



IR
Presentation



Chiba Prefecture Fiscal Conditions and Prefectural Bonds

December 2010

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Presentation



1. Overview of Chiba Prefecture

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(1) Overview of Chiba

- Chiba Prefecture has the 6th largest population in Japan. Chiba has a convenient transportation network, and Narita Airport serves as the gateway to Japan.

Population	6,056,000 6th largest in Japan
Avg. Age	42.4 6th youngest average in Japan
No. of Households	2,330,000



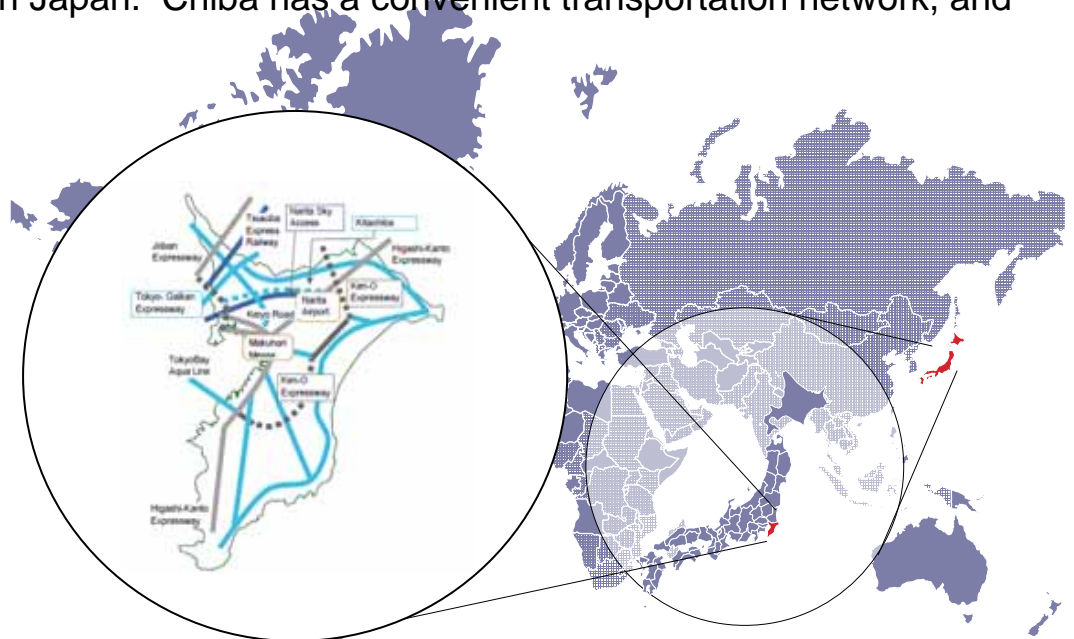
Kujukuri Beach



Makuhari New City

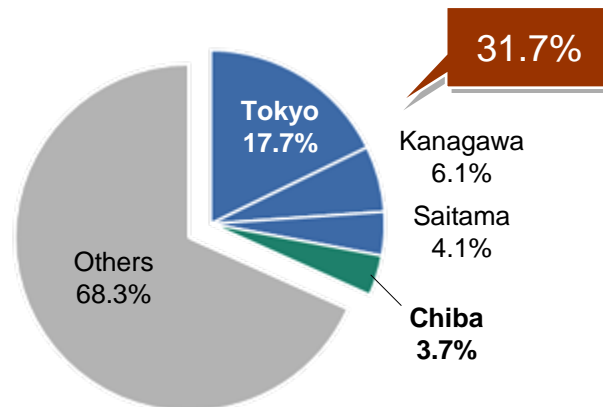


Narita Airport



- Chiba Prefecture's gross product is the 6th largest in Japan, and accounts for approximately 4% of the GDP in Japan.

GDP (trillion yen)		
1位	Tokyo	92.3
2位	Osaka	38.9
3位	Aichi	37.2
·		
·		
6位	Chiba	19.7





(2)Balanced Industrial Base (Rankings in Japan)

Agriculture - ranked 3rd

Chiba Prefecture is blessed with a warm climate and rich land resources, with 134,000 hectares of agricultural land (approximately one-fourth of total area). Chiba has a balanced agriculture industry composed of rice, vegetables, and livestock, and has the third largest agriculture industry in Japan in terms of total value produced.

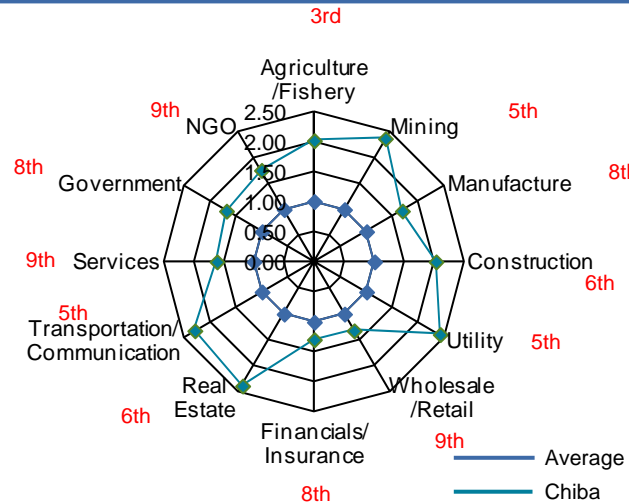


Fishery - ranked 4th

The surrounding bay and ocean provides Chiba Prefecture's fishing industry with a diverse catch with significant seasonal variety. Chiba Prefecture has one of the largest fishing industries in Japan, ranking fourth in terms of total production volume, at 192,000 tons, in 2009.



Top 10 in All Industrial Area



Industrials - ranked 6th

Chiba Prefecture ranks 6th in Japan in terms of manufacturing shipments, totaling 15,403.8 billion JPY. The three largest industries (petroleum/coal products: 23.6%, chemicals: 21.9%, steel: 14.2%) together make up 58.8% of total manufacturing shipments.

Commerce - ranked 9th

Commerce in Chiba Prefecture not only supports the comfortable livelihood of its 6 million residents, but also plays an important role in the regional economy. Chiba Prefecture employed 414,626 people in 48,596 offices as of June 1, 2007 and achieved annual product sales of 12,322.2 billion JPY (9th largest in Japan).

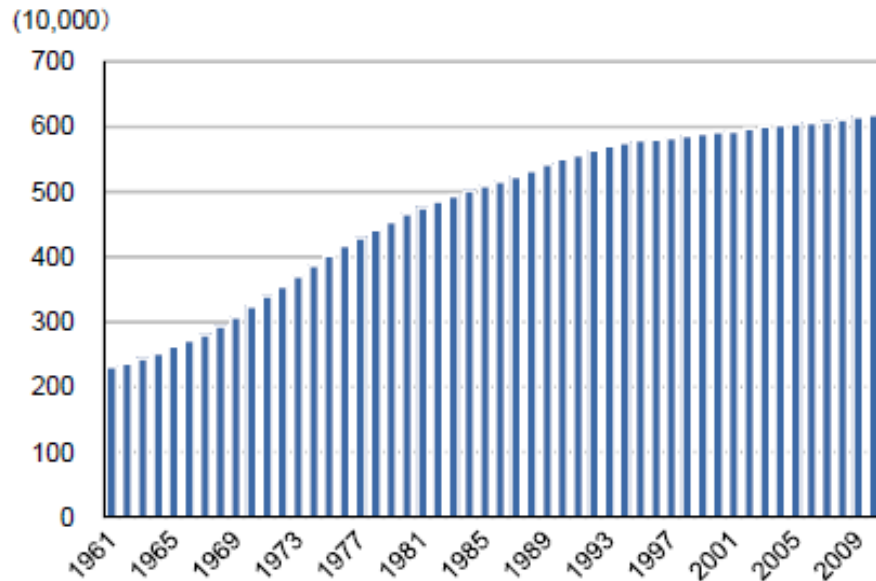
Tourism

Chiba Prefecture has positioned tourism as a core industry, and is engaging in various tourism-related initiatives including the price cutting by 800 yen in the Tokyo Bay Aqua Line toll and projects to enhance the attractiveness of tourist sites. Chiba ranked 4th in terms of total hotel stays in 2008, with a total of 14.86 million lodgers.



(3) Growing Economy

Population Growth

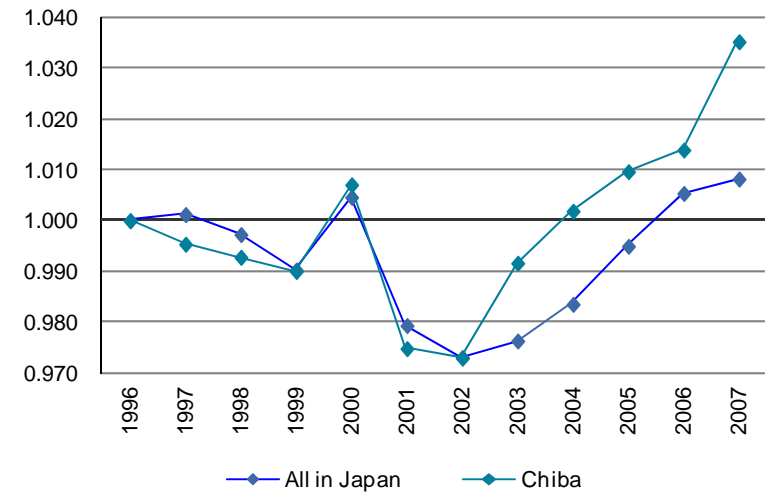


Ranking of Population Growth

(Per mill)		
1	Okinawa	4.5
2	Kanagawa	2.9
3	Chiba	2.8
4	Saitama	2.4
5	Tokyo	2.3
6	Shiga	2.2

Source: MIC Statistics Bureau, "Annual Population Estimate: Estimated Population as of October 1, 2009"

GDP Growth



- The above is a graph of Chiba Prefecture's nominal gross product indexed to 1996. Chiba's performance trend exceeds that of the national total beginning in 2003.



(4) Economic and Regional Vitalization – Narita International Airport –

- A local agreement was reached on October 13, 2010, to increase Narita Airport's annual departure/arrival capacity from 220,000 to 300,000. Chiba is planning sequential increases in total arrival and departure capacity in order to reach 300,000 annual departures/arrivals as early as 2014.
- In conjunction with the planned expansion to 300,000 annual departures/arrivals, Chiba Prefecture is currently discussing its future vision as the "international airport city" in order to strengthen its international exchange and business functions.

Plan for the Expansion of Airport Capacity

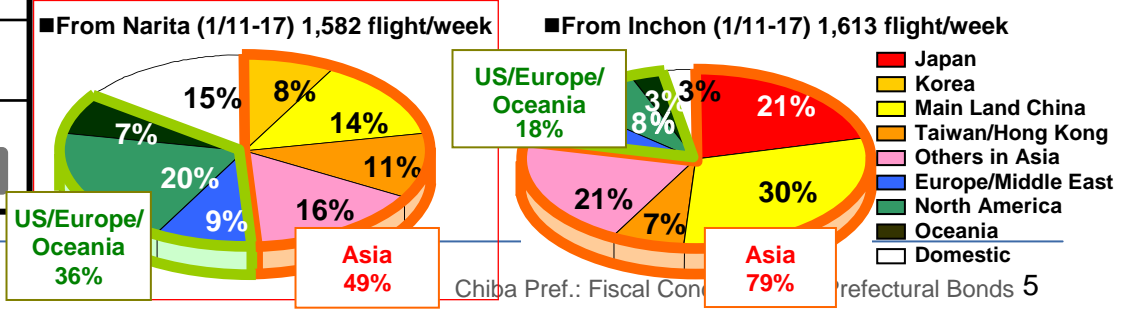
FY	Facilities/Operational Issues	Annual Departure/Arrival Capacity
2009	Implemented northward expansion plan	220,000
2010	Relax operational restrictions Correct V-shaped taxiway	
2011	Commence simultaneous departure/arrival Expand parking lots	250,000
2012	New taxiway in service Expand parking lots	270,000
2013		
2014	Expand parking lots	300,000

Narita Airport International Aviation Network

■ Almost 1,500 passenger flights per week to 97 cities in 36 countries and 3 regions.



■ A rich, balanced international network is Narita Airport's strength.





(4) Economic and Regional Vitalization – Convenient Transportation –

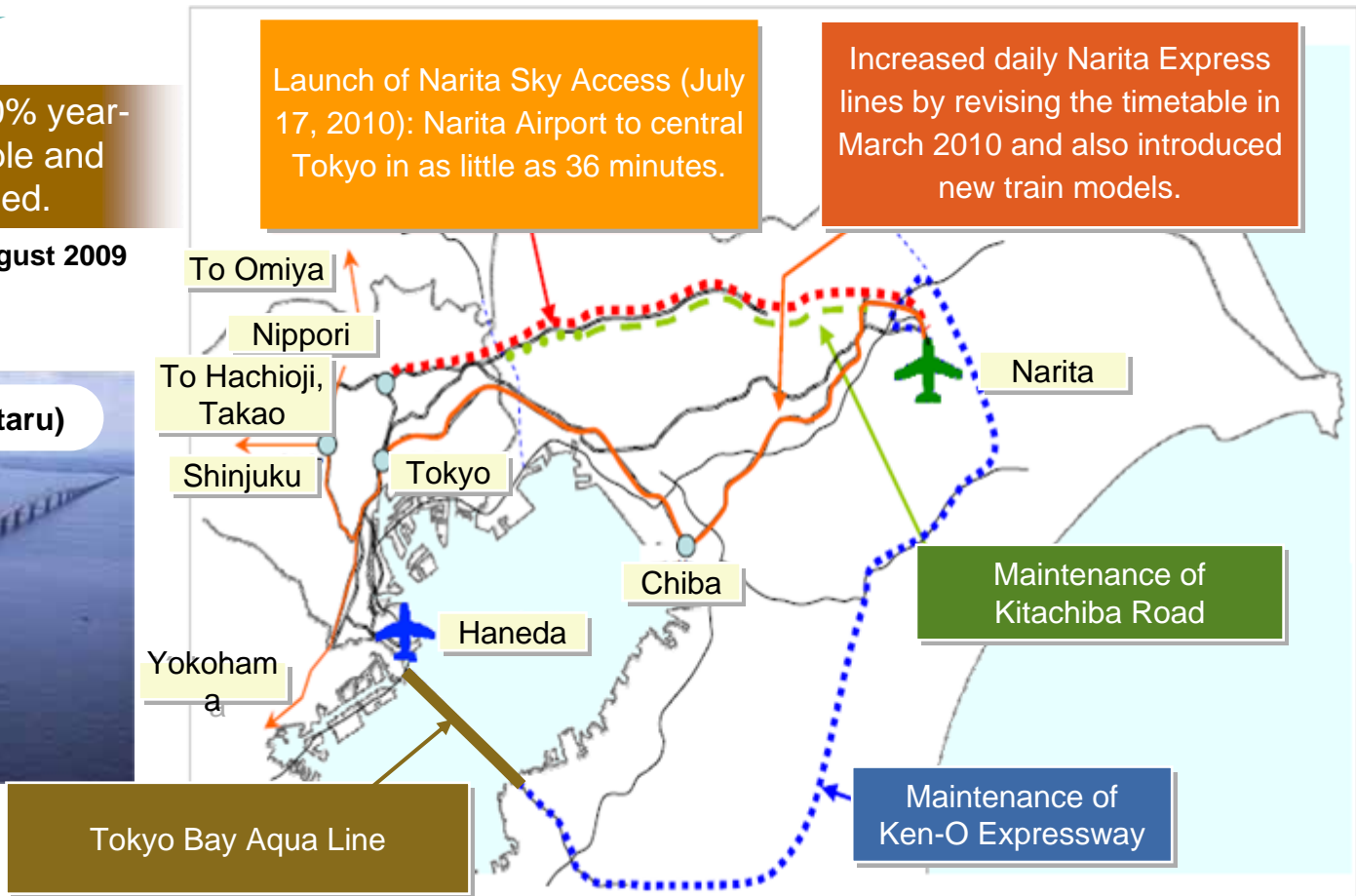
Tokyo Bay Aqua Line is a core component of the metropolitan road network. Tolls have temporarily been reduced in a pilot program, and tourists to Chiba Prefecture via the Aqua Line have increased significantly as a result

Traffic volume increased by 50% year-on-year, and the flow of people and products has also increased.

