
Financial Condition of City of Sapporo



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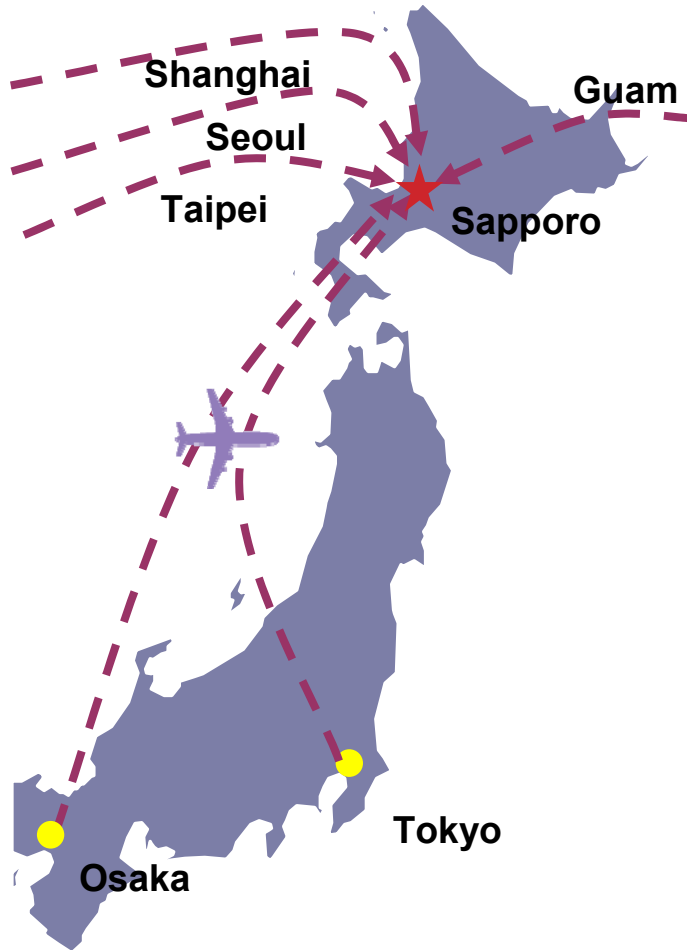
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Appendix: Sapporo City Public Finances

1. Overview of Sapporo

Sapporo is the center of North Japan



Co-existence of City and Nature

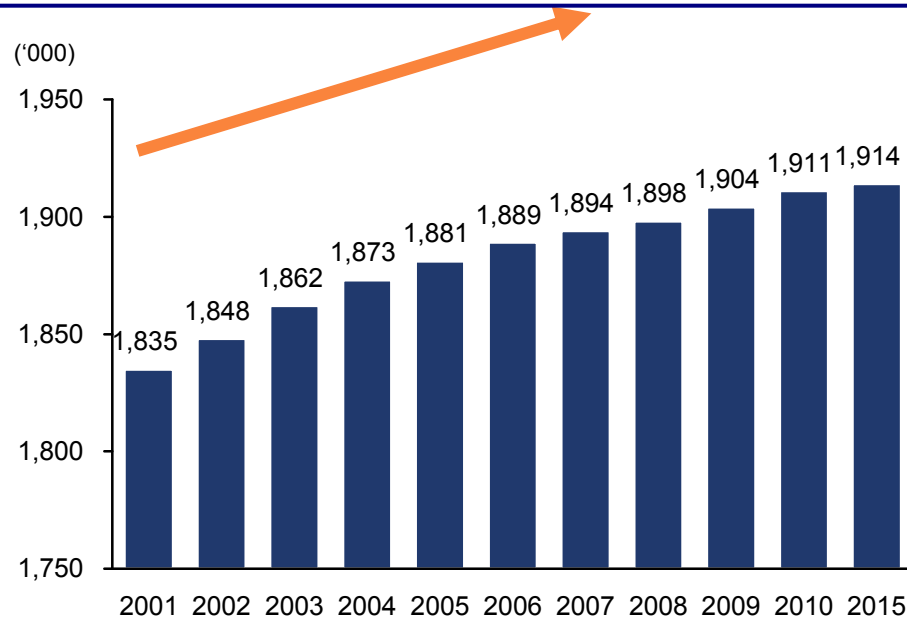
- Lies at 141.21 East longitude and 43.03 North latitude
- Well connