



Tokyo Metropolitan Government



Bureau of Finance, June 2010



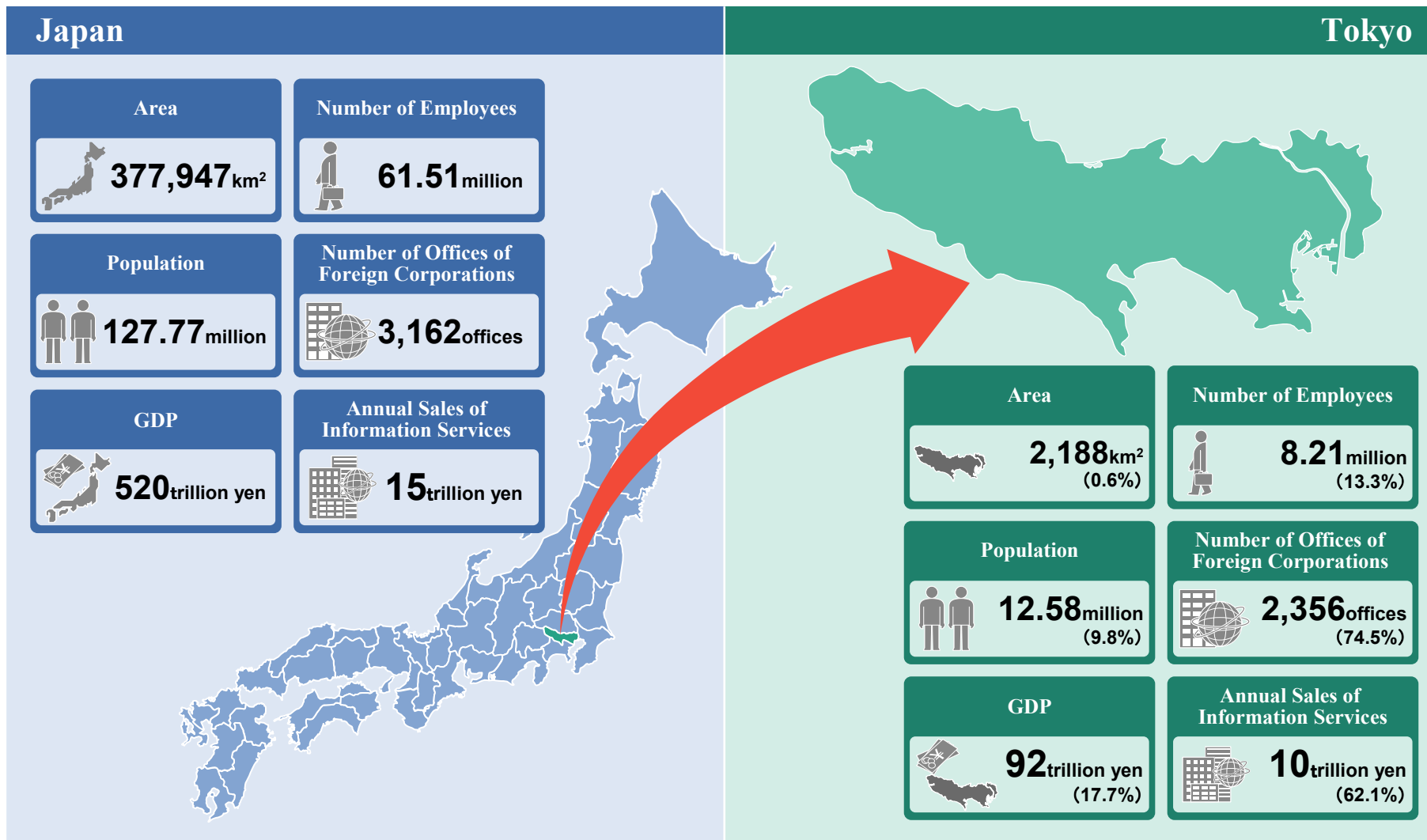
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I. Overview of Tokyo

Tokyo is the Hub of Japan's Economic Activity

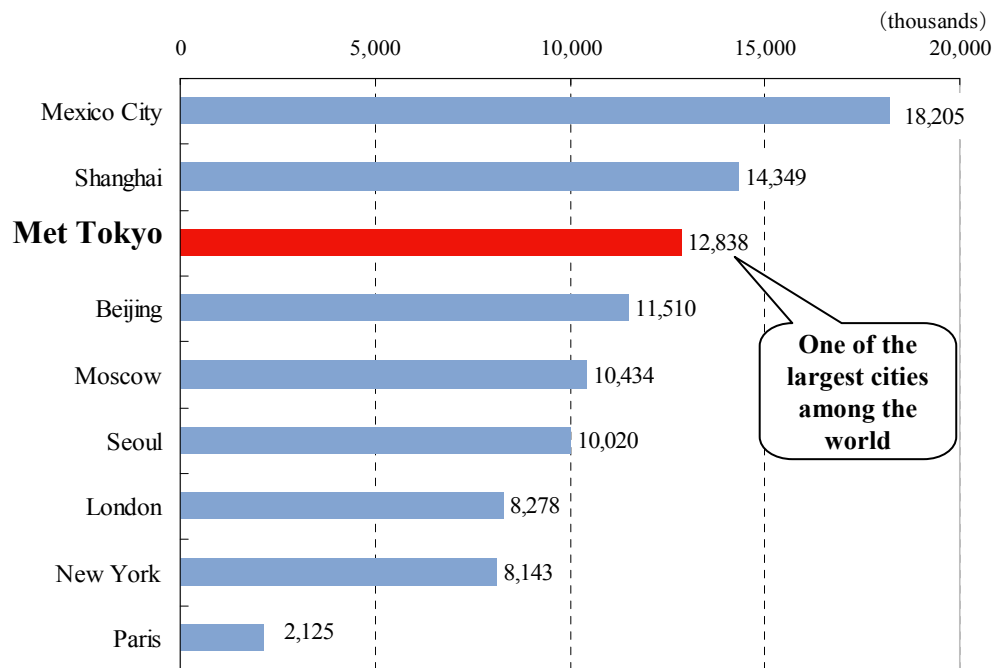


(See Note 4)

Tokyo - Major city in the world -

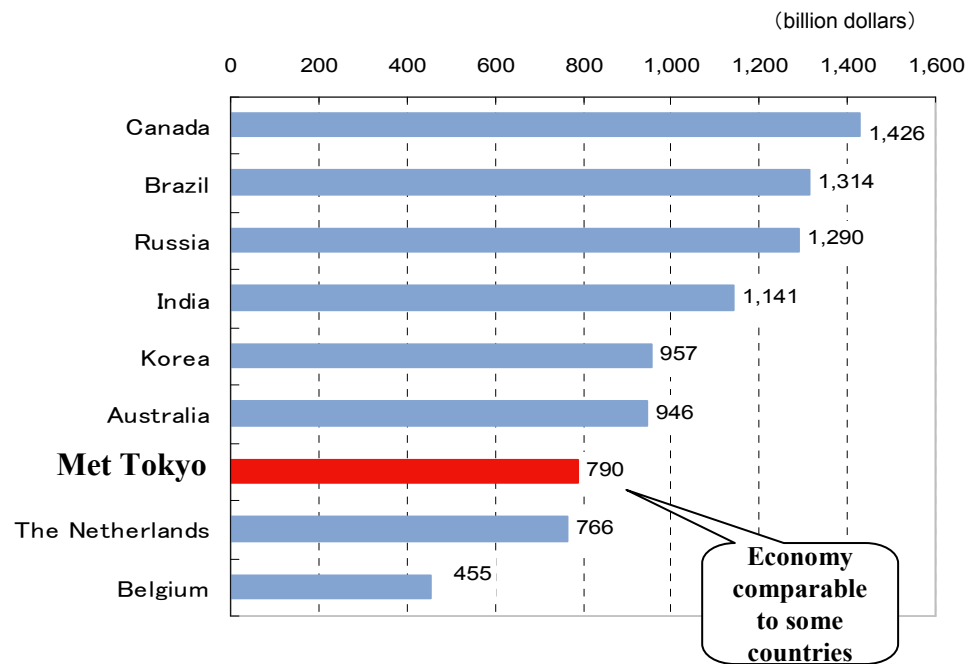


Population of Major Cities



(See Note 5)

GDP (FY2007, Nominal)



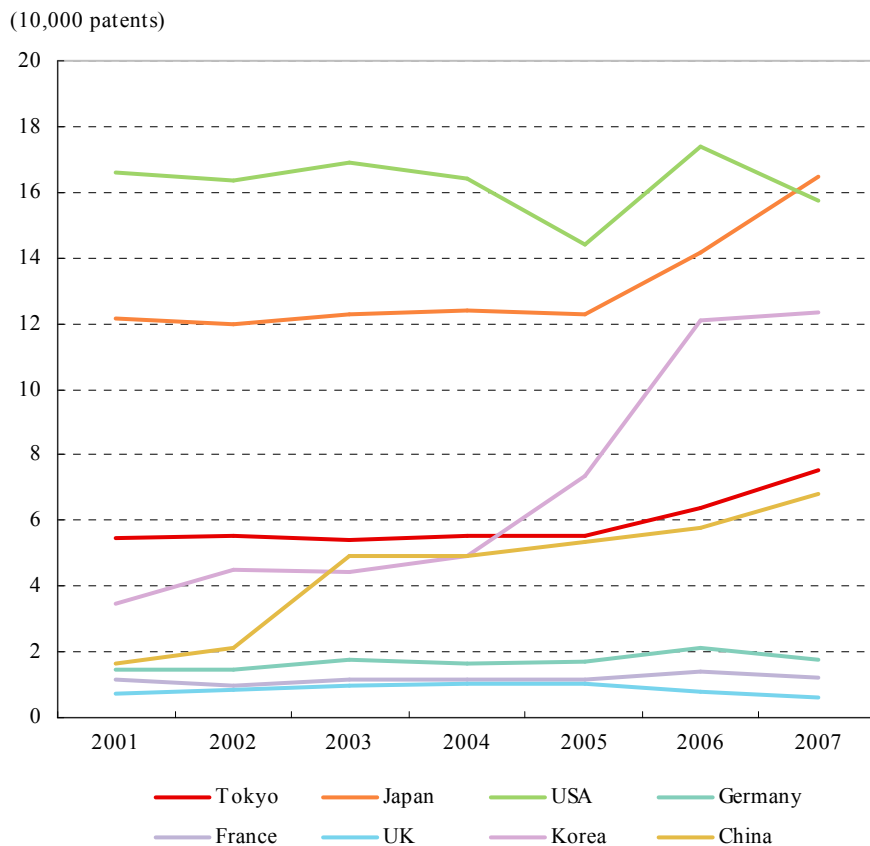
(See Note 6)

New technology from Tokyo



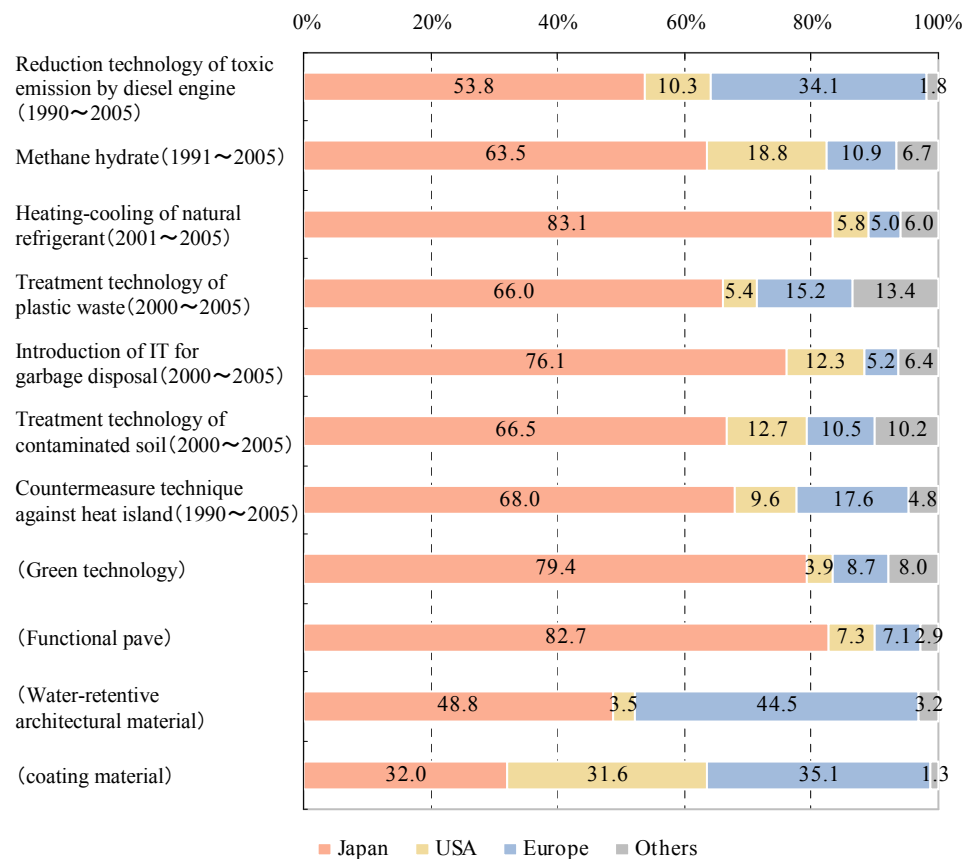
- Japan takes prominent position in the world, especially in environment·energy area. Tokyo takes important role of it.

Number of new patent registrations



※ Figures of Tokyo are those registered by Japanese

Composition ratio of application number by nationality in environment·energy area





II. Financial Profile



(1) Largest Financial Scale of Any City in the World

(2) Independent Financial Structure with High Independent Revenue Ratio and Low Mandatory Fixed Expenses

(3) Continuous Effort on Administrative and Financial Reform

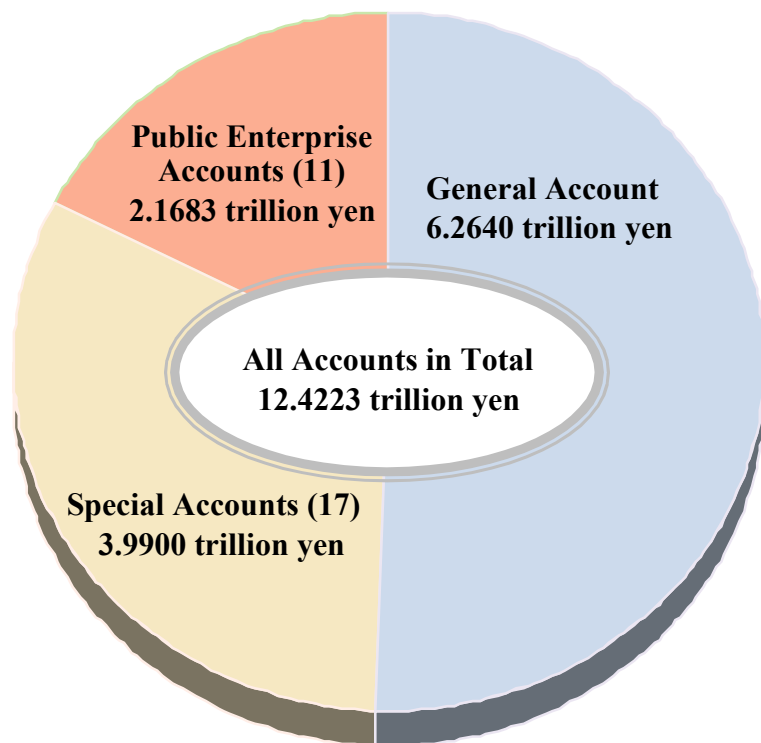
(4) Financial Management Philosophy of Low Dependence on Debt

