54.6	51.3	56.7
Personnel Expense	4,078	4,100	4,045	4,099	4,042	3,903	3,900	3,907	3,923	3,932	3,863	3,765	3,805
% of Total	28.5	29.4	29.9	30.1	33.4	33.4	33.8	34.9	34.9	34.8	34.0	31.3	33.8
Social Aid Expense	412	439	546	591	609	537	568	564	626	659	686	724	753
% of Total	2.9	3.2	4.0	4.3	5.0	4.6	4.9	5.0	5.6	5.8	6.1	6.0	6.7
Bond Expense	1,393	1,551	1,846	1,792	1,684	1,727	1,735	1,651	1,579	1,588	1,608	1,678	1,730
% of Total	9.7	11.1	13.6	13.1	13.9	14.7	15.0	14.7	14.1	14.0	14.2	13.9	15.4
Disaster Restoration Expenses	127	103	55	76	85	91	90	83	37	37	34	10	87
% of Total	0.9	0.7	0.4	0.6	0.7	0.8	0.8	0.7	0.3	0.3	0.3	0.1	0.8
Investment Expenses	4,883	4,350	3,873	3,694	3,146	2,771	2,577	2,278	2,186	2,106	2,025	1,921	1,663
% of Total	34.1	31.2	28.6	27.1	26.0	23.7	22.3	20.3	19.5	18.6	17.9	16.0	14.7
Public/Direct	2,294	2,185	1,994	1,909	1,748	1,495	1,373	1,195	1,114	1,006	897	892	917
% of Total	16.0	15.7	14.7	14.0	14.5	12.8	11.9	10.7	9.9	8.9	7.9	7.4	8.1
Standalone	2,589	2,165	1,879	1,785	1,398	1,276	1,204	1,083	1,072	1,100	1,128	1,029	746
% of Total	18.1	15.5	13.9	13.1	11.5	10.9	10.4	9.6	9.6	9.7	10.0	8.6	6.6
Other	3,413	3,381	3,176	3,376	2,543	2,664	2,683	2,729	2,870	3,002	3,124	3,942	3,227
% of Total	23.9	24.4	23.5	24.8	21.0	22.8	23.2	24.4	25.6	26.5	27.5	32.7	28.6
Total	14,306	13,924	13,541	13,628	12,109	11,693	11,553	11,212	11,221	11,324	11,340	12,040	11,265

*Initial budget used for FY2010.

*Reported figures in each fiscal year include carry-over from the previous fiscal year and exclude amounts carried forward to the next fiscal year.

General Account Trend of General Expenditure(Chart)



*Final budget used for FY2009、 Initial budget used for FY2010.

*Reported figures in each fiscal year include carry-over from the previous fiscal year and exclude amounts carried forward to the next fiscal year.

FY2009: Status of Special Account 1

(Unit: Yen million)

Category	Accounting Summary	Revenues	Expenditures	Difference	Reason of difference
Bond Management	Payment of principal and interest on prefecture bonds and accumulation of funds in the prefectural bond management fund	411,620	411,620	0	—
Duty Stamp Collection for Vehicle Tax, etc.	Transfer of collected vehicle and vehicle excise taxes to the general account	9,924	9,924	0	—
District Development Support	Loans of necessary funds for the improvement of public facilities in cities and towns within the prefecture	5,843	5,821	22	Expected demand of borrowing amount is less than initial expected amount
Prefectural Forestry Enterprise	Management and operation of prefectural forestry	204	204	0	—
Forestry Improvement Fund	Loans such as forestry production advancement funds to promote tree thinning	444	210	234	Expected demand of borrowing amount is less than initial expected amount
Mother-child/Widow Welfare Fund	Loans of daily and educational funds for mother-child families, etc.	572	564	8	Expected demand of borrowing amount is less than initial expected amount
Disability Support and Mutual Relief	Provision of annuities to the physically and mentally challenged	688	687	1	The number of beneficiaries is less than expected numbers
Total		472,008	468,359	3,649	

FY2009: Status of Special Account 2

(Unit: Yen million)