(YoY for 8 months Starting from August 2009 to March 2010)



Tokyo Bay Aqua Line (Umi Hotaru)



A major outlet park with total site area of over 200,000 m² and over 200 stores is being developed in Kisarazu City, the destination of the Aqua Line, to serve as a catalyst for increased regional activity.



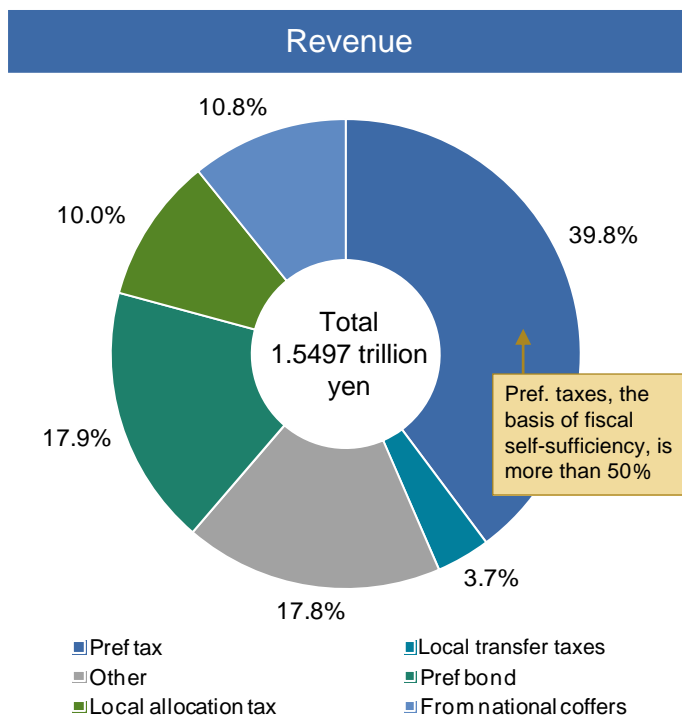
2. Revenue and Expenditures



(1)FY10 General Account Budget Revenue

■ The fiscal year 2010 ("FY10") general account budget was structured around the three basic principles: "Nation's No.1 satisfaction level with day-to-day life," "Success of National Athletic Meet and appealing attractiveness of Chiba Prefecture upon its success," and "Seamless execution of economic and employment policy."
The FY10 budget, after September supplement, is 1,549,692,000,000 yen, 4.5% smaller than the post September supplement budget of the previous year.

■ Tax revenue has fallen due to worsening of economic situation, but there is no fiscal shortfall due to increases in local allocation tax, etc., such as temporary fiscal measure bonds, and controls over personnel and investment expenses.



Revenue (100 million yen)	2010	2009	Change	YoY
Prefectural tax	6,173	7,165	-992	-13.8%
Corporate-related tax	900	1,397	-497	-35.6%
Residence tax	2,557	2,767	-210	-7.6%
Local consumption tax	1,055	1,163	-108	-9.3%
Local transfer taxes	573	377	196	52.0%
Local allocation tax	1,546	1,509	37	2.5%
From national coffers	1,677	2,352	-675	-28.7%
Prefectural bond	2,766	2,294	472	20.6%
Temporary fiscal measure bonds	2,003	1,214	789	65.0%
Retirement allowances	100	250	-150	-60.0%
Other	2,762	2,530	232	9.2%
Total	15,497	16,227	-730	-4.5%

* Numbers for 2009 is revised budget as of September 2009.

Prefectural tax

Tax revenue is anticipated to be smaller than that of the previous year by 99.2 billion yen or by 13.8%, because, in addition to the prolonged economic slump, a part of corporate business taxes was transferred to the national account in the national system change, whose effect is integrated fully this year. Among nationalized corporate business taxes, 53.0 billion yen shall be allocated to the local corporate special transfer.

Local allocation tax and temporary fiscal measures bonds

Local allocation tax increased by 3.7 billion yen from the previous year due to changes in unit cost used to determine the amount of ordinary allocation tax, etc. Temporary fiscal measure bonds are also expected to show a significant increase by 78.9 billion yen compared to the previous year.

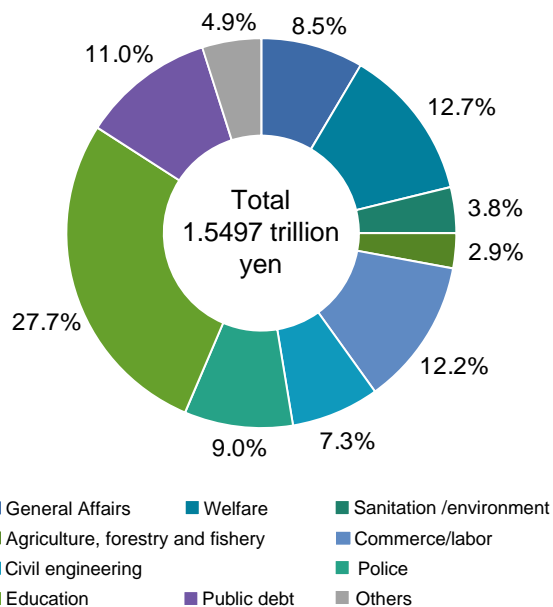
Prefectural bonds

Although retirement allowance bonds decreased by 15.0 billion yen in September supplemental budget, temporary fiscal measure bonds in lieu of local allocation tax significantly increased, leading to an increase in prefectural bonds by 47.2 billion yen, or by 20.6%, compared to the previous year.
* "Temporary Fiscal Measures Bonds"
Bonds issued by local governments to raise funds in lieu of a local allocation tax from the nation. Later the nation grants the amount equal to redemption payment. The amount of temporary fiscal measure bonds in the FY10 municipal bonds plan increased by 49.7% from the previous year.

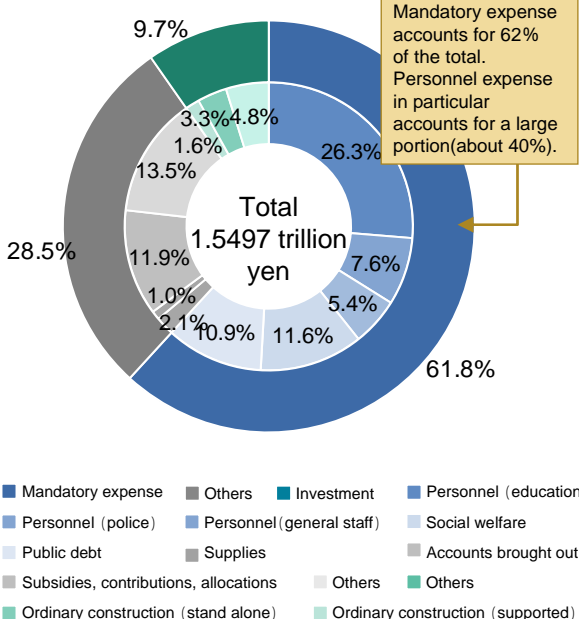


(2)FY10 General Account Budget Expenditures

Expenditures(by purpose)



Expenditures(by type)



Expenditures (100 million yen)	2010	2009	Change	YoY
Personnel expenses	6,095	6,087	8	0.1%
Social welfare costs	1,796	1,650	146	8.8%
Public debt	1,691	1,706	-15	-0.9%
Ordinary construction	1,255	1,511	-256	-16.9%
Supported projects	740	957	-217	-22.7%
Stand-alone projects	515	554	-39	-7.0%
Other	4,660	5,273	-613	-11.6%
Total	15,497	16,227	-730	-4.5%

Personnel expenses

Personnel expenses increased by 0.8 billion yen due to an increased ratio of mutual aid association expenses borne by local governments based on public notice, etc.

Social welfare costs

Social welfare costs increased by 14.7 billion yen due to the establishment of child allowance system and an increase in businesses using special funds such as temporary special funds for improvement of working conditions of care workers.

Ordinary construction expenses

Ordinary construction expenses went down by 25.3 billion yen, because project support by the national treasury was controlled and additional costs related to counter-recessionary economic measurements were recorded in the previous year budget.

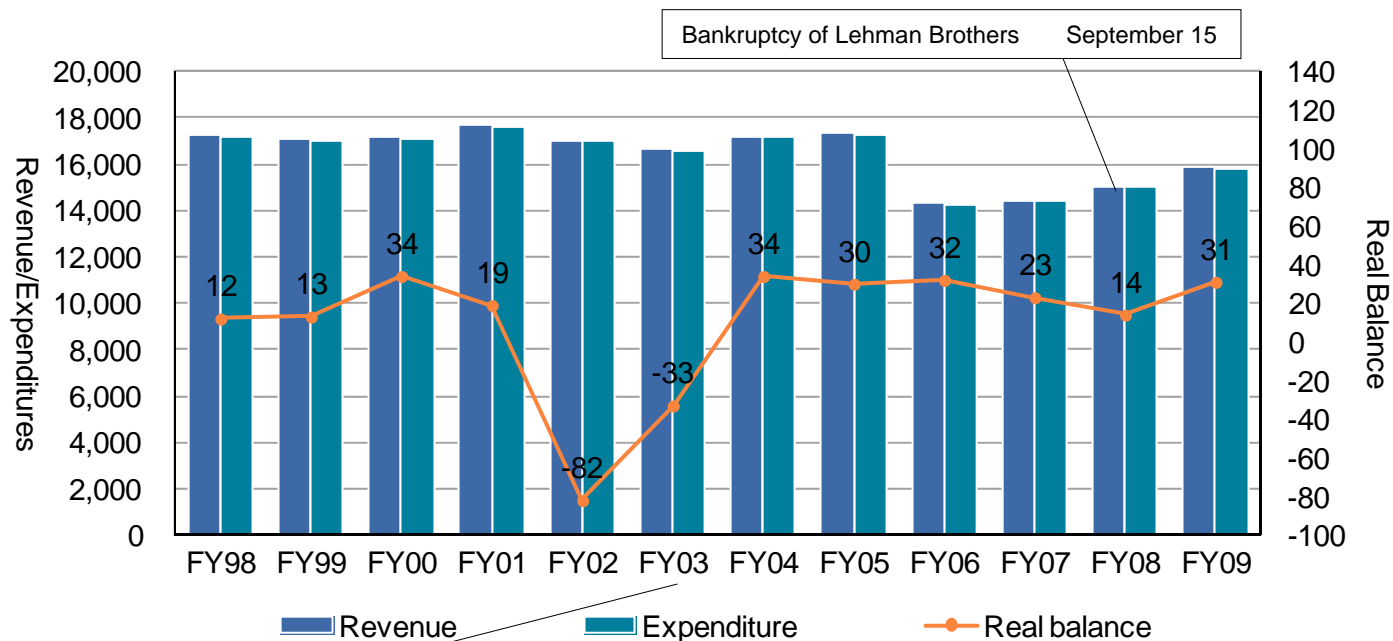
* Revised budget as of September 2009



(3) General Account Balance

- While overall revenue fell after peaking in FY01, real balance turned out to be negative in FY02 and FY03. However, the balance has been positive since FY04 due to thorough measures such as expenditure cuts and voluntary salary cuts.

Balance of Settled General Accounts (100 million yen)



Simultaneous terrorist attacks in the US September 11
Nikkei225 went below 10,000 yen September 12

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Revenue	17,239	17,044	17,209	17,682	16,977	16,649	17,199	17,302	14,327	14,420	15,042	15,876
Expenditure	17,176	16,981	17,094	17,601	16,985	16,602	17,133	17,246	14,256	14,382	15,007	15,802
Real balance	12	13	34	19	-82	-33	34	30	32	23	14	31

* Since FY06, the real size of the general account has been indicated by creating a special account for settlement of local consumption tax and recording refinancing bonds in special account/prefectural debt management.

* Real balance = Difference between revenues and expenditures - revenue sources brought forward from the following year.