(5) The preparation for the future burden

(1) Largest Financial Scale of Any City in the World



Financial Scale of TMG (FY2010 Initial Budget)



Comparison of TMG's Financial Scale (FY2010 Initial Budget)

	(trillion yen)
Japan	92.3
Financial budgets of local gov'ts	82.1
Met Tokyo (General Account)	6.3
Finland (2009)	6.1
New York City	5.3

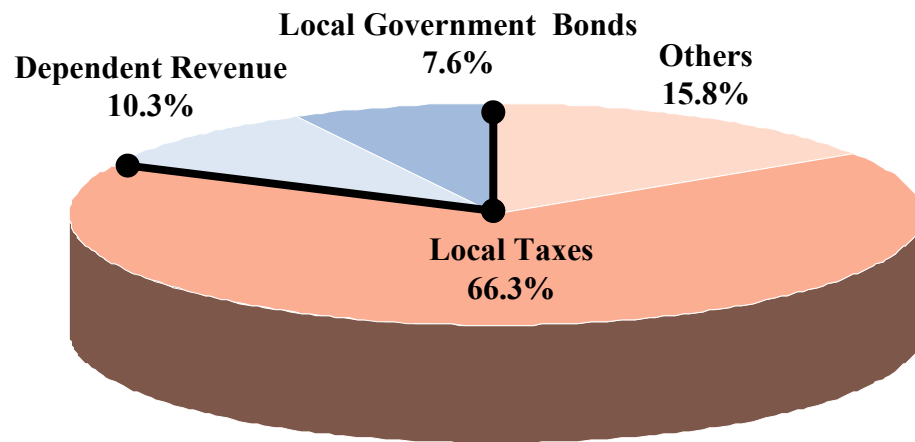
(See Note 7)

(2) Independent Financial Structure with High Independent Revenue Ratio and Low Mandatory Fixed Expenses



- Independent revenue (*) ratio is considerably high at 82.0%. (* See Note 8)
- Local Taxes decreased by 1.1 trillion yen for the last two years(the largest decline in history) because of the impact of drastic downturn in economy and so on.

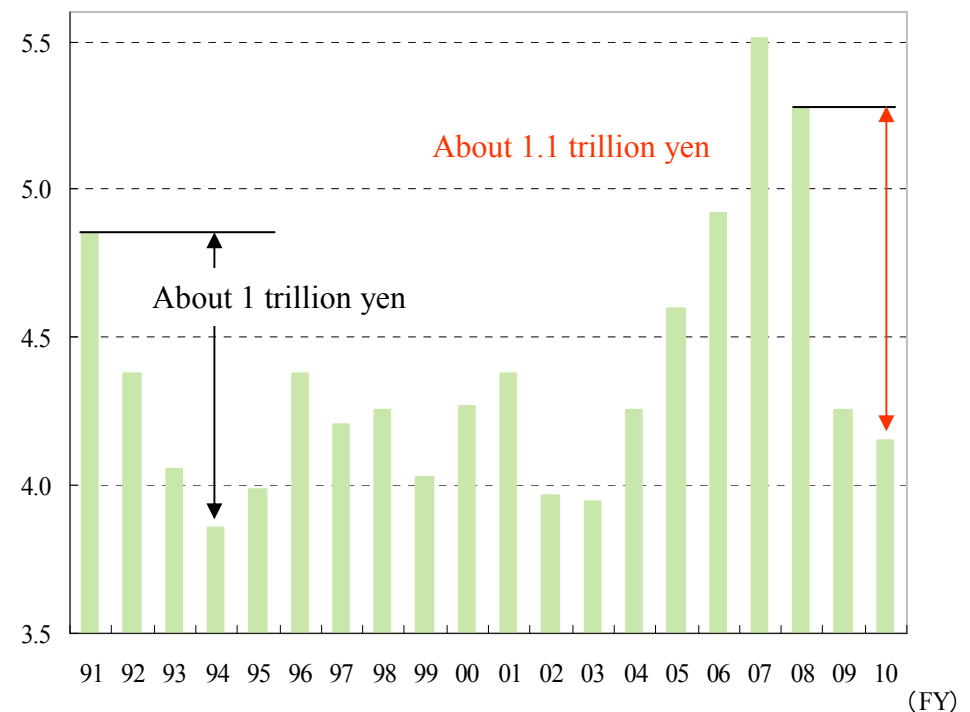
**Breakdown of the TMG's Revenues
(FY2010 General Account Budget)**



Independent Revenue Ratio (= Local Taxes + Others)
82.0% (cf. all local gov't 46.1%)

Trends in Metropolitan Tax Revenue

(trillion yen)

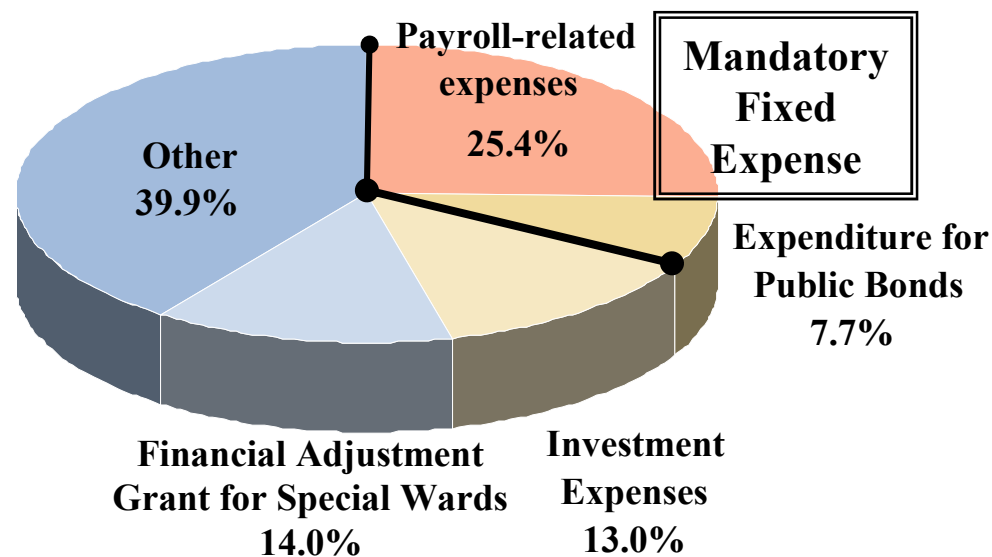


(2) Independent Financial Structure with High Independent Revenue Ratio and Low Mandatory Fixed Expenses



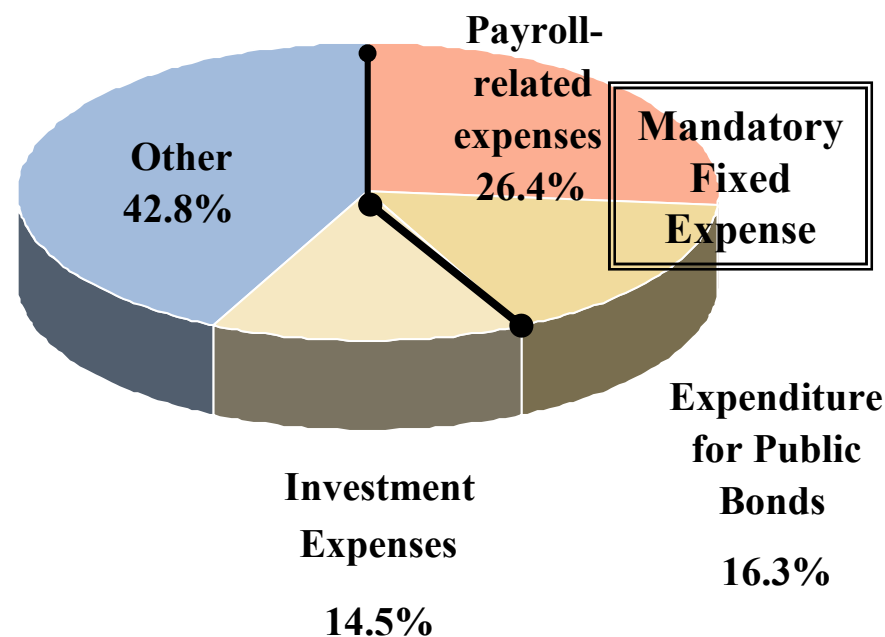
- Ratios of both Payroll-related expenses and Expenditure for Public Bonds are lower than those of the aggregate for all local governments in Japan.
- As a feature of TMG, we post “Financial Adjustment Grant for Special Wards” based on Local Autonomy Act.