Category	Accounting Summary	Revenues	Expenditures	Difference	Reason of difference
SME Promotion Fund	Loans to support the establishment of SMEs and the strengthening of operational foundations thereof	6,844	4,979	1,865	Expected demand of borrowing amount is less than initial expected amount
Agriculture Improvement Fund	Loans to fund technological investments, etc. in order to improve agricultural operations	517	345	172	Expected demand of borrowing amount is less than initial expected amount
Coastal Fishing Improvement	Loans to promote coastal fishing	200	52	148	Expected demand of borrowing amount is less than initial expected amount
Seaport Development (Port of Shimizu, etc.)	Maintenance and management of loading equipment and sheds at the Port of Shimizu, etc.	7,313	7,150	163	Bring the expenditures over next fiscal year, the difference between bidding and real expenditures
Watershed Sewage System	Improvement, maintenance, and management of the watershed sewage system	15,331	14,978	353	Bring the expenditures over next fiscal year (Watershed sewage system in Seien and western area of Karino river)
Municipal Residences	Management, repairs, etc. of prefectural residences	10,594	9,911	683	Bring partial expenditures over next fiscal year, the difference between bidding and real expenditures
Goods Procurement	Goods procurement tasks at the main government building and at local branches	1,914	1,914	0	—
Total		472,008	468,359	3,649	

FY2009: Status of Public Service Account

(Unit: Yen 100 million)

Category	Balance of Payments - Flow (P&L Accounts)			Balance of Payments-Stock (Asset Accounts)				
	Revenues	Expenditures	Net Income	Revenues	Expenditures		Net Income	
					Corporate Bonds	Bond Redemptions		
Shizuoka Cancer Center Operations	237	233	4	47	44	69	19	Δ 22
Industrial Water Works	52	47	5	15	2	25	9	Δ 10
Water Works	60	52	8	27	5	38	11	Δ 11
Regional Development	25	40	Δ 15	47	0	31	0	16
Total	374	372	2	136	51	163	39	Δ 27

FY2010 General Account: Revenue Budget

(Units: Yen 100 million, %)

Category	FY2010 Initial Budget	FY2009 Initial Budget	Difference	Growth Rate	% of total		
					FY 2010	FY 2009	
Total Expenditures	11,265	11,318	△ 53	△ 0.5	100.0	100.0	
General Revenue Sources	Prefectural Tax	3,700	4,590	△ 890	△ 19.4	32.9	40.6
	Local Consumption Tax Settlements	718	793	△ 75	△ 9.4	6.4	7.0
	Local Transfer Tax	422	276	146	52.9	3.8	2.4
	Special Local Grants	49	55	△ 6	△ 11.0	0.4	0.5
	Local Allocation Tax	1,555	1,440	115	8.0	13.8	12.7
	Extraordinary Fiscal Measure Bonds	1,510	807	703	87.1	13.4	7.1
	Others	355	391	△ 36	△ 9.1	3.1	3.5
	Total	8,309	8,352	△ 43	△ 0.5	73.8	73.8
Special Revenue Sources	National Treasury Disbursements	1,241	1,182	59	5.0	11.0	10.5
	Prefectural Bonds	643	777	△ 134	△ 17.2	5.7	6.9
	Money Transfers	680	535	145	27.1	6.0	4.7
	Others	392	472	△ 80	△ 17.1	3.5	4.1
	Total	2,956	2,966	△ 10	△ 0.4	26.2	26.2

FY2010 General Account: Expenditure Budget (Analytical Breakdown)

(Units: Yen 100millions, %)

Category		FY2010 Initial Budget	FY2009 Initial Budget	Difference	Growth Rate	% of total	
						FY 2010	FY2009
Total Expenditures		11,265	11,318	△ 53	△ 0.5	100.0	100.0
Mandatory Expenses	Personnel Expenses	3,805	3,904	△ 99	△ 2.5	33.8	34.5
	Social Aid Expenses	753	710	43	6.1	6.7	6.3
	Bond Expenses	1,730	1,685	45	2.6	15.4	14.9
	Disaster Recovery Expenses	87	82	5	6.1	0.8	0.7
	Total	6,375	6,381	△ 6	△ 0.1	56.7	56.4
Statutory Expenses relating to Tax Revenues		1,097	1,213	△ 116	△ 9.5	9.7	10.7
Expenses Other than Mandatory Expenses and	Investment Expenses	1,708	1,861	△ 153	△ 8.2	15.1	16.4
	Public/Direct	917	802	115	14.2	8.1	7.1
	Standalone	746	1,012	△ 266	△ 26.3	6.6	8.9
	Other Expenses	2,085	1,863	222	11.9	18.5	16.5
	Total	3,793	3,724	69	1.9	33.6	32.9