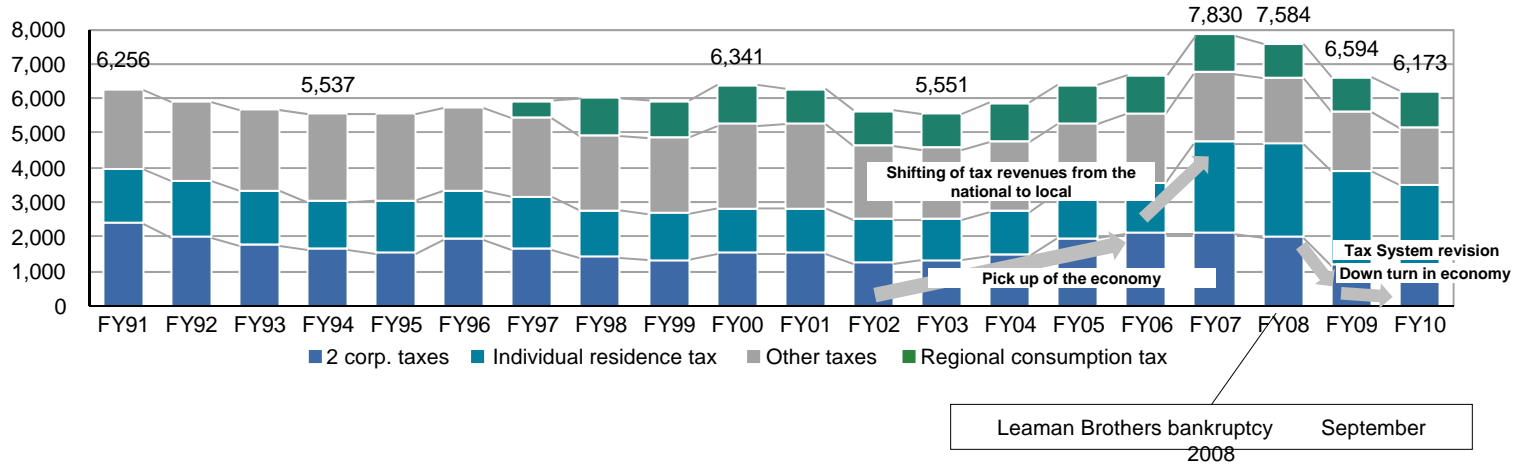
Deficits have been erased since 2004 due to thorough administrative reforms and tax revenue increases.



(4) Prefectural Tax Revenue

- Since FY07, there has been a big rise in the ratio of individual residence tax due to transfer of tax sources based on the Tripartite Reforms and abolishment of fixed rate cuts for residential tax.
- On the other hand, the FY10 revenue from 2 corporate taxes decreased almost to the half of the FY08 figure, though at a slower pace, because corporate earnings decreased due to worsening of the economy and also because a part of corporate business tax has been transferred to the national account (to be redistributed as local allocation tax) since FY09.

Prefectural Tax Revenue (100 million yen)



* Real figures including balances related to regional consumption tax settlements. Actual results up to FY09 and revised budget as of September for FY10.

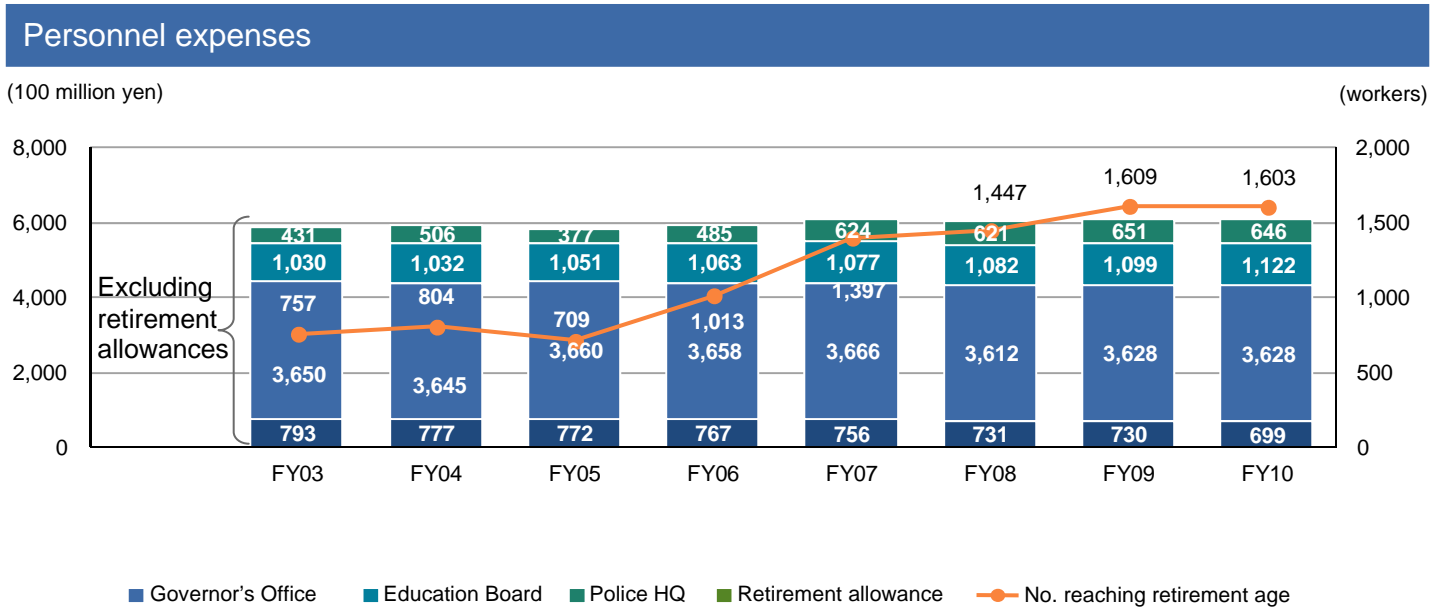
	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
2 corp. taxes	2,385	1,967	1,719	1,594	1,501	1,874	1,610	1,384	1,288	1,472	1,501	1,214	1,290	1,452	1,924	2,083	2,088	1,959	1,156	900
Individual residence tax	1,525	1,628	1,595	1,378	1,488	1,443	1,520	1,324	1,339	1,291	1,283	1,270	1,218	1,231	1,329	1,465	2,630	2,724	2,707	2,557
Other taxes	2,346	2,280	2,338	2,565	2,553	2,420	2,313	2,213	2,205	2,465	2,454	2,136	2,053	2,030	2,006	2,003	2,017	1,880	1,726	1,661
Regional consumption tax							445	1,057	1,076	1,113	995	965	990	1,124	1,091	1,113	1,095	1,021	1,005	1,055
Total	6,256	5,875	5,652	5,537	5,542	5,737	5,888	5,978	5,908	6,341	6,233	5,585	5,551	5,837	6,350	6,665	7,830	7,584	6,594	6,173

*2 Corp. taxes include corporate enterprise tax and corporate residence tax.

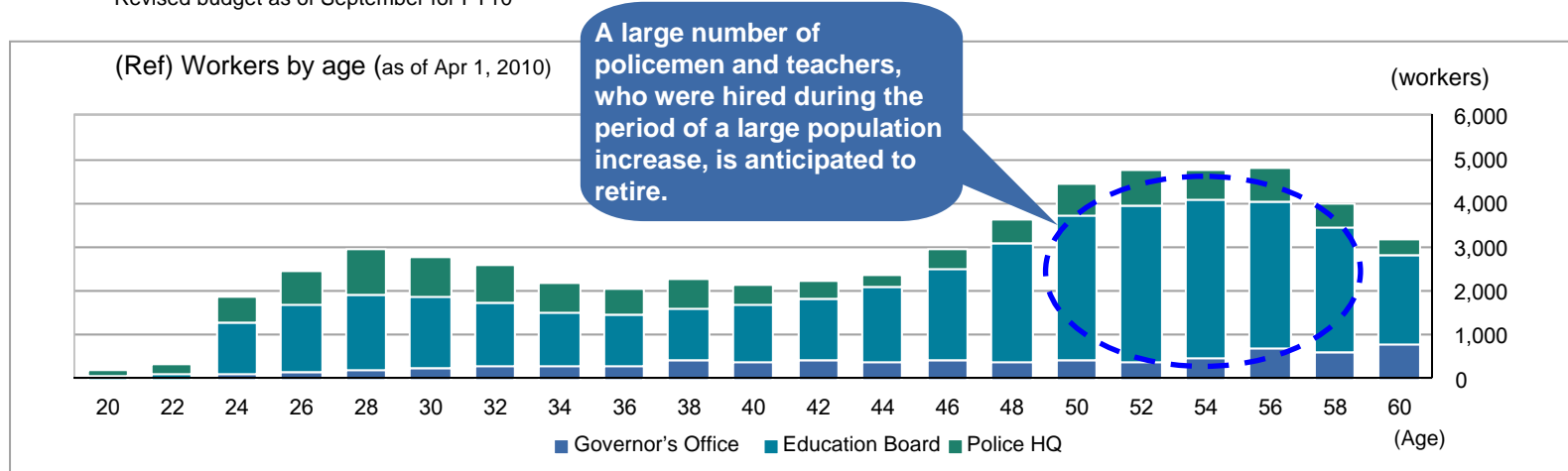


(5) Expenditures: Personnel expenses

- The number of employees reaching retirement age has been exceeding 1,000 every year since FY06. Looking at the age make-up of Chiba Prefecture employees, the number of retiring employees is expected to peak in around FY14-18. That for Governor's office has already peaked.



* Revised budget as of September for FY10

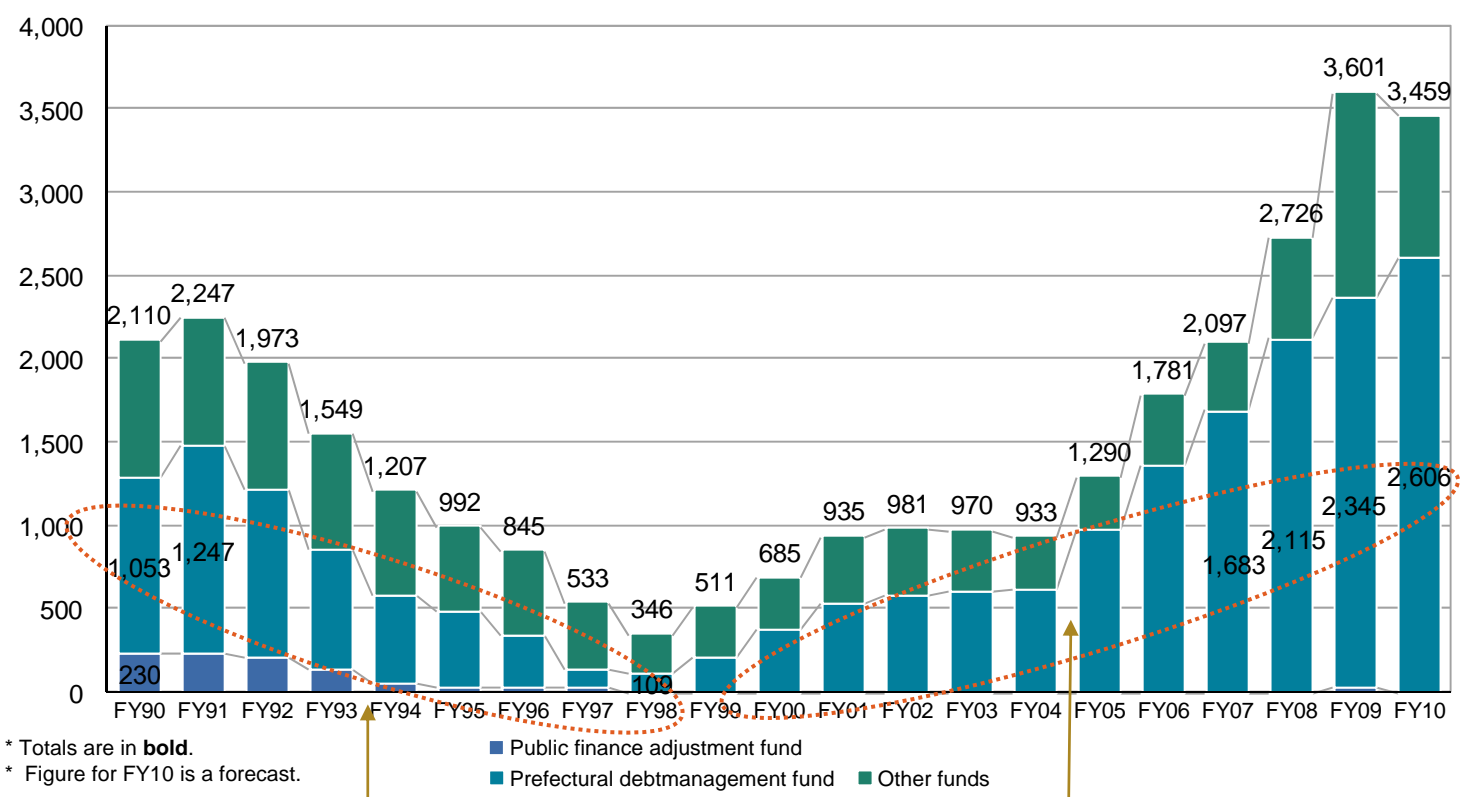




(6) Fund Balance

- Although fund balance had been on the decrease since its peak in FY91, it has been significantly increasing since FY99 as Chiba Prefecture accumulates funds in accordance with the rule set by the "Prefectural Bond Management Fund" in preparation for bonds to be redeemed in whole at their maturity.
- "Other Funds" are on rise in the recent two years, as funds for economic and employment measures to combat the recent economic downturn are established, utilizing national grants.

Fund Balance (100 million yen)



* Totals are in **bold**.
* Figure for FY10 is a forecast.

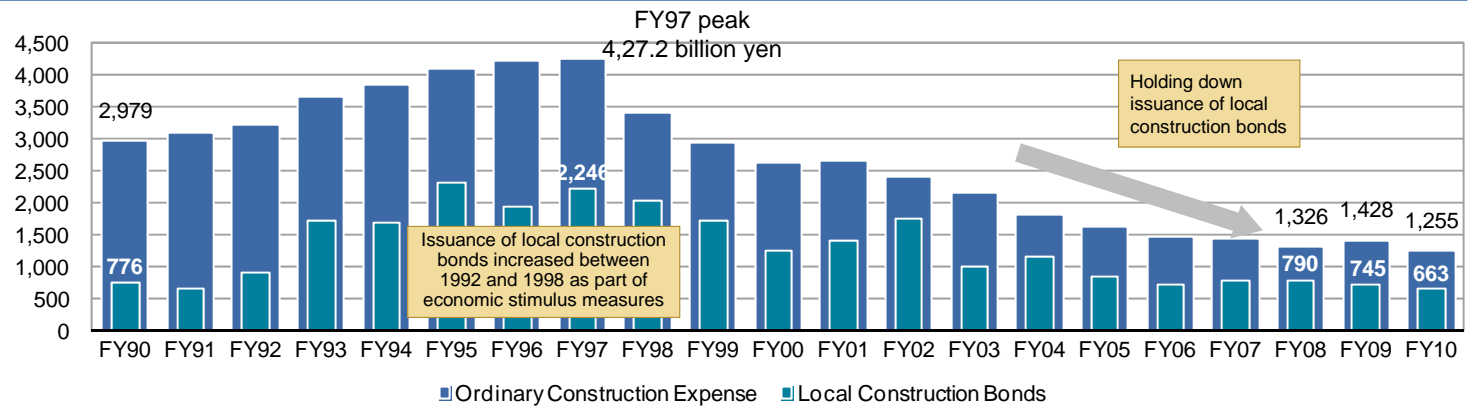
The "Public Finance Adjustment Fund" is used to make fund adjustments between fiscal years. The fund is used as a financing measure when there is a drop in tax revenue. As such, the balance since FY98 has been zero. Prefecture recorded an addition to the fund of 1.6 billion yen at the end of FY09.

In order to make a lump-sum redemption of publicly-offered prefectural bonds, an amount equivalent to 3.7% of the initial issuance amount will be added to the "Prefectural Bond Management Fund" every year. This starts three years after the bond issuance and so is 3.7% x 27 years.



(7) Prefectural Bond Issuance

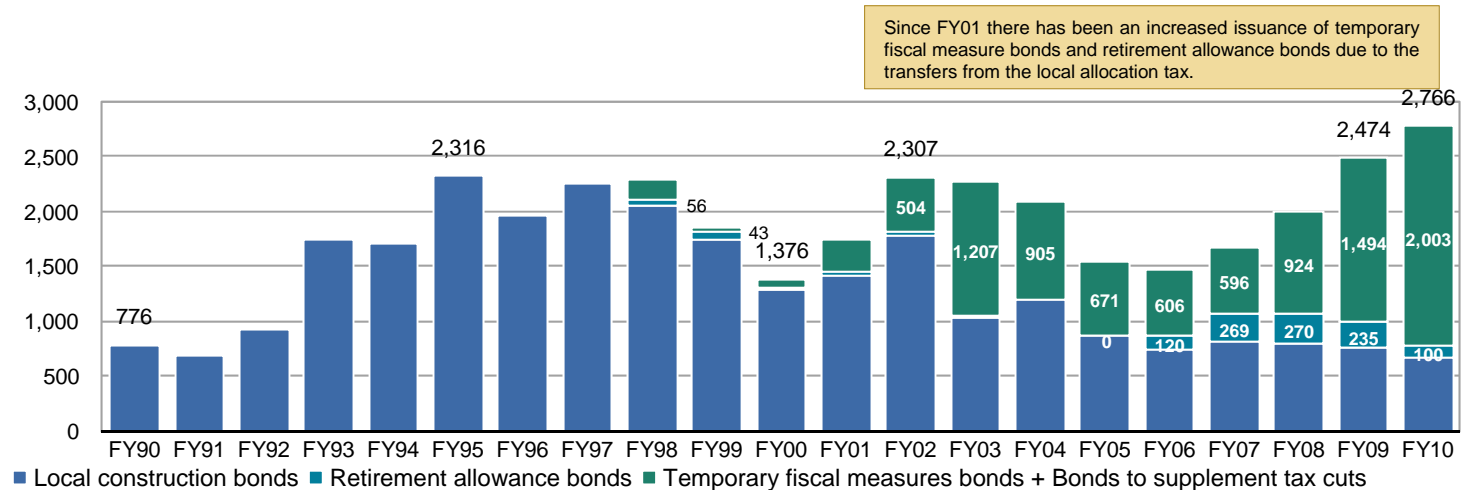
Ordinary Construction Expense and Local Construction Bond Issuance Amount (new issues) (100 million yen)



Prefectural Bond Issuance Amount (new issues)

(local construction bonds + temporary fiscal measures bonds + retirement allowance bonds)

(100 million yen)



* Totals are in **bold**.

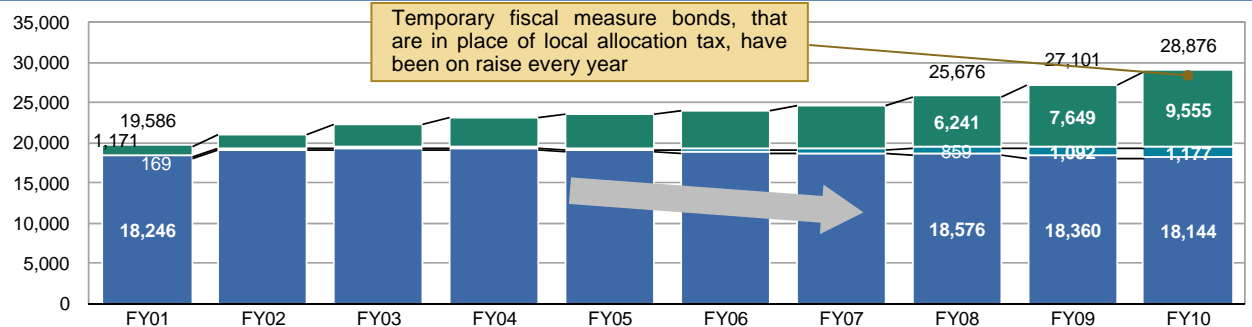
* Actual results until FY09, Revised budget as of September for FY10



(8) Prefectural Bonds Outstanding

Prefectural Bonds Outstanding

(100 million yen)



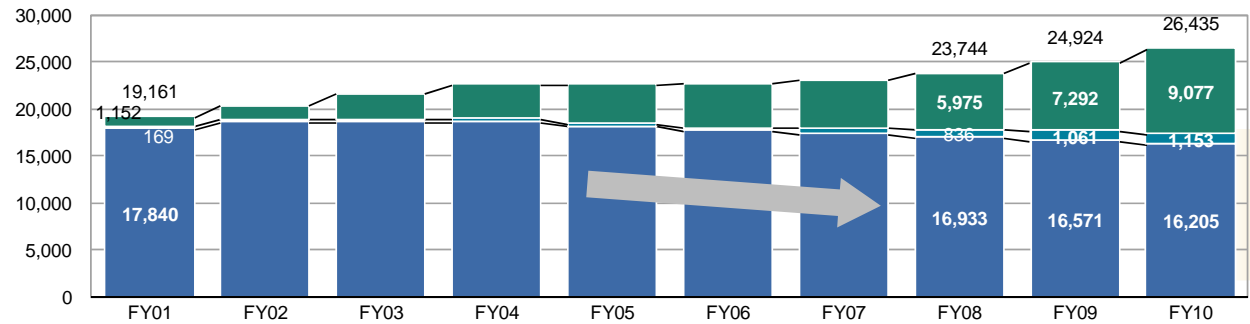
■ Local construction bonds ■ Retirement allowance bonds ■ Temporary fiscal measures bonds + Bonds to supplement tax cuts



The fund for making lump-sum redemptions of prefectural bonds can only be used for that purpose. As such, that portion has been subtracted to ascertain the "real" prefectural bonds outstanding shown below.

Real Prefectural Bonds Outstanding

(100 million yen)



■ Local construction bonds ■ Retirement allowance bonds
 ■ Temporary fiscal measures bonds + Bonds to supplement tax cuts

The total for construction bonds (excluding temporary fiscal measures bonds and bonds to supplement tax cuts) has been decreasing since hitting a peak in FY04.

* Totals are in **bold**.

* Actual results through FY09, revised budget as of September for FY10.

* In FY07 land readjustment projects were transferred to a special account and so this portion was subtracted from the local construction bonds outstanding.



(9)Fiscal Indicators(General Account)

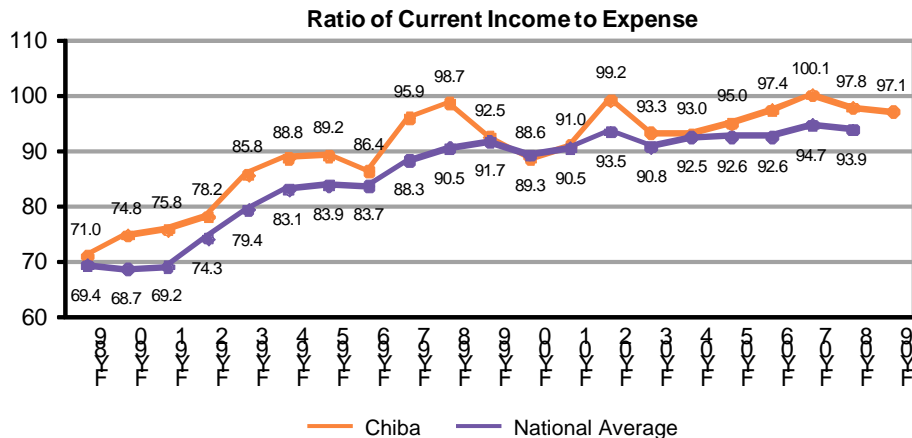
Ratios to Judge Financial Soundness

- For FY08, each of the ratios to judge financial soundness fell below the Early Soundness Standard.

Category	FY2009		FY 2008	Early Soundness Standard	Financial Rebuilding Standard
	Chiba Pref.	National Ranking			
Effective Deficit Ratio	-	-	-	3.75%	5.00%
Effective Consolidate Deficit Ratio	-	-	-	8.75%	15.00%
Effective Bond Expense Ratio	11.4%	# 6	11.7%	25.0%	35.0%
Future Burden Ratio	222.0%	# 18	218.9%	400.0%	-

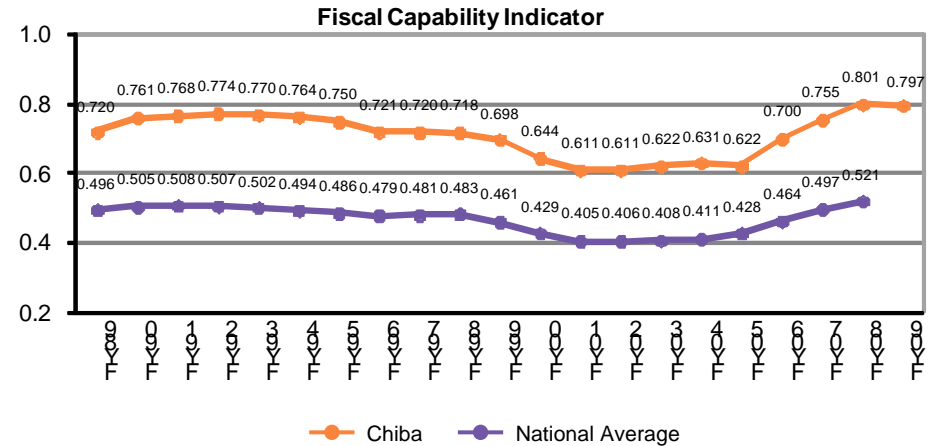
Ratio of Current Income to Expense

- The ratio of current income to expenses is a good indicator of financial flexibility. A lower number indicates greater flexibility. The ratio for Chiba Prefecture has exceeded 100% for the first time in FY07, but it improved down to 97.1% in FY09.



Fiscal Capability Indicator

- The fiscal capability indicator is to measure the degree to which finances are managed without having to rely on ordinary allocation tax. A larger number indicates stronger financial capability. Chiba Prefecture's score is well above the national average.



Bond Outstanding per Resident

- The amount of bonds outstanding per resident based on the general account was 410,000 yen in FY09, remaining below the national average.



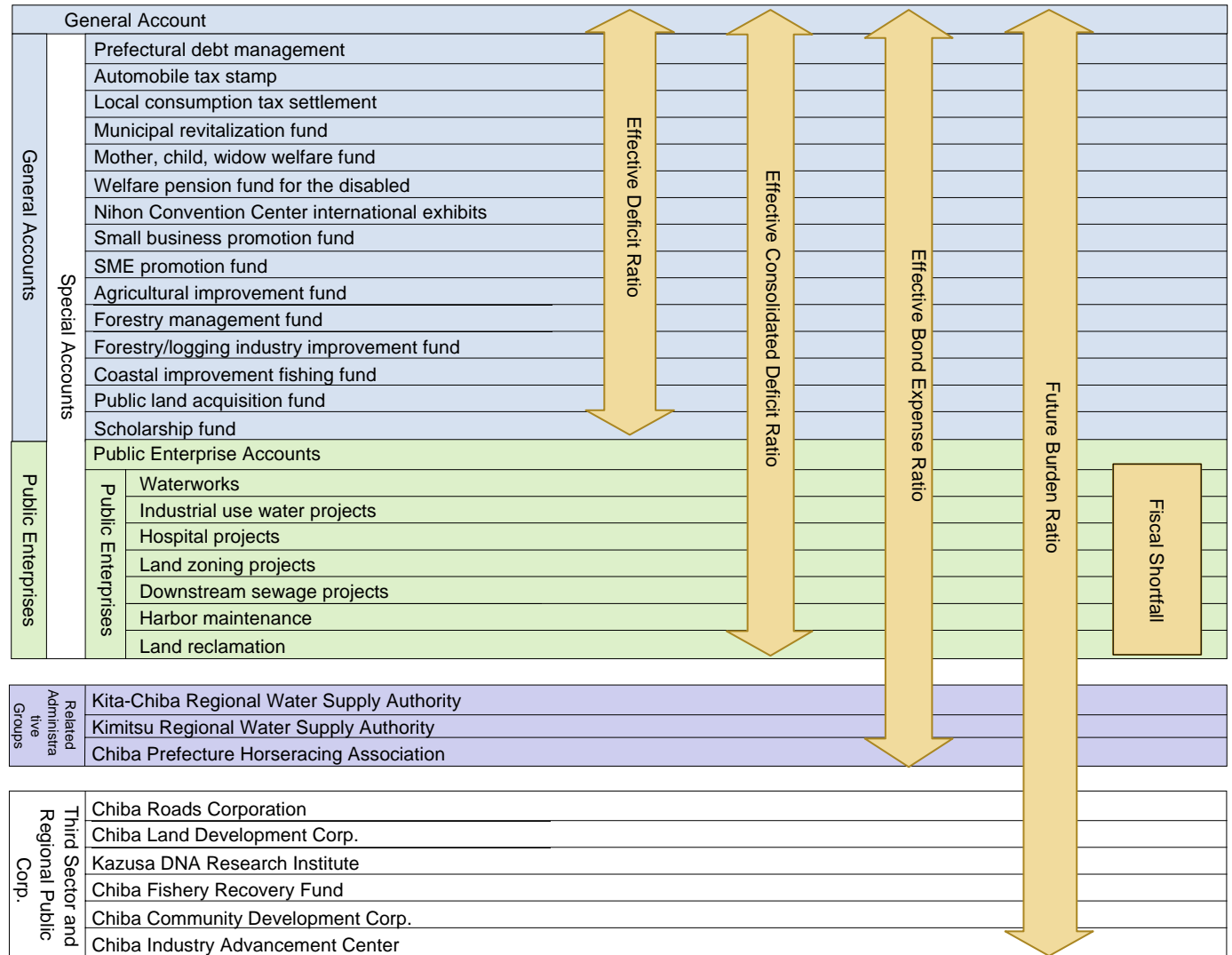
Ratios to Judge Financial Soundness

■ (Note 1) Ratios to Judge Financial Soundness

There are four ratios to judge financial soundness: effective deficit ratio, effective consolidated deficit ratio, effective bond expense ratio, and future burden ratio. When at least one of the four indicators exceeds a standard, a local government is required to formulate a financial plan or a financial rebuilding plan to make financial improvements. Ratios to judge financial soundness are good indicators of the need to act quickly on financial improvements and revitalization. They also objectively show the financial situation of the target when compared with ratios of other organizations.