**Breakdown of TMG’s Expenditure
(FY2010 General Account Budget)**



(See Note 9)

**Breakdown of All Local Governments’ Expenditures
(FY2010 Local Government Financial Plan)**

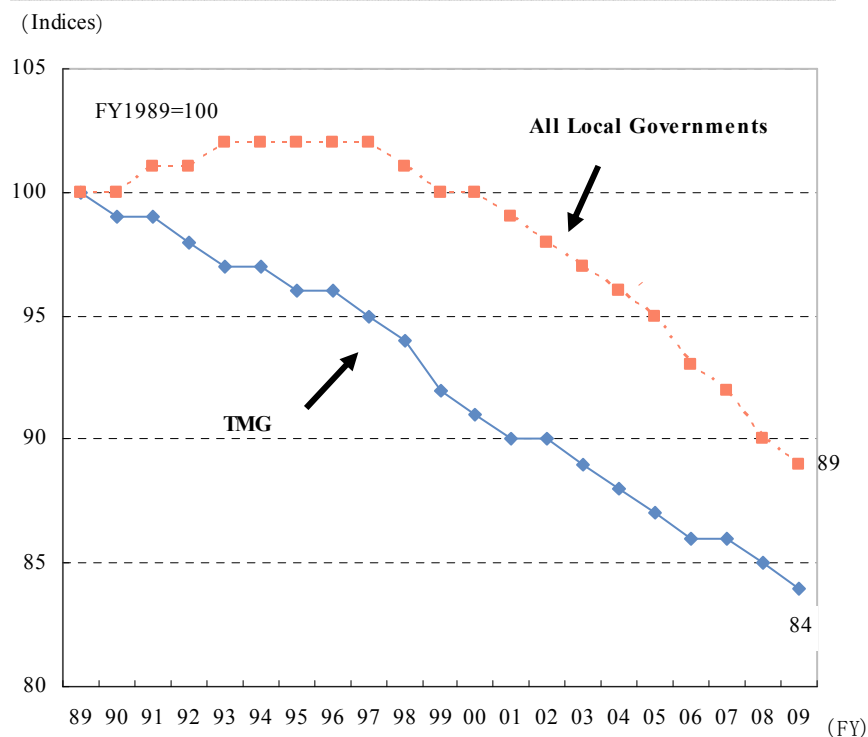


(3) Continuous Effort on Administrative and Financial Reform



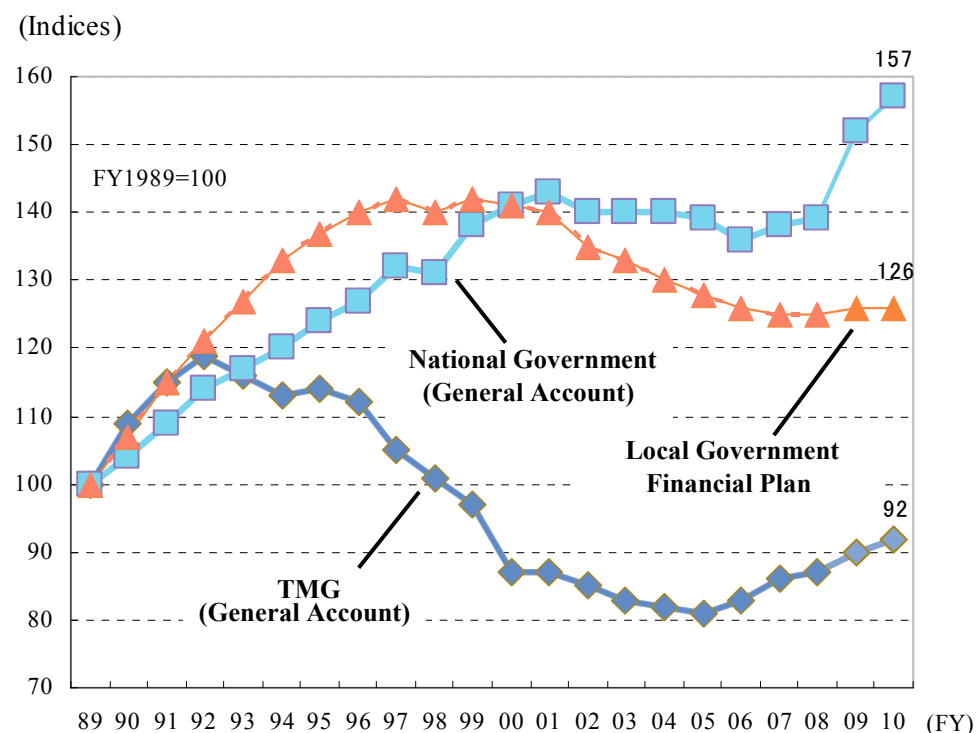
- TMG remains committed to administrative and financial reform, including personnel reduction and cost reduction.

Trends in the Number of Staffs



(See Note 10)

Trends in General Expenditure



(See Note 11)

(4) Financial Management Philosophy of Low Dependence on Debt



- The dependence on bond issuance and the level of bond outstanding are being maintained at an extremely low level in comparison with the national government and the financial planning of local governments.

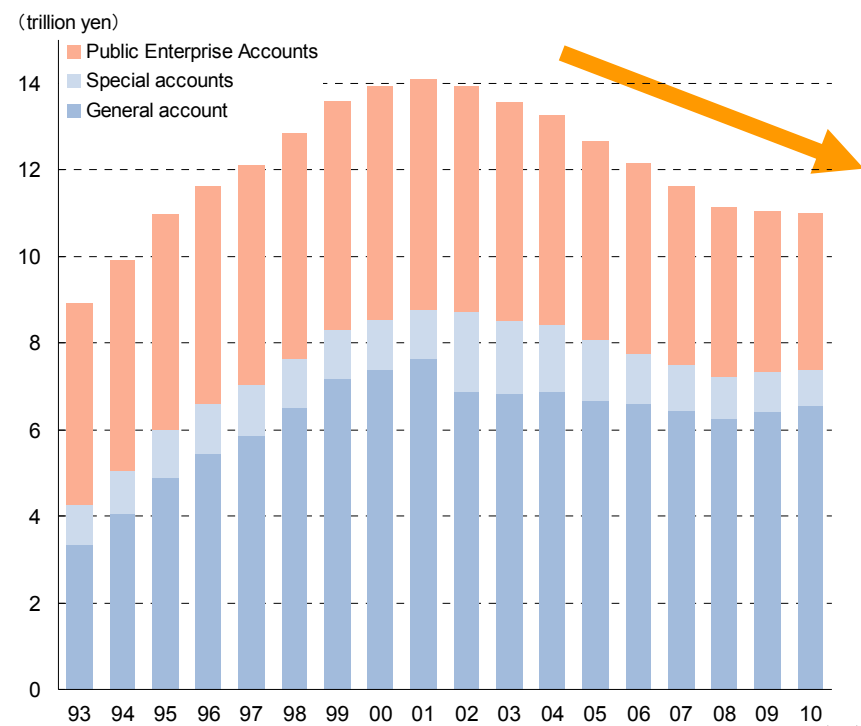
Comparison of Dependence on Bond Issuance and Bond Outstanding