Medium-term Fiscal Outlook and Efforts to keep healthy budget

1. Medium-term Fiscal Outlook

FY2010 Initial Fiscal budget

(1) Assumptions for Trial Calculations

- Following estimation is based on 2 cases: Case 1 Quick World economy recovery, Case 2 Sluggish World economy extended. Both cases are used for Preliminary calculation of Cabinet office ("Preliminary calculation for thinking of medium -and long term period (June 2009))

Nominal GDP

(Unit : %)

Categories	FY2011	FY2012	FY2013	FY2014
Case 1: Quick World economy recovery	1.5	1.8	2.1	2.3
Case 2: Sluggish World economy	△ 3.1	△ 2.6	△ 2.0	△ 1.5

- Local government finance is impacted by Tax financial system of Central government, however, total general sources of funds (the total of local tax, local tax grants, and extraordinary fiscal measure bonds, etc.) is fixed at the same levels. Provided this trend continues, we simulate based on total general sources of funds being fixed as the same level of 2010 and compensate via extraordinary fiscal measure bonds being continued.

Reference: The target of Shizuoka prefecture

Category	FY 2008	Rank	Standard
1. Current account ratio (below 90%)	92.5%	7	—
2. Real debt payment ratio (less than 18%)	11.7%	10	18.0%
3. Prefectural bond balance (JPY 2 trillion cap)	JPY 1.9272bio	—	—
4. Future burden ratio (less than 400%)	248.1%	28	400.0%

Medium-term Fiscal Outlook

FY 2010 Initial Fiscal budget

Preliminary calculation

(Unit: 100 million yen)

	ITEMS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Case 1	Current Account Ratio	94.7%	94.6%	94.4%	95.5%	96.1%
	Real Debt Payment Ratio	14.2%	15.1%	15.0%	15.0%	15.0%
	Prefectural Bond Balance (Ordinary Bonds) Note 1	19,273	18,755	18,239	17,707	17,133
	Supplemental bonds Note	955	955	941	909	877
	Prefectural Bond Balance(total)Note3	24,856	25,681	26,323	26,862	27,231
	Future burden ratio	282.5%	289.2%	293.9%	302.7%	311.0%
	Shortfall in Sources of Funds	△ 386	△ 447	△ 470	△ 566	△ 575
Case 2	Current Account Ratio	94.7%	95.4%	96.0%	97.8%	99.0%
	Real Debt Payment Ratio	14.2%	15.1%	15.2%	15.5%	15.9%
	Prefectural Bond Balance (Ordinary Bonds) Note 1	19,273	18,755	18,239	17,707	17,133
	Supplemental bonds Note	955	955	941	909	877
	Prefectural Bond Balance(total)Note3	24,856	25,818	26,737	27,678	28,564
	Future burden ratio	282.5%	291.8%	299.1%	310.2%	320.4%
	Shortfall in Sources of Funds	△ 386	△ 536	△ 614	△ 729	△ 781

Note 1 Excluding the amount of Extraordinary bonds, because these bonds are issued in place of Local tax grants.

Excluding the amount related hospital bonds because redemption of principal and interest in later years to be covered by tax grants

2 Supplemental bond is the special bond to compensate the fall of tax revenue in stead of local tax grants. This is one of prefectural bond and is similar to

3 Prefectural bond balance is the total of ordinary bonds, extraordinary fiscal measure bonds and hospital bonds

Trend of the Fiscal Consolidation Indicator (General Account) 1

(Unit : %)