- (1) Effective Deficit Ratio: Ratio of the real deficit in the general account to the standard financial size.
- (2) Effective Consolidated Deficit Ratio: Ratio of the real deficit or fiscal shortfall in all accounts, including public enterprises, to the standard financial size.
- (3) Effective Bond Expense Ratio: Ratio of debt and interest repayments borne by the general account to the standard financial size.
- (4) Future Burden Ratio: Ratio of future debt to be borne in effect by the general account to the standard financial size.

(Note 2) Targets Included in Calculation of Ratios of Judge Financial Soundness





(10) Overview of FY09 General and Special Accounts -1

1. Ordinary Accounts							(100 million yen, %)
	Revenue	Expenditure	Balance	Real Balance	Outstanding local bonds	Carried over from other accounts	Notes
General account	15,876	15,802	74	31	27,101	2,620	11.4 billion yen transferred from fund (*1)
(Sp)Public finance adjustment reserve funds	16	16	0	0	0	16	
(Sp)Prefectural debt management	3,545	3,545	0	0	0	3,534	53.7 billion yen from amortization fund
(Sp)Automobile tax stamp	138	135	3	3	0	0	
(Sp)Local consumption tax settlement	2,677	2,677	0	0	0	1,676	
(Sp)Municipal revitalization fund	28	12	17	8	0	0	
(Sp)Mother, child, widow welfare fund	6	3	3	0	0	0	
(Sp)Welfare pension fund for the disabled	8	8	0	0	0	1	
(Sp)Nihon Convention Center international exhibits	45	45	0	0	166	7	
(Sp)Small business facilities fund	66	37	29	19	110	5	
(Sp)SME promotion fund	2,980	2,980	0	0	0	1,490	
(Sp)Agricultural improvement fund	7	3	4	0	2	0	
(Sp)Forestry management fund	4	4	0	0	30	3	
(Sp)Forestry/logging industry improvement fund	1	0	1	0	0	0	
(Sp)Coastal improvement fishing fund	5	1	4	0	0	0	
(Sp)Public land acquisition projects	29	29	0	0	28	29	
(Sp)Scholarship fund	9	4	5	0	0	0	
Ordinary accounts	25,439	25,299	140	62	27,437	0	

*1 Refers to funds established based on grants from nation in relation to economic and employment measures.

*2 The simple sum of the above does not match to the general account figure because it considers inter-calculation between accounts



(10) Overview of FY09 General and Special Accounts -2

2. Overview of Public Enterprise Accounts

(100 million yen, %)

	Overall Revenue	Overall Expense	<Non-PEL> Balance	Net Profit (Real Balance)	Municipal Bonds Outstanding	Transfers from other Accounts	<PEL> NPL's	<PEL> Aggregate losses	Remarks
(Sp)Publicly managed racing	89	83	6	6	0	0	-	-	
(Sp)Harbor maintenance	15	15	0	0	67	1	-	-	
(Sp)Downstream sewage projects	258	249	9	6	727	41	-	-	
(Sp)Land zoning projects	100	100	0	0	295	17	-	-	
(Sp)Waterworks	691	619	-	72	2,088	2	0	0	PEL
(Sp)Land reclamation	144	151	-	-7	491	0	0	0	PEL
(Sp)Industrial-use water projects	141	105	-	36	457	0	0	0	PEL
(Sp)Hospital projects	384	392	-	-8	276	97	0	259	PEL

* In "Remarks", the ones denoted "with applicable laws" mean public enterprises to which the Local Public Enterprise Act applies.

* NPLs and accumulated losses are both expressed in positive figures.

3. Related Administrative Groups

(100 million yen, %)

	Overall Revenue	Overall Expense	<Non-PEL> Balance	Net Profit (Real Balance)	Municipal Bonds Outstanding	Transfers from other Accounts	<PEL> NPL's	Remarks
Chiba Prefecture Horseracing Association	380	380	0	0	0	8/13	-	
Kimitsu Regional Water Supply Authority	64	51	-	43	195	27.9% ~ 44.4%	-	PEL
Kita Chiba Regional Water Supply Authority	114	90	-	69	472	42.7%	-	PEL



(11) Third Sector Results and Prefecture Financial Support

FY09

(100 million yen)

	Chiba Pref Own Ratio	Ordinary Profit /Loss		Capital/ Net Assets	Prefecture Financial Support Conditions				
		H21	H20		Investment	Subsidy	Out-standing Loans	Guaran- teed Debt	Loss Compen- sation
1 Narita Airport Area Joint Development Project	25.0	-3	-3	29	2	0			
2 Keiyo Rinkai Line Co., Ltd.	31.3	0	0	41	6				
3 Toyo Rapid Railway Co., Ltd.	27.1	-0	-3	-454	109	1	61		
4 Isumi Railway Co., Ltd.	34.2	-1	-1	1	1	1			
5 Metropolitan Intercity Railway Company	7.1	0	-14	1,606	131		641		
6 Narita Rapid Railway Access Co.	22.9	-3	-5	167	44	83			
7 Chiba Private School Educators Fund	46.7	-4	0	28	9	5			
8 Chiba Private School Promotion Association	43.2	0	0	15	6	0	1		
9 Chiba Firefighters Association	55.0	0		1	1	0			
10 Chiba Health Fund	48.8	-0	-0	6	3	0			
11 Chiba Federation of Senior Clubs	24.9	-0	0	1	0	0			
12 Chiba Environmental Health Industry Guidance Center	47.6	-0	-0	0	0	0			
13 Chiba Animal Protection	50.0	0	0	3	1				
14 Chiba Prefectural Environment Foundation	20.0	-0	0	14	0	0			
15 Environmental Fund for Inbanuma	48.7	0	-0	6	3				
16 Youth Net Chiba	25.0	0	-0	0	0	1			
17 Chiba Prefectural Cultural Promotion Foundation	52.3	0	0	7	3	0			
18 New Philharmony Orchestra Chiba	38.3	0	0	1	0	1			
19 Chiba Industry Advancement Center	54.0	1	1	16	5	8	140		
20 Makuhari Messe	25.0	2	2	58	10				

	Chiba Pref Own Ratio	Ordinary Profit/Loss		Capital/ Net Assets	Prefecture Financial Support Conditions				
		H21	H20		Investment	Subsidy	Out-standing Loans	Guaran- teed Debt	Loss Compen- sation
21 Kazusa DNA Research Institute	77.8	0	- 2	48	38	14			
22 Kazura ARC	35.9	- 1	- 1	- 34	35		16		8
23 Chiba Convention Bureau and International Center	60.9	- 0	0	23	13	1			
24 Chiba Prefecture Tourist Association	100.0	0	0	4	0		3		
25 Katsuura Undersea Park Center	42.9	-0	-0	6	0				
26 Chiba Data Center	34.0	0	0	1	0				
27 Chiba Agricultural Price Subsidy Corp	47.2	0	1	0	0	0			
28 Chiba Gardening Plastic Processing Co	25.0	0	0	2	0				
29 Chiba Greenery Promotion Committee	27.1	0	0	2	1	0			
30 Chiba Fishery Recovery Fund	47.8	13	0	213	74				
31 Chiba Marine Life Recovery Corp	100.0	2	4	8	4	1	2		1
32 Chiba Roads Corporation	88.7	0	0	144	137	0		225	
33 Chiba Prefectural Construction Technology Center	63.2	0	-0	8	2	0			
34 Chiba Community Development Corp	100.0	2	0	70	0		4		50
35 Chiba Land Development Corp	100.0	2	-0	106	0	0	36	89	
36 Chiba Prefectural Sewerage Corporation	54.5	0	0	5	2				
37 Chiba Housing Supply Corporation	100.0	-0	-0	-54	0	5	298		
38 Keiyo Urban Supply	35.0	-2	-2	-5	4				
39 Chiba Education Fund	100.0	1	1	18	0	1			
40 Chiba Physical Education Association	11.9	0	0	1	0	0			
41 Chiba Gang Prevention Citizens' Committee	63.8	0	0	7	4	0			
Total					647	124	1,201	314	59

* Chiba Prefecture has a financial stake of at least 25% or is providing financial support to the organizations listed above.

* Private firms that do not produce profit/loss statements are recorded as Change in Assets in the Ordinary Profit/Loss column.

* Kasuza Akademia Park submitted the application for civil rehabilitation proceedings on January 25, 2010 and now develops rehabilitation plans under the court.

Outstanding loans from Chiba Prefecture is approximately 1.74 billion yen and loss compensation is approximately 0.78 billion yen.

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(12) Local Quasi - Corporation Results

Local Quasi-Corporation Conditions

(100 million yen)

		Chiba Pref Land Development Pub Corp		Chiba Pref Roads Pub Corp		Chiba Pref Housing Supply Pub Corp	
		FY08	FY09	FY08	FY09	FY08	FY09
Chiba Prefecture Investment (million yen)		10	10	13,677	13,677	10	10
Chiba Prefecture Contribution pro Rata		100%	100%	89%	89%	100%	100%
Balance Sheet	Assets	297.2	267.1	731.3	726.2	440.2	425.8
	Liquid	285.5	255.6	15.7	11.7	189.4	191.1
	Fixed	11.7	11.5	715.6	714.5	250.8	234.6
	Liabilities	193.4	161.2	587.6	582.0	494.4	479.9
	Current	19.7	16.3	7.8	4.6	19.2	18.9
	Fixed	173.7	144.9	248.9	228.6	475.2	461.0
	Allowances, others	0.0	0.0	330.8	348.8	0.0	0.0
	Capital	103.8	105.9	143.7	144.2	-54.2	-54.1
	Capital	0.1	0.1	154.2	154.2	0.1	0.1
	Surplus funds, others	103.7	105.8	-10.5	-10.0	-54.3	-54.2
Liabilities/Capital Total		297.2	267.1	731.3	726.2	440.2	425.8
Profit/Loss Statement	Operating Revenue	46.1	52.3	49.4	47.3	71.0	65.4
	Operating Expense	43.4	48.2	52.0	40.8	68.7	63.2
	General & Admin Expense	2.6	2.1	4.8	3.9	1.7	1.6
	Operating Profit	0.0	2.0	-7.5	2.6	0.7	0.7
	Non-operating Profit	0.3	0.2	10.3	0.1	1.6	1.4
	Non-operating Expense	0.3	0.3	2.5	2.2	2.4	2.1
	Ordinary Profit	-0.1	2.0	0.4	0.5	-0.1	-0.1
	Special Profit	0.3	0.1	0.0	0.0	5.3	0.6
	Special Loss	0.0	0.0	0.0	0.0	5.1	0.6
	Net Profit of Current Term	0.2	2.1	0.4	0.5	0.1	0.0

* Some numbers do not match due to the roundings of fractions



(13)FY08 Balance Sheet -1

FY08 balance sheet is created in accordance with general accounting principles applicable to private enterprises and publicly announced in an aim to wide-spread understandings on financial conditions of local governments.

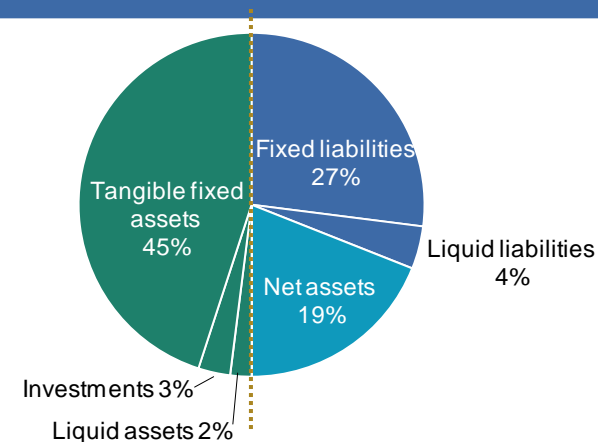
Main Characteristics

- A sellable amount of public assets is recorded separately at market value.
- Investments and stakes are recorded at market value or at real price.
- "Allowances for investment losses" are recorded.(Applicable when real price drops to 30% or more below the recorded value.)
- Uncollectable amount of loans and uncollected money are recorded.

Ordinary Account Balance Sheet

(JPY 100 million yen)

Assets		Liabilities	
Public assets	48,987	Fixed liabilities	29,820
Tangible fixed assts	48,855	Municipal bonds	22,896
Sellable assets	132	LT unpaid money	698
Investments, etc.	3,446	Allowance for retirements	5,705
Investments and stakes	1,180	Allowance for loss guarantee	63
Loans	1,479	Borrowings from other accounts	458
Funds, etc.	580	Liquid liabilities	4,268
LT delinquent loans	239	Municipal bonds due next year	3,163
Uncollectable loans	- 32	Unpaid account	51
Liquid Assets	2,186	Retirement funds for next year	651
Cash and deposits	2,061	Allowance for bonuses	375
Uncollected money	125	Borrowings from other accounts	28
		Total Liabilities	34,088
		Net Assets	
		Grants for public assets	12,172
		General accounts for public assets	23,508
		General sources	-15,969
		Adjustments due to asset reevaluation	820
		Total Net Assets	20,531
Total Assets	54,619	Total Liabilities, Net Assets	54,619



Due to the fact that temporary fiscal measure bonds are recorded as liabilities without matching counter assets to be recorded.