(Unit: yen)

Category	TMG (General Account)	National Government (General Account)	Local Government Financial Plan
<i>Dependence on Bond issuance</i>	7.6 %	48.0 %	16.4 %
<i>Bond Outstanding (compared with General Account tax revenue)</i>	6.5 trillion (1.6x)	637 trillion (17.0x)	200 trillion (6.2x)

(See Note 12)

Trends in Metropolitan Debt Outstanding (All Accounts)



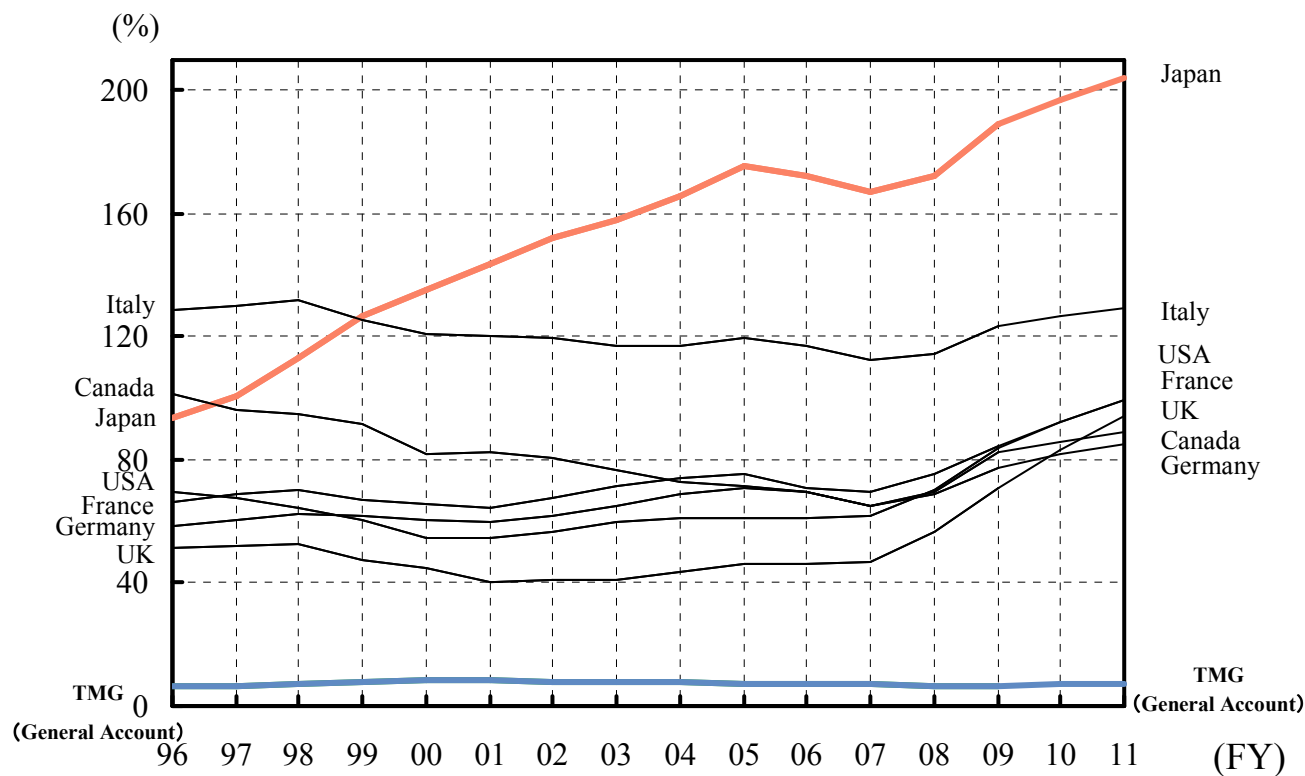
(See Note 13)

(4) Financial Management Philosophy of Low Dependence on Debt



- TMG's outstanding debt in General Account to GDP ratio is extremely low at 7.0% compared to other major countries.

Outstanding Debt to GDP ratio

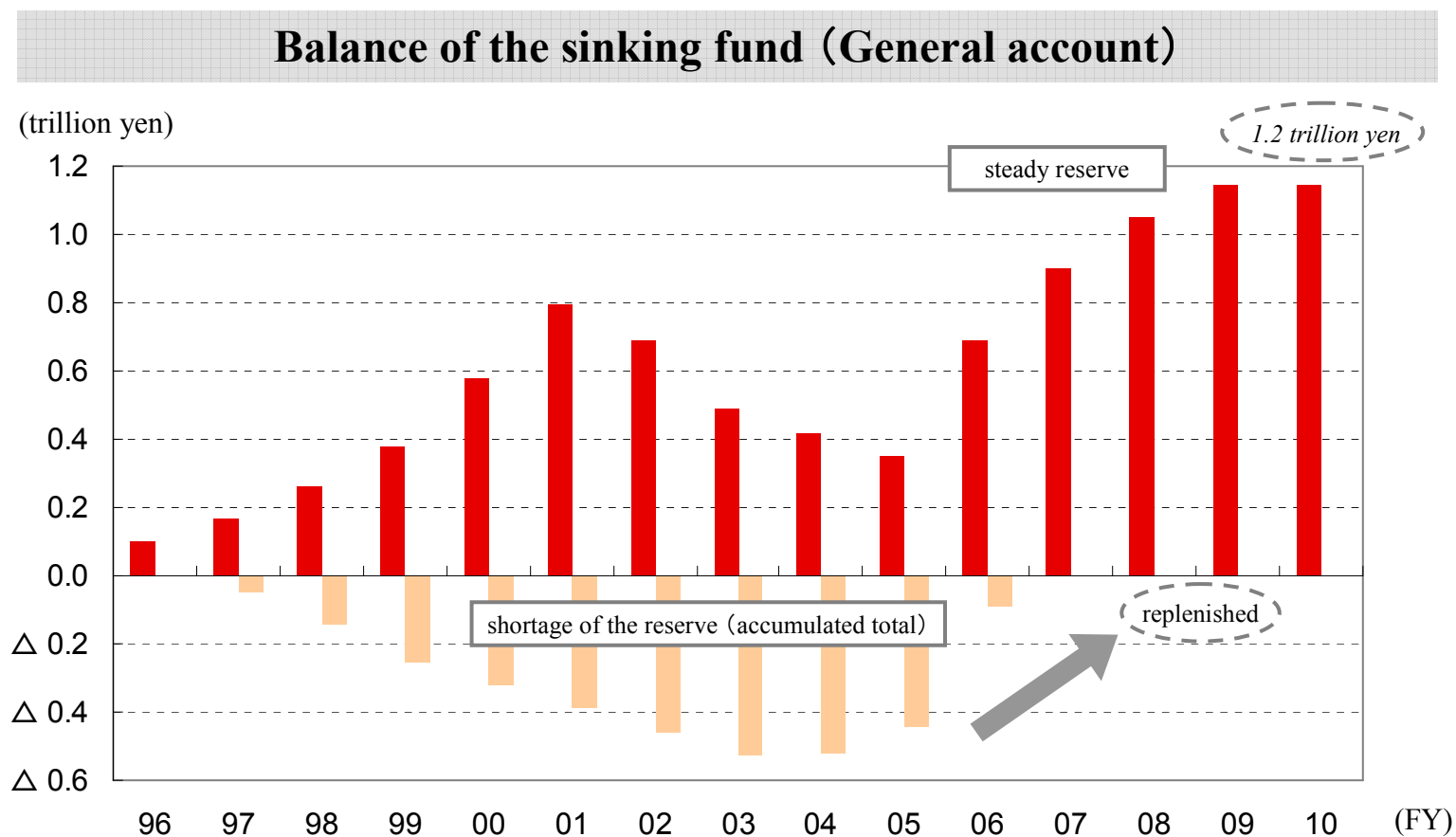


(See Note 14)

(5) The preparation for the future burden



- TMG reserves the sinking fund consistently. (The shortage of the reserve was replenished by the end of FY07.)