Categories		FY2005	FY2006	FY2007	FY2008	FY2009
Real Deficit Ratio	Shizuoka	Surplus	Surplus	Surplus	Surplus	Surplus
	Japan	-	-	-	-	-
	Rank	-	-	-	-	-
Consolidate Real Deficit Ratio	Shizuoka	Surplus	Surplus	Surplus	Surplus	Surplus
	Japan	-	-	-	-	-
	Rank	-	-	-	-	-
Real Debt Payment Ratio	Shizuoka	12.9	12.4	11.6	11.7	13.1
	Japan	14.5	14.4	14.0	12.8	
	Rank	14	10	9	10	
Future Burden Ratio	Shizuoka	-	-	247.3	248.1	262.6
	Japan	-	-	235.1	219.3	
	Rank	-	-	30	28	

*Prefectures ranked in order of fiscal soundness

*National figures for indexes and ratios are simple averages of the 47 prefectures.

【Real Deficit Ratio】

The ratio of deficit to the standard fiscal scale. (Real deficit (Note5) of general account, etc (Note6))÷(standard financial scale)

(Note5)Amount of real deficit = amount of advanced appropriation + (amount of deferred payment + amount of business balance carried forward)

(Note6) Real deficit of general account etc = amount of real deficit in account corresponding to ordinary account among general account and special accounts

【Consolidate Real Deficit Ratio】

The ratio of consolidated deficit in the all accounts to standard fiscal scale.

【Real Debt Payment Ratio】

An index providing an objective indication of the degree of fiscal burden arising from bond expenses in a municipality, calculated as the average of the ratio of general funds used for effective principal and interest redemption on local bonds (Note 4) to standard fiscal size, etc. (excluding amounts included in the cost of disaster restoration, etc. in the calculation of ordinary tax grants and repayments for principal and interest included in operational expense adjustments) over the last 3 years.

(Note 4)Redemption for principal and interest on local government debts + funds from the general account used for the repayment of principal and interest of public corpo

【Future burden Ratio】

The ratio of outstanding debt including future burdens of public enterprises and government affiliates, to standard financial scale.

(Exception for the expenditures of disaster recovery and the redemption and interest payment amount that is calculated into the adjustment of investment expenditure:

Trends in Fiscal Standards (Ordinary Accounts)

(Unit: %)

Categories		FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Independently Sourced Revenue Ratio	Shizuoka	48.7	51.4	53.4	56.4	63.0	59.7	47.6
	Japan	46.2	48.5	50.9	52.9	58.8	56.8	
	Rank	8	7	9	8	8	9	
Local Tax Ratio	Shizuoka	38.6	41.2	44.0	46.8	53.3	50.7	37.8
	Japan	31.0	33.3	35.2	37.9	43.1	41.7	
	Rank	5	5	5	5	6	5	
Corporate Tax Ratio	Shizuoka	13.1	14.2	16.4	18.4	19.4	17.7	7.5
	Japan	8.9	10.2	11.6	13.4	14.1	13.0	
	Rank	5	5	5	5	5	5	

【Independently Sourced Revenue Ratio】

An indicator of fiscal independence of a region, calculated as revenue that a prefecture can source on its own as a percentage of total revenue.

【Local Tax Ratio】

Local tax revenue as a percentage of total revenue.

【Corporate Tax Ratio】

2 corporate taxes included in local tax (corporate resident's tax and corporate enterprise tax) as a percentage of total revenue.

Trends in Prefectural Bond Balance (General account, Special account and Public service account)

(Unit: Yen 100 million)