(13)FY08 Balance Sheet -2

Balance sheet including public enterprises

Assets		Liabilities	
Public assets	68,554	Fixed liabilities	34,447
Investments, etc.	3,614	Liquid liabilities	4,892
Liquid assets	3,569	Total Liabilities	39,339
Deferred accounts	8	Net Assets	
			36,406
Total Assets	75,745	Total Liabilities, Net Assets	75,745

Consolidated balance sheet

Assets		Liabilities	
Public assets	70,555	Fixed liabilities	35,540
Investments, etc.	3,319	Liquid liabilities	5,074
Liquid assets	4,068	Total Liabilities	40,614
Deferred accounts	9	Net Assets	
			37,337
Total Assets	77,951	Total Liabilities, Net Assets	77,951



3. Fiscal Outlook and Reform Efforts



(1)The "Shine! Chiba Genki" Plan, or the Chiba Prefecture Total Plan

1. Objective and meaning of the Total Plan

We are facing many difficult situations, such as progressing aging society, population decreases, multiple economies under global system entering recession simultaneously, global warming, and national and local finance crises.

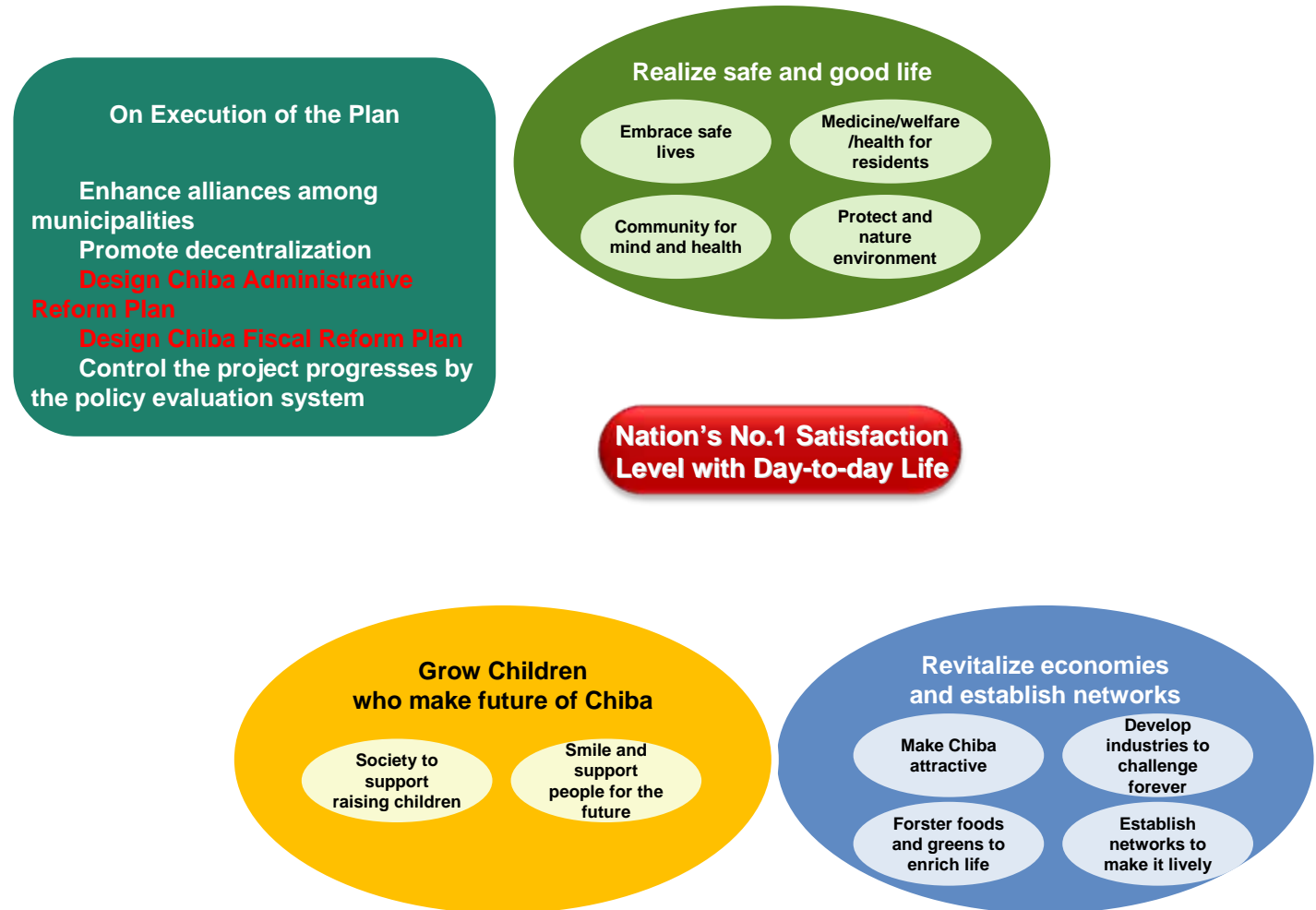
In order to go beyond these challenges and leave a shiny Chiba to the next generation, the Prefecture designed the "Shine! Chiba Genki (well-ness)" plan to show policies and measures from mid-term point of view.

This plan shows direction of Chiba Prefecture policies holistically and structurally, and it is the priority of all prefecture activities. Administrative and fiscal reform efforts are also planned in order to establish a financial basis for execution of the total plan.

2. Structure of the Total Plan

Surrounding the basic principle of "Nation's No.1 satisfaction level with day-to-day life" by residents, the total plan expresses what Chiba Prefecture wants to be in 10 years and policies and measures we need to take in the next 3 years to reach there.

Image of the "Shine! Chiba Genki" Plan

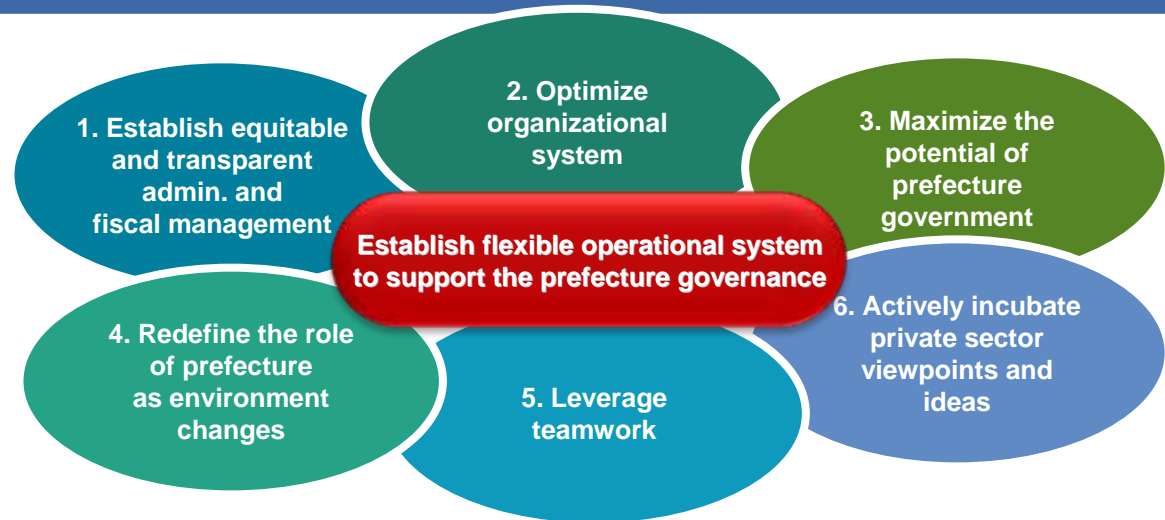




(2) Administrative Reform Plan

1 Viewpoint and Basic Direction of Reform

Chiba Prefecture will conduct an administrative reform based on the integrated six viewpoints/directions below, with consideration to changes in surrounding environment, a difficult fiscal situation, and regional differences that arose during the course of historical development.
(The Plan is for FY10-FY12)



2 Concrete Measures

1. Establish equitable and transparent admin. and fiscal management
 - a. Thoroughly execute compliance and enhance internal control function (Conduct special audit, etc.)
 - b. Improve transparency of prefectural governance information
2. Optimize organizational system
 - a. Control the number of employees and personnel expenses (Build personnel optimization plan, etc.)
 - b. Reform organization and system
 - c. Reform affiliate bodies (Reduce by 10% the number of executives, prefecture expenditures and the number of organizations, etc.)
 - d. Review committees, etc.
3. Maximize the potential of prefecture government
 - a. Personnel reform (Develop management skills of young employees through trainings, etc.)
 - b. Task reform (Re-examine tasks and improve their efficiency and reduce costs, etc.)
 - c. Asset reform (Control and equalize maintenance/renovation costs for assets and prolong asset lives, etc.)
4. Redefine the role of prefecture as environment changes
5. Leverage teamwork (Examine and implement joint-projects with the private sector upon its proposal, etc.)
6. Actively incubate private sector viewpoints and ideas (Appoint dedicated managers and improve investment management, etc.)



(3)Fiscal Reform Plan-1

- Tax and grant revenues remain stagnant under severe economic conditions, while obligatory expenditures continue to increase, such as social welfare expenses in the aging society. As such, the financial situation is anticipated to continue being difficult.
- Chiba Prefecture will make efforts to establish a sustainable financial structure by promoting measures for fiscal health, such as a reduction of future burden, and by asking central government for reforms of local fiscal and tax systems aiming at financial independence of local governments.

(1) Fiscal outlook (FY10 initial budget revision stage)

(100 million yen)

		FY10 (Original)	FY11	FY12	Total
Revenue	Prefectural taxes, etc. (including local corporate special transfer tax)	6,711	6,663	6,834	20,208
	Local allocation tax (including temporary fiscal measure bonds)	3,270	3,340	3,330	9,940
	Prefectural bonds (excluding temporary fiscal measure bonds)	628	628	628	1,884
	Others	4,395	4,267	3,988	12,650
	Total (1)	15,004	14,898	14,780	44,682
Expenditure	Personnel costs	6,007	5,943	5,964	17,914
	Retirement expenses	646	659	742	2,047
	Public debt payments	1,691	1,699	1,775	5,165
	Grants related to taxes, etc.	832	832	892	2,556
	Expenditures related to resident services, etc.	6,838	6,779	6,539	20,156
	Social welfare expenses	1,794	1,872	1,879	5,545
	Investment expenses	1,495	1,523	1,405	4,423
	Other expenses	3,549	3,384	3,255	10,188
Total (2)	15,368	15,253	15,170	45,791	
Net (3) = (1) - (2)		- 364	- 355	- 390	- 1,109

* Estimates assumes that no special fiscal measure is taken.

(2) Efforts to procure revenue, control expenditures

(100 million yen)

		FY10 (Original)	FY11	FY12	Total
Revenue Procurement	Prefectural taxes, etc. (including local corporate special transfer tax)				
	Tax collection improvement and tax rate in excess of standards	35	42	46	123
	Sales of unused prefectural lands	11	11	11	33
	Usage of funds	16	46	73	135
Total (4)	62	99	130	291	



(3) Fiscal Reform Plan-2

(3) Expenditure control

(100 million yen)

		FY10 (Original)	FY11	FY12	Total
Expenditure Control	Controlling and optimizing personnel costs Reduction of staff	15	24	33	72
	Review of tasks and projects, etc.	18	32	42	92
	Total (5)	33	56	75	164

(4) Use of local bonds issued on a premise of expenditure control

(100 million yen)

Retirement allowance bonds, bonds to promote administrative reforms (6)	269	255	240	764
-------------------------------------------------------------------------	-----	-----	-----	-----

(5) Total amount of funds procured

(100 million yen)

Funds procured (7) = (4) + (5) + (6)	364	410	445	1,219
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(6) Funds available for new measures

(100 million yen)

Funds available for new measures (3) + (7)		55	55	110
--------------------------------------------	--	----	----	-----

- Eliminating fiscal shortfall of approximately 110.0 billion yen during the Plan period (FY10-FY12) is aimed at by executing measures to secure funds by controlling both revenue and expenditures.
- Further, 11.0 billion yen shall be secured in the two years of FY11 and FY12 as “funds available for new measures.” This will be used for promotion of the total plan, for establishment of funds to increase fiscal flexibility, and for reduction of future burden (a controlled issuance of retirement allowance bonds).

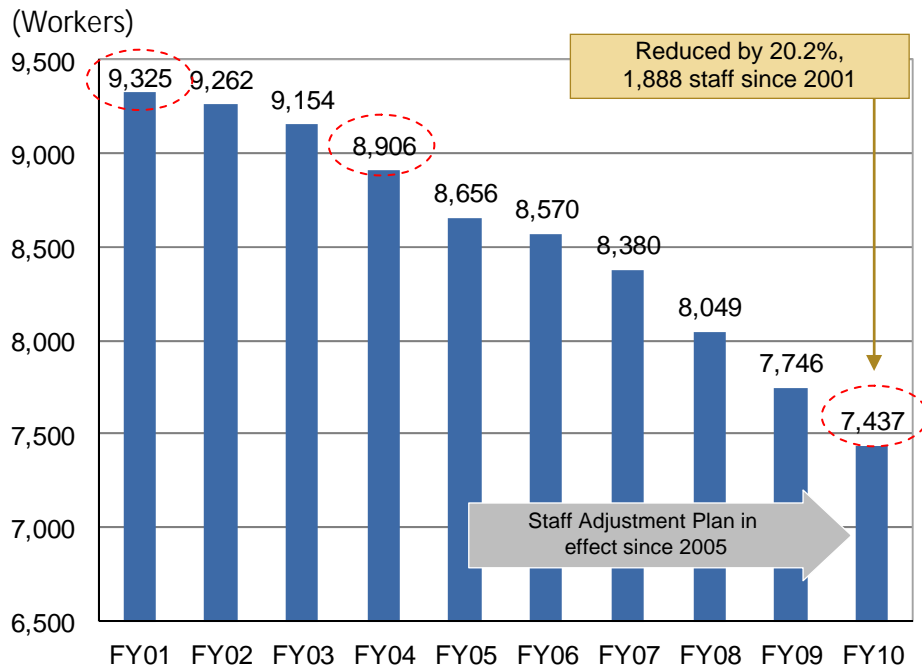


(4) Administrative Reform Efforts Made So Far-1

Reducing staff

- By continuously reviewing activities/projects and examining effective organization structure, Chiba Prefecture has been actively engaged in optimization of staff.
- It has reduced staff for Governor's office, etc. by 1,888, or by 20.2% in the 9 years between FY01 and FY10.