FY2008 Results of Accounts - Ordinary Account



- The real balance is close to break-even.
- TMG's total tax revenue dropped by 3.7 percent due to the decrease in revenue from 2 major corporate taxes.
- Revenue from TMG bonds increased by 93.2 percent, taking advantage of bond issuing capacity.

Ordinary Account Results

classification	FY2008	FY2007	Increase/ Decrease	Rate of Change
Annual revenue	70,774	71,436	-661	-0.9
Metropolitan tax	52,933	54,973	-2,040	-3.7
TMG bonds	3,039	1,573	1,466	93.2
Others	14,803	14,890	-87	-0.6
Annual expenditure	69,113	69,017	96	0.1
General expenditure	44,542	42,071	2,471	5.9
Expenditure for public bond	8,226	7,552	674	8.9
Others	16,344	19,393	-3,049	-15.7
Formal balance	1,662	2,419	-757	-
Fiscal revenue to be carried forward	1,653	1,463	190	-
Real balance	8	956	-948	-

● Ordinary Account

- a conceptual, statistics-based type of account which was restructured to be consistent with the Account of local governments in accordance with standards set by the Ministry of Internal Affairs and Communications
- 14 Special Accounts were added to the General Account; using this accounting system, the net total is calculated eliminating overlap between Accounts.

FY2008 Results of Accounts - Public Enterprise Accounts



- Only the Account of the Transportation is in the red.
- TMG makes further efforts toward management reforms and sustainable improvement in services.

Public Enterprise Accounts Results

(100 million yen)

Account	Profit and Loss Account (P/L)		Balance Sheet		
	Revenue	Net Profit or Loss for the Current Period	Equity Capital	Debenture Capital	Surplus
Hospitals	1,372	16	896	1,085	82
Central Wholesale Market	199	25	3,498	524	1,901
Urban Redevelopment Project	2	1	11	228	17
Waterfront Area Development Project	1,099	377	6,065	4,133	1,310
Port and Harbor Project	85	37	3,378	45	95
Transportation	481	-3	345	231	1,116
Urban Rapid Transit Railway	1,606	203	3,755	5,697	1,170
Electric Power	10	2	24	-	42
Waterworks	3,537	641	13,341	4,319	5,701
Industrial Waterworks	15	-	228	-	119
Sewerage	3,437	298	16,387	22,869	25,870
Total	11,843	1,597	47,928	39,132	37,424

Financial Indicators and the Ratios – Trends in key financial indicators



- Owing to the administrative and financial reform, TMG implements sound and flexible financial management. (%)

	Details	FY2003 Results	FY2004 Results	FY2005 Results	FY2006 Results	FY2007 Results	FY2008 Results
Ordinary Balance Ratio	Measures the flexibility of the financial structure; the lower it is, the more flexibility there is.	97.9 (103)	92.6 (102.0)	85.8 (99.0)	84.5 (97.8)	80.2 (94.7)	84.1 (101.4)
Debt Expenditure Burden Ratio	The ratio of general financial resources appropriated to debt expenditure to the entire amount of general finances	12.0 (19.8)	12.9 (19.9)	12.3 (19.3)	15.5 (19.4)	11.3 (18.6)	13.0 (19.3)
Financial Capability Index	The higher the index, the more financial leeway there is.	1.044 (0.41)	1.060 (0.41)	1.107 (0.43)	1.215 (0.46)	1.319 (0.50)	1.406 (0.52)
Real Deficit Ratio*	The ratio of real deficit including the General Account to standard financial scale.					-	-
Consolidated Real Deficit Ratio*	The ratio of all account-based real deficit based on all Accounts to the standard financial scale.					-	-
Real Debt Payment Ratio*	The ratio of the general revenue resources appropriated to pay off bonds to the standard financial scale.			17.1 (14.9)	15.2 (14.7)	8.7 (13.5)	5.5 (12.8)
Future Burden Ratio*	The ratio of future debts including those of the public-private joint sector as well as expected future debts on the General Account to the standard financial scale.					82.9 (222.3)	63.8 (219.3)
Capital Shortage Ratio*	The ratio of financial deficit in every Public Enterprise Accounts to the scale of operation					-	-

*According to the Law on the Financial Consolidation of Local Governments

※ Figures shown in parentheses are the average of prefectures.

(See Note 15)



III. TMG Bonds



Plans for Public Offering for FY2010

	2010										2011			FY2010 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
10-year bonds (Monthly issues)	Once a month, about 50 to 60 billion yen each time												up to 670	
10-year bonds (Additional, irregular basis)	Included above												-	
Middle-term bonds	3-year bonds: 1 or 2 times a year, 5-year bonds: 2 or 3 times a year About 20 to 30 billion yen each time												up to 150	
Super long-term bonds	20-year bonds: 2 or 3 times a year, 30-year bonds: 1 or 2 times a year About 20 to 30 billion yen each time												up to 130	
Tokyo Revitalization Bond (Retail 3-year bond)	Once a year, 20 billion yen												up to 20	
Total up to 970 billion yen														
International Bond	Once a year, 70 billion yen												70	

* This plan may be subject to change

International Bonds



- TMG has been issuing international bonds continuously since issuance of government-backed bond in 1964 until FY 2000.
- TMG issued the international bond without guarantee or rating for the first time in the postwar period as a local government in FY 2004.
- Plan to continue issuing bonds in the international market.

International Bonds without Government Guarantee

Category	Issue Date	Signing Date	Issue Amount	Maturity	Coupon Rate	Yield to Subscribers	Issue Price	Credit Ratings
No. 6 Euro-Euro Bonds	Jan 31,2008	Jan 29,2008	318 million euros	27yrs	4.900%	4.909%	99.867%	Aaa
No. 5 Euro-Euro Bonds	Jun 21,2006	Jun 19,2006	344 million euros	27yrs	4.700%	4.709%	99.864%	-
No. 4 Euro-Euro Bonds	Nov 29,2005	Nov 24,2005	150 million euros	30yrs	4.270%	4.274%	99.933%	-
No. 3 Euro-Euro Bonds	Jun 2,2005	May 31,2005	294 million euros	27yrs	4.260%	4.260%	100.000%	-
No. 2 Euro-Euro Bonds	Nov 8,2004	Nov 1,2004	160 million euros	30yrs	5.070%	5.074%	99.940%	-

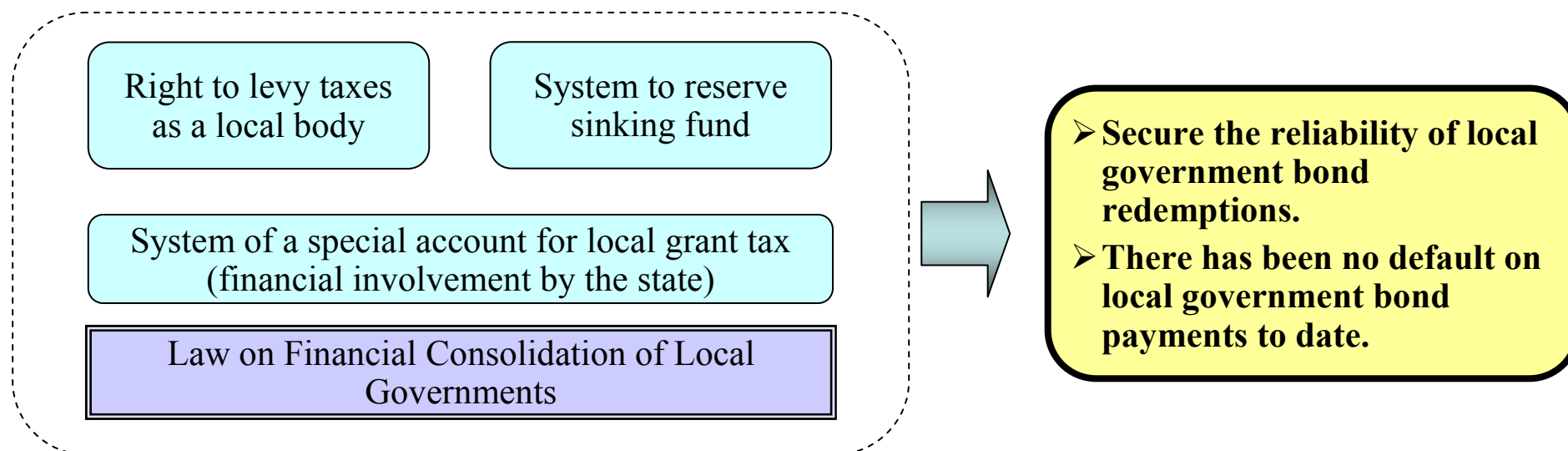
Total Issue Amount (FY1964-2007)