Category	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
General Account (A)	16,959	18,225	18,790	19,692	20,519	21,184	21,283	21,419	21,505	21,732	22,346	23,782	24,801
Special Account (B)	1,296	1,336	1,337	1,302	1,286	1,208	1,446	1,373	1,282	1,259	1,224	1,153	1,134
Municipal Residences	0	0	0	0	0	0	299	281	262	247	242	220	221
Mother-child/Widow Welfare Fund	12	13	14	15	17	19	19	20	21	21	22	23	24
Agriculture Improvement Fund	11	8	5	4	3	2	4	4	6	5	6	8	9
SME Promotion Fund	617	622	601	555	498	407	357	307	254	309	287	274	257
Seaport Development (Port of Shimizu, etc.)	259	281	293	304	350	368	364	361	347	294	289	262	262
Watershed Sewage System	380	396	409	409	409	403	395	392	385	376	371	361	361
Forestry Improvement Fund	3	2	2	2	0	0	0	0	0	0	0	0	0
Municipal Forestry	14	14	13	13	9	9	8	8	7	7	7	5	0
Public service account (C)	954	941	1,024	1,286	1,378	1,342	1,278	1,217	1,235	1,202	1,218	851	840
Shizuoka Prefectural Hospital Operations	176	205	198	192	234	243	247	256	327	347	379	0	0
Shizuoka Cancer Center Operations	0	0	119	404	516	519	508	519	487	452	443	469	470
Industrial Water Works	171	176	183	189	186	182	178	172	165	157	149	141	137
Water Works	272	273	276	272	263	256	256	254	256	246	247	241	233
Regional Development	335	287	248	229	179	142	89	16	0	0	0	0	0
Total (A + B + C)	19,209	20,502	21,151	22,280	23,183	23,734	24,007	24,009	24,022	24,193	24,788	25,786	26,775

*As of prefectural bond balance, reported figures are used before FY2009, an expected figure is used for FY2010.

* Municipal Residences started in FY 2004

* Shizuoka Prefectural Hospital operation is abolished by change its form into independent administrative agency as of 1st APR, 2009. Residual amount was transferred to General acc

Issuance Trends of Publicly Issued Shizuoka Prefectural Bonds

1. Trends in Annual Issuances

(Unit: Yen 100 million)

Categories		FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Individual Issuances	5-year					200	200	200	200	600	400	400	300	800	500
	10-year	750	680	750	680	500	700	600	800	1000	900	800	900	1,300	1,300
	20-year									200	300	200	400	300	200
	30-year											200	200	200	200
	Subtotal	750	680	750	680	700	900	800	1000	1800	1600	1600	1800	2,600	2,200
Joint Issuances								400	600	600	600	600	600	600	800
Total		750	680	750	680	700	900	1200	1600	2400	2200	2200	2400	3,200	3,000

*the amount of FY 2010 is budget

2. Recent Issuance Terms

(1) 5 years

FY2010	AMT(JPY)	YTM	SPD vs JGB
April	10 billion	0.618%	0.065%
May	10 billion	0.518%	0.055%
July	10 billion	0.391%	0.045%

(2) 10 years

FY2010	AMT(JPY)	YTM	SPD vs JGB
April	20 billion	1.455%	0.060%
May	10 billion	1.379%	0.060%
June	20 billion	1.315%	0.030%
July	10 billion	1.178%	0.040%
August	20 billion	1.059%	0.050%

3 Recent Issuance Terms of 20 year and 30 year

(1) 20 years

Fiscal year	AMT(JPY)	YTM	SPD vs JGB
FY 2005	20 billion	2.182%	0.10%
FY 2006	10 billion	2.362%	0.15%
FY 2006	20 billion	2.355%	0.18%
FY 2007	10 billion	2.298%	0.12%
FY 2007	10 billion	2.291%	0.13%
FY 2008	20 billion	2.350%	0.11%
FY 2008	20 billion	2.323%	0.18%
FY 2009	20 billion	2.243%	0.10%
FY 2009	10 billion	2.227%	0.08%
FY 2010	10 billion	2.072%	0.06%

(2) 30 years

Fiscal year	AMT(JPY)	YTM	SPD vs JGB
FY 2007	20 billion	2.630%	0.20%
FY 2008	20 billion	2.541%	0.27%
FY 2009	20 billion	2.381%	0.14%

Sinking Fund Accumulation Status

Accumulation

Accumulation of 3.7% (1/27th) of total prefectural bond issuance every year, after 3-year deferral period

(Unit: Yen 100 million)

Category	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY 2009	FY 2010
Balance for Lump-sum Payments (Based on actual redemptions))	10,881	12,495	14,309	15,846	17,470	19,110	20,198	21,709	23,541
Publicly Issued Bonds	6,930	7,580	8,980	10,380	11,860	13,124	14,374	16,937	18,574
Bonds Underwritten by Banks, etc.	3,951	4,915	5,329	5,466	5,610	5,986	5,824	4,772	4,967
Accumulated Balance	1,047	1,226	1,442	1,641	1,832	2,109	2,155	2,080	2,372

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