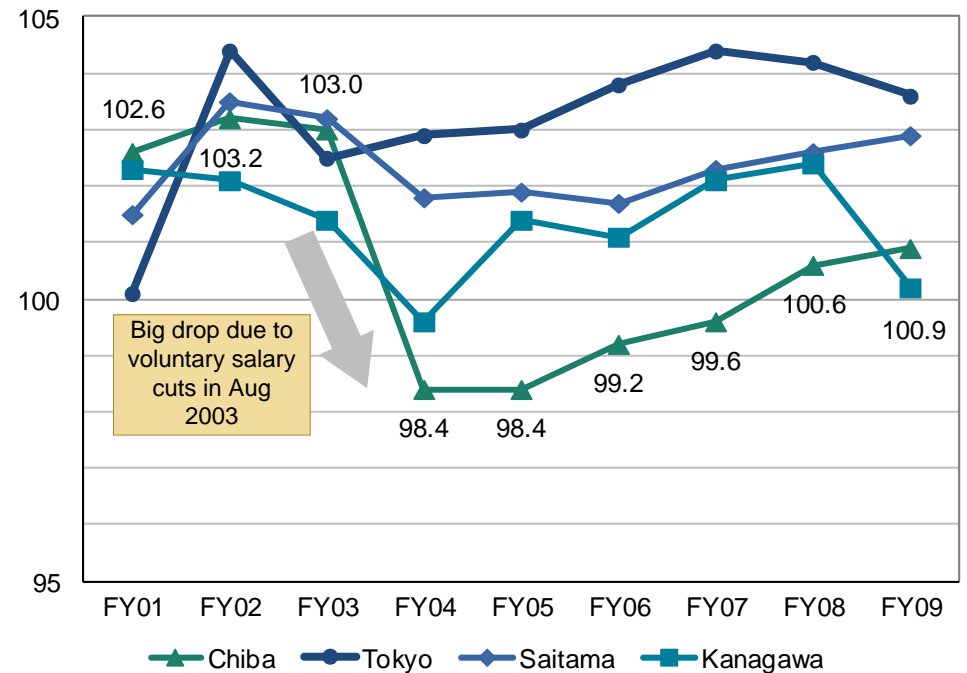
Staff Numbers in Governor's Office, etc. (as of Apr 1)



Cutting salaries

- Salary level has dropped dramatically in the recent 7 years due to voluntary salary cuts, salary structure reforms, and retirement allowance reviews.

The Laspeyres Index



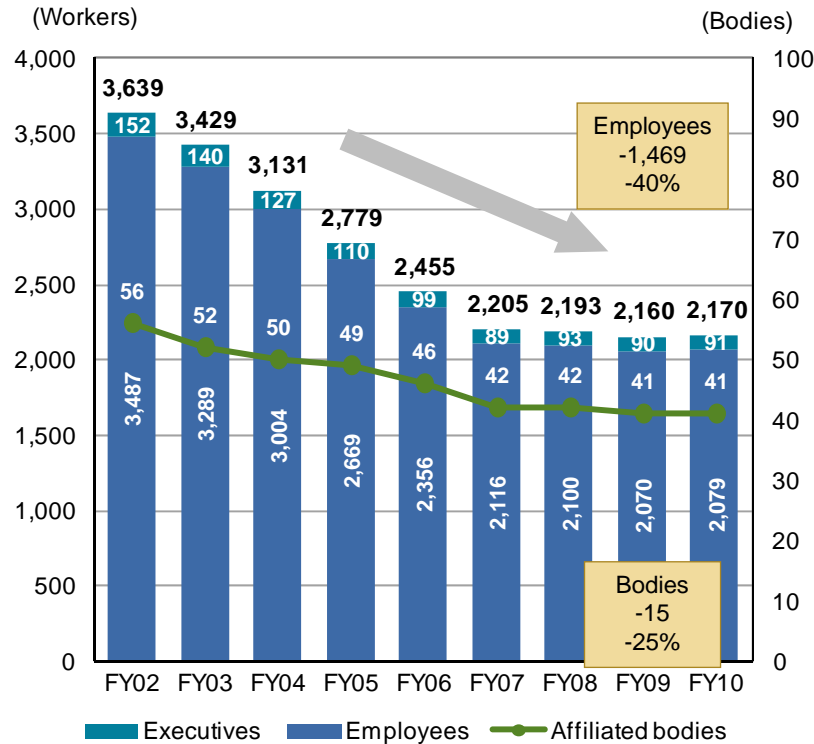


(4) Administrative Reform Efforts Made So Far-2

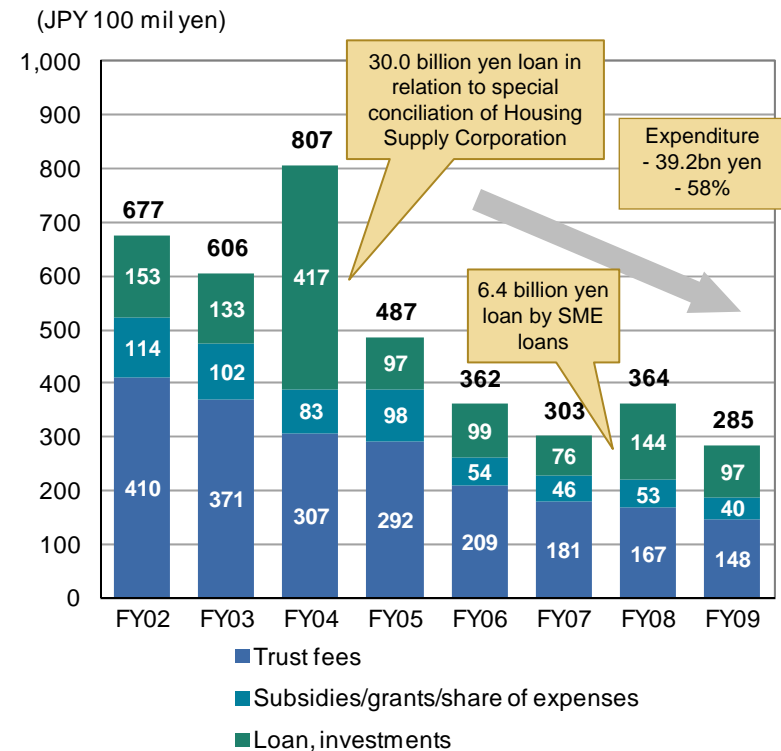
Reform measures at affiliate bodies(public enterprises, etc.)

- Affiliate bodies have been suspended or merged based on the "Basic Principle on Affiliate Bodies Reform" set out in FY02.
- The number of affiliated bodies has dropped by 15 (-27%), executives/employees by 1,469 (-40%), and fiscal expenditures by 39.2 billion yen (-58%).

Affiliate Bodies, Workers



Chiba Fiscal Expenditures



* Totals are in **bold**

* Number of enterprises as of April 1. Number of officers and employees as of July 1. (April 1 for FY10)

* Totals are in **bold**

* Actual through FY08, quick estimation for FY09

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Presentation



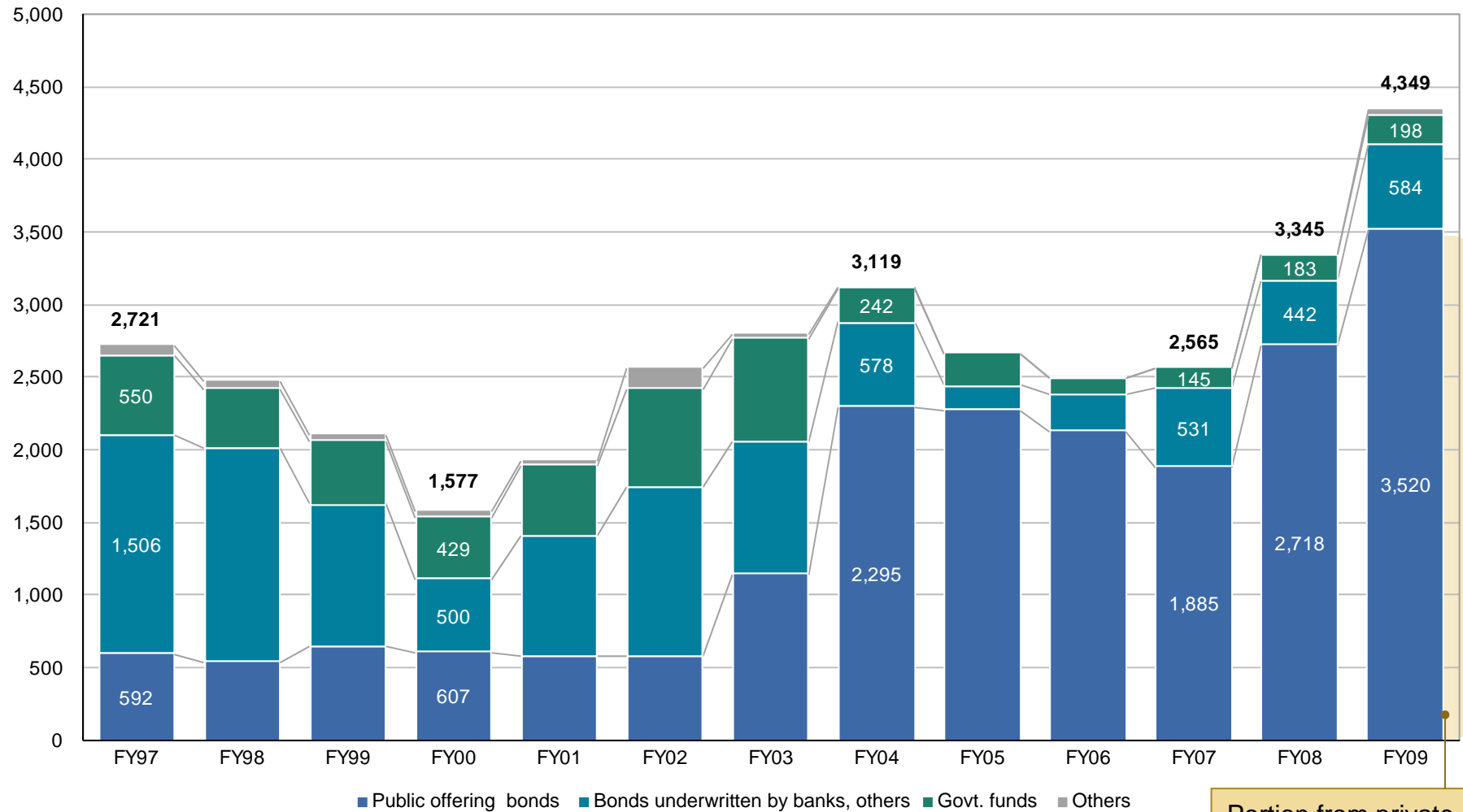
4. Chiba Prefectural Bonds

千葉県 



(1) Prefectural bonds issuance by funds (general account)

(JPY 100 mil yen)



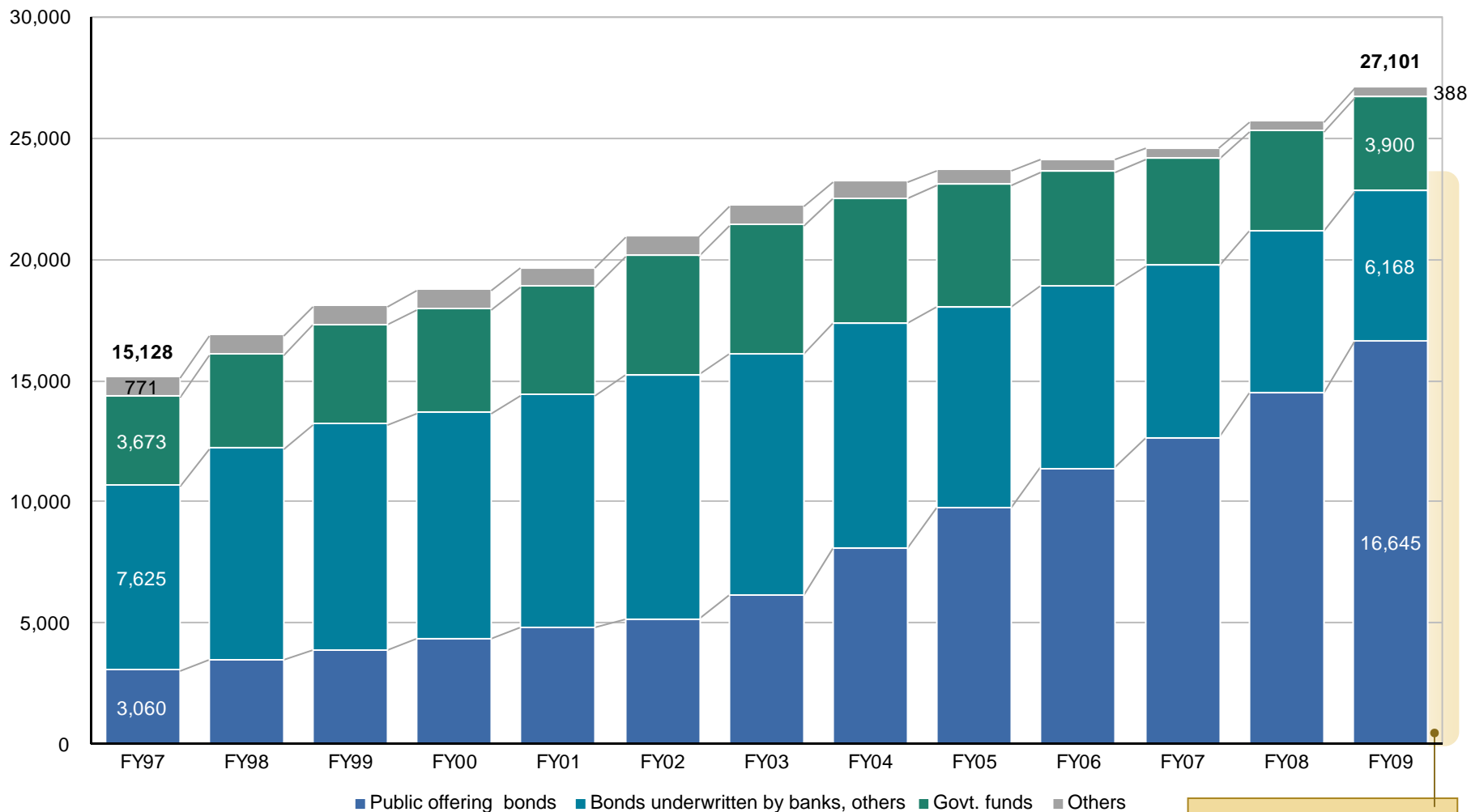
* Totals are in **bold**.
 * Includes refinancing bonds.