About 845 billion yen

Safety of Local Government Bonds



- The safety level of Japan's local government bonds is extremely high.
 - Backed by the national government's strong financial support and its involvement
 - There is no legislation of local government bankruptcy act, and no discharge of debt is allowed.
- Introduction of Law on Financial Consolidation of Local Governments (Starting from April 1, 2009)
 - Further strengthening of safety net for local government bonds



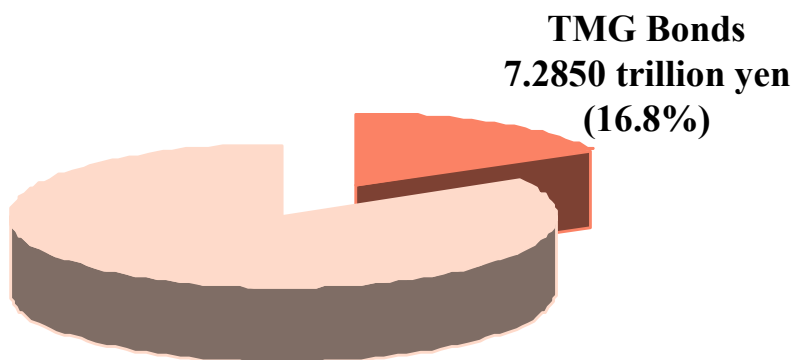
Liquidity and Stability of TMG Bonds



- TMG bonds have the highest share in the local government bond market.
- Metropolitan Tokyo’s independent revenue sources, such as local taxes, account for the major part of its revenue, enable TMG to maintain stable resources for its future repayment.

Outstanding Balance of Public Offering (FY 2009)

**Local Government
Total
43.4414 trillion yen**



(See Note 16)

Independent Revenue Sources (FY 2010 General Account Budget)

82.0%

BIS Risk Weight

Government Bonds	Government-Guaranteed Bonds	TMG Bonds	FILP Institutional Bonds	Electric Power Bonds	Bank Debentures
0%	0%	0%	10%	20%	20%

(See Note 17)



- TMG bonds obtained a credit rating on March 26, 2008
 - **Credit Rating Company: Standard & Poor's Ratings Services**
 - **Type of Rating : Long-Term Issuer Credit**
(Both foreign and domestic currency denominated) **AA / Negative**






- One of the most proactive local governments in Japan focusing on communication with investors.
- Facilitated 5 international IR tours including the ongoing IR in Europe

IR Results (FY2009)	
Event / Business	Details / No. of Times
Investor Visits	40 companies and groups (including overseas investors)
Participation in Symposium Meetings	3 (including sales meetings and exchange of opinions with other issuers)
IR Tour in Europe	(described as below)


International IR Tours so far	
Event / Business	Details / No. of Times
Japan Capital Markets Summit and Investors Visits (May 2007)	About 200 finance industry-related attendees at London seminar, sponsored by EuroWeek magazine. In addition, individual visits to investors (3 times).
IR Tour in Europe (October 2007)	Held investor meetings in London, Paris and Frankfurt as well as individual visits to investors (6 times).
IR Tour in Asia (July 2008)	Individual visits to investors in Seoul, Beijing and Hong Kong(4 times).
Japan Fixed Income Forum and IR Tour in Europe (June 2009)	About 150 finance industry-related attendees at London seminar, sponsored by EuroWeek magazine. In addition, individual visits to investors in London and Paris(3 times).



[English Page] <http://www.zaimu.metro.tokyo.jp/bond/en/en.html>



TMG Bond Website
Investor relations



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TMG Website: [English Page](#) | [Japanese Page](#) | [English Page](#)

- [News/Topics](#)
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- [TMG Issuance Plan](#)
- [TMG Issuance Result](#)
- [Financial Data](#)
- [Trends in Key Financial Index](#)
- [Revenue and Expenditure](#)
- [IR Library](#)

Ratings

Standard Rating

Long Term Issuer AA

Credit Rating

Related Sites

[TOKYO METROPOLITAN GOVERNMENT](#)

[S&P Global Ratings](#)

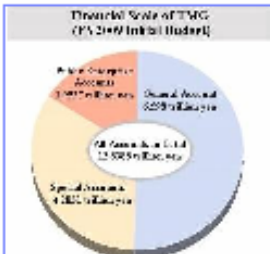
Financial Data

Financial Highlight
Trends in Key Financial Index
Revenue and Expenditure


Financial Highlight

This table contains financial highlights of the Tokyo Metropolitan Government. Click on the chart to enlarge.

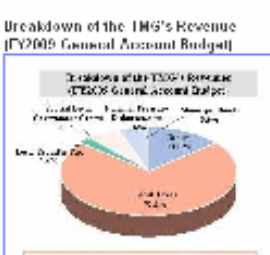
Financial Scale of TMG (FY2009 Initial Budget)



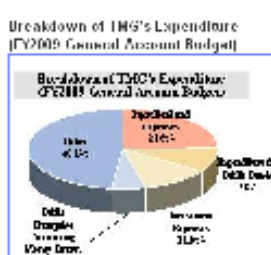
Trends in Real Balance (General Account Results)



Breakdown of the TMG's Revenue (FY2009 General Account Budget)



Breakdown of TMG's Expenditure (FY2009 General Account Budget)



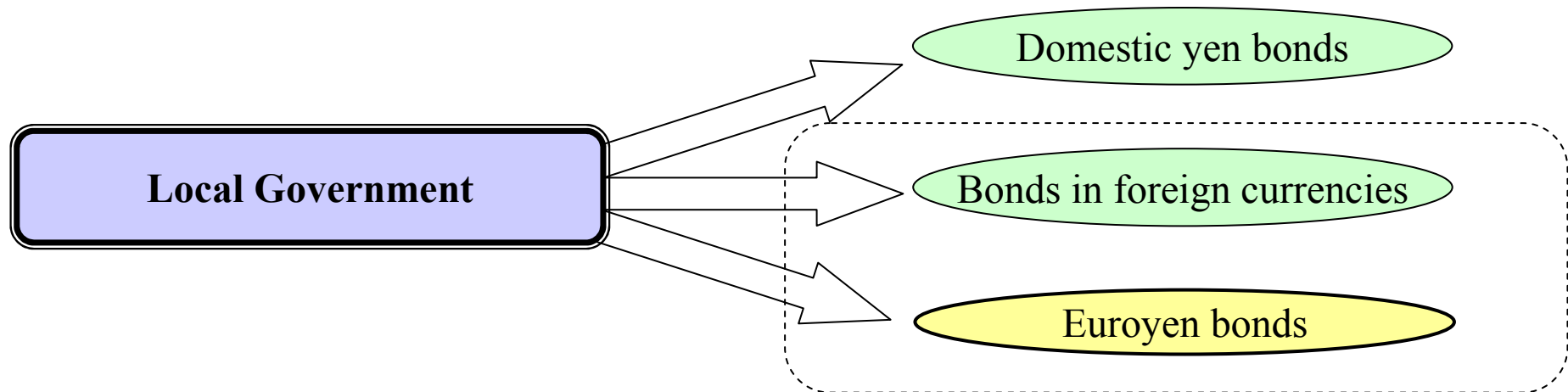
TOKYO METROPOLITAN GOVERNMENT

III. TMG Bonds

25



- Tax Exemption Measures for Book-entry transfer Local Government Bonds
...held by nonresident individuals or foreign corporations has been introduced since January 1, 2008
- **Simplification of Tax Exemption Procedures (June 2010~)**
- Amendment of Cabinet Order to enable Euroyen bond issuance
...amended on September 5, 2008



- Provides choice of currencies for both of issuers and investors
- Enables currency-wise diversified investment



IV. Topics

”Tokyo’s Big Change - The 10-Year Plan”: A Model for the 21st Century City



- The 10-Year Plan presents Tokyo’s vision (Eight Goals) in 2016 and the direction of Tokyo’s policies.
- In Jan 2010, established a program to be executed over the next 3 years.