Portion from private funds exceeds 90%.



(2) Prefectural bonds outstanding by funds (general account)

(JPY 100 mil yen)

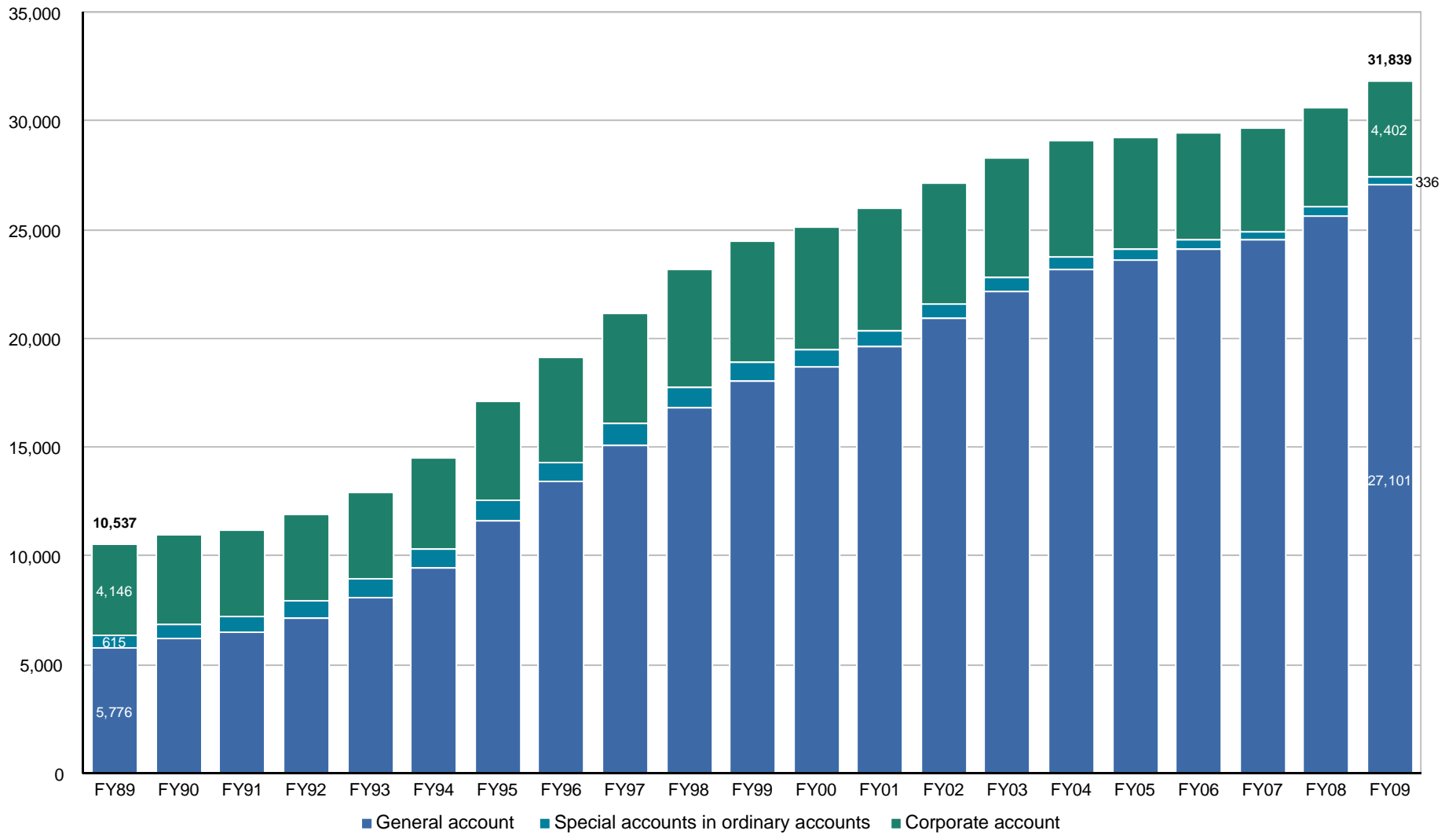


Portion from private funds roughly 84%

* Totals are in bold.



(3) Prefectural bonds outstanding by account



* Totals are in **bold**.



(4)FY10 Public Offering Bond Issuance Plan

Public Subscription Bond Issuance Plan

(100 million yen)

Classification		Maturity	Issuance Amount	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Chiba Prefectural Bonds	Nationwide Public Subscription Bond	20-year	600 700	300						300					
		10-year	2,000	200	200		200		200	200	200	200	200	200	200
		5-year	800			200		200					200		200
Joint-issuance Public Subscription Bond		10-year	800	50	70	80	70	30	80	90	80	100	70	40	40
Total			4,200 4,300	550	270	280	270	230	280	590	280	500	270	440	240

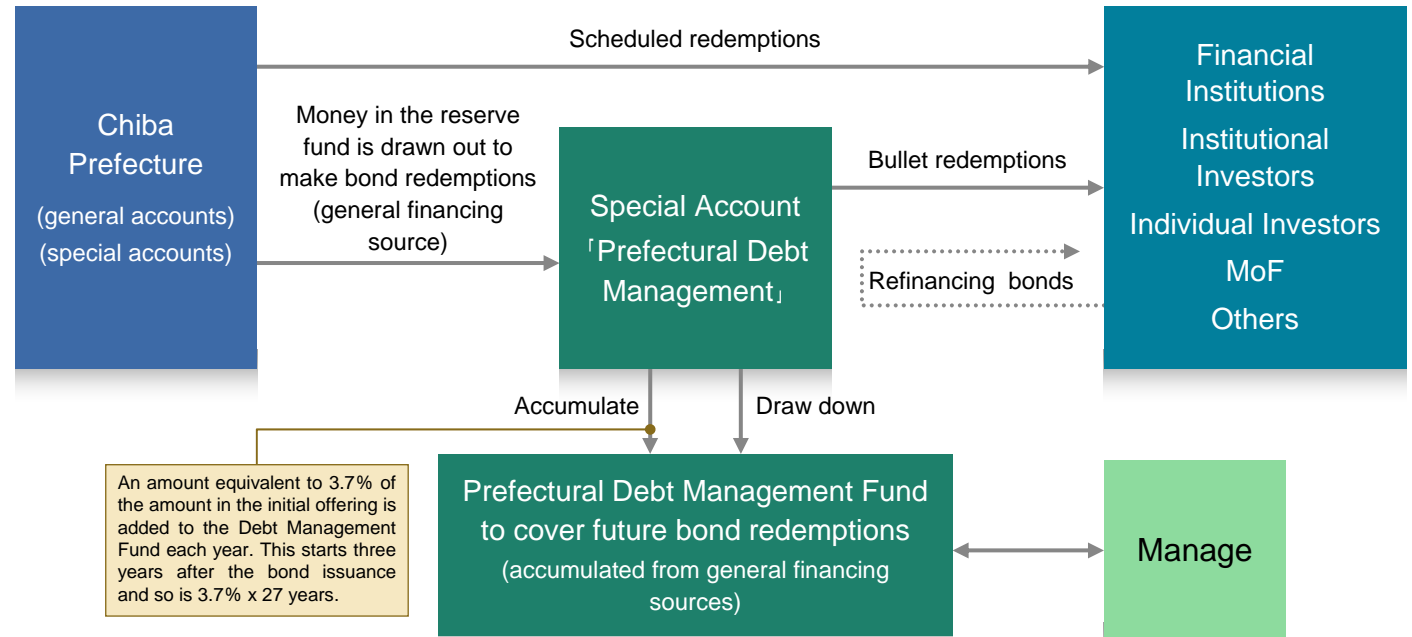
* There may be changes to the above Issuance Plan.
 Joint-issuance public subscription bonds are issued jointly by 35 local public entities.
 The figures in the above table are only for Chiba Prefecture.

- The use of multiple maturities is encouraged for the sake of stable fund procurement.
 - Nationwide public subscription bonds(5-year)have been issued since FY03.
 - A super long-term bond (20-year) has been offered since FY05 .
- Bonds are issued periodically as much as possible.

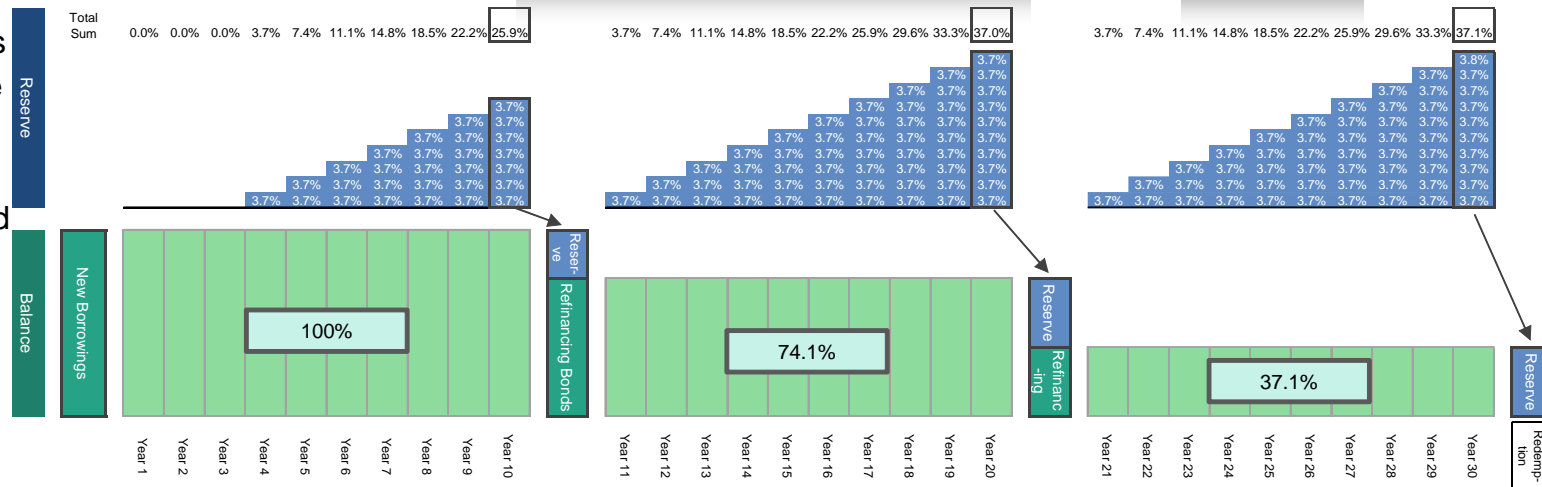


(5) Prefectural bond redemption

- In order to have comprehensive management of the redemption of its bonds, Chiba Prefecture has established the Prefectural Debt Management Special Account and the Prefectural Debt Management Fund.



- Lump sum redemptions of prefectural bonds are covered by draw downs from the Prefectural Debt Management Fund + refinancing bonds. (Draw down amounts are 10 year: 25.9%, 20 year: 37%, 30 year: 37.1%)





(6) Security of Local Municipal Bonds

■ Systems to Support Security of Local Municipal Bonds

Security of local municipal bonds are supported by the systems below.

1. Local allocation tax system

If a standard fiscal demand (expenditures) such as principal and interest repayments on prefectural bonds exceeds an anticipated amount of fiscal revenue from local taxes, etc., insufficiency shall be provided by nation as local allocation tax.

2. Consultation system for municipal bonds

“Municipal bonds are issued in conjunction with the central government as municipalities are required to consult with and obtain consent from the nation before the issuance. The amount of new issuance and redemption shall be reflected in local fiscal plans made by the nation. The Local Government Finance Act Article 5.4 sets out that organizations in deficit or with a high ratio of real public debt (18% and above) may not issue municipal bonds without nation’s approval.”

3. Financial rebuilding system

● Formulation and public announcement of financial rebuilding plan

“When one of the 4 ratios to judge financial soundness goes above either standard, it is required to formulate financial plan or financial rebuilding plan upon council’s approval.

Progress of implementing such plans will be announced publicly every year. If the results significantly differ from the original plan, Minister of Internal Affairs may give recommendation.”

	Effective deficit ratio	Effective consolidate deficit ratio	Effective bond expense ratio	Future burden ratio
Early soundness standard	3.75	8.75	25.0	400.0
Financial rebuilding standard	5.00	15.00	35.0	

(%)

By establishing the early soundness standard, it became possible to avoid a situation where a municipality is suddenly found to be in financial collapses (above financial rebuilding standard)

● Assuring the ratios are calculated appropriately

4 ratios are checked by auditors' committee if they are appropriate

Municipal bonds are debts secured by local taxes and local allocation taxes. Its risk weight by the BIS standard is 0%, the same for JGBs and government-guaranteed bonds.



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ゆめ半島千葉大会のマスコットキャラクターです
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Chiba Prefecture homepage	http://pref.chiba.lg.jp/
• Fiscal Overview	http://pref.chiba.lg.jp/syozoku/a_zaisei/kessan/index.html
• Fiscal Soundness Assessments	http://pref.chiba.lg.jp/syozoku/a_zaisei/hiritu/hiritu.html
• Prefectural bonds	http://pref.chiba.lg.jp/syozoku/a_zaisei/kensai/index.html
• Admin. & Fiscal Reform	http://pref.chiba.lg.jp/syozoku/a_soumu/gyokaku/index-j.html

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