Program to be executed 2010(established in Jan 10)

- **Period** :3 years (FY2010-FY2012)
- **Project** :26 policies and 364 projects (92 of them are new)
- **Total cost** : Approx. 1.9 trillion yen (600 bln yen for FY2010)

”Tokyo’s Big Change – The-10 Year Plan”: A Model for the 21st Century City



Eight Goals in the Plan

Restore Tokyo’s beauty as a city of water and greenery

- 1 Form a green road network, create 1,000 ha of greenery, revitalize waterfront areas, promote removal of utility poles, create attractive landscapes by regulating outdoor advertisements, etc.

Transform Tokyo through the three loop roads

- 2 Create the new face of Tokyo through completion of the three loop roads (alleviation of traffic congestion, environmental improvement, improved network of roads, ports and airports, development of the Tama area as the hub of the Greater Tokyo Area, revival of bus services etc.)

Have Tokyo become the city with the lowest environmental load in the world

- 3 Establish the “Fund to Promote Measures against Climate Change”, promote the “10-Year Project for a Carbon-Minus Tokyo” which includes the most advanced energy-saving measures in the world, etc.

Strengthen Tokyo’s disaster preparedness to enhance credibility

- 4 Enhance international assessment of Tokyo’s earthquake preparedness (earthquake resistance of all buildings along emergency transport roads, elementary and junior high schools, hospitals and other facilities important for disaster management), introduce cutting-edge technology for anti-terrorism measures, etc.

Create the world’s first urban model for a super-aging society

- 5 Establish the “Fund to Ensure Health and Welfare”, promote research for preventing and treating Alzheimer’s disease, create employment for 30,000 people with disabilities, reduce to zero the 5,000 children on waiting lists of day care centers, study the feasibility of establishing a “medical school,” a professional graduate school, etc.

Make Tokyo more prominent in terms of culture, tourism, universal design and industry

- 6 Double the number of foreign tourists to 10 million (by informing the world of Tokyo’s culture, formation of a water transportation network, utilization of ubiquitous technologies, incorporation of universal design), give strategic support to “creative urban industries,” establish a Tama “Silicon Valley”, etc.

Create a society where motivated individuals can pursue their ambitions

- 7 Improve the academic performance of children, establish a scholarship for adults returning to schools for career development and the “Asia Human Resources Fund”, offer multiple routes of education for engineers, nurture social entrepreneurs, etc.

Promote sports to provide dreams to children

- 8 Establish the “Fund for Promotion and Exchange in Sports and Culture”, sports support programs, nurture volunteers, etc.

Website Address and Other Details



- Website address of Tokyo Metropolitan Government (TMG):
<http://www.metro.tokyo.jp/ENGLISH/index.htm>
- Website address for TMG Bonds: <http://www.zaimu.metro.tokyo.jp/bond/en/en.html>
- E-mail Address: S0000063@section.metro.tokyo.jp

Websites of related organizations:

- Ministry of Internal Affairs and Communications:
<http://www.soumu.go.jp/english/index.html>
- Japan Local Government Bond Association: <http://www.chihousai.or.jp/english/index.html>

- This data has been prepared to provide information regarding the financial position of the TMG to investors who are considering the purchase of TMG bonds. It is not intended for sales purposes or as an offer to subscribe to a certain issue.
- This material has been prepared using various types of data believed to be reliable at the time. However, this is not a guarantee of its accuracy and completeness. Moreover, while future outlooks and projections indicated in this data are at present believed to be appropriate for the TMG within the scope presented here, this is not a promise of their being realized in the future.
- The main points of the data presented here may be at odds with other reports published elsewhere or which may be published in the future. Customers are asked to make their own judgments when using this material.



V. References



- Note 1: Unless otherwise noted, figures in this material until FY2008 indicate settlement amounts; figures for FY2009 and FY2010 are initial budget amounts.
- Note 2: Figures based on the initial budget of the General Account for FY1994, FY1999, and FY2003 are also the actual budget figures after adjustment.
- Note 3: Figures have been rounded off to the unit indicated without the adjustment of fractional amounts. Therefore, the sum of these figures may not coincide with totals shown.
- Note 4: Sources: *Industry and Employment in Tokyo — A Graphic Overview* — by Bureau of industrial and Labor Affairs, Tokyo Metropolitan Government; *2008 Survey of Selected Service Industries* by Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry
- Note 5: Sources: Tokyo: *October 1, 2008 Current Population Projections* by Statistics Bureau, Ministry of Internal Affairs and Communications, Overseas cites: *World Statistics 2009* by Statistics Bureau, Ministry of Internal Affairs and Communications. Dates for population censuses vary according to city but range from 2000 to 2005)
- Note 6: 2007 calendar year (FY2007 for Met Tokyo), Conversion rate for Tokyo: \$1 = 117.75 yen Sources: *World Statistics 2009* by the Statistics Bureau, Ministry of Internal Affairs and Communications; *Prediction of Economic Growth Rate in Tokyo* by Bureau of General Affairs, Tokyo Metropolitan Government
- Note 7: Figures for Japan and Metropolitan Tokyo are from the initial General Account budget (Conversion rate is based on *Standard Foreign Exchange Market and Arbitrage foreign exchange market (applied in January 2010)* (bulletined by Finance Minister in December 18th 2009.))
- Note 8: Independent revenue means a revenue which a local government can raise on its own without depending on the central government, i.e., local taxes, usage charges, charges for services, commission, property revenue and miscellaneous revenue, etc.



- Note 9: In the breakdown of TMG's expenditure, "Others" include Public Enterprise Accounts Money Drawn, and loan, etc.
- Note 10: Full number of staff for TMG, and number of staff for all local governments. TMG figures exclude the decreased number of staff after the waste disposal operation was transferred to the special wards.
- Note 11: Based on the initial budget draft.
- Note 12: Based on FY2010 initial budget.
- Note 13: The Level of Public Enterprise Accounts is based on Mar 31 of every year (excluding NTT bonds).
- Note 14: FY2010-2011 is based on gross product of FY2007.
- Note 15: Figures in parentheses indicate the prefectural average. Ordinary balance ratio, debt expenditure burden ratio, real debt payment ratio are weighted arithmetic averages, and financial capability index is calculated as simple arithmetic average.
Ordinary balance ratio = $\frac{\text{appropriation made from ordinary financial resources for recurring expenses}}{\text{recurring ordinary financial resources}} \times 100$
For the calculation of ordinary balance ratio, credit to compensate tax reductions and special financial measure credit are not included in the ordinary financial resources.
The financial capability index and real debt payment ratio are the average of the previous three years.
- Note 16: Excluding retail targeted bonds and international bonds.
- Note 17: Zero ratings are for domestic investors in Japan. For overseas investors, will depend on confirmation of relevant regulatory authority in each country. (However, ordinary local government bonds are from 10% to 20%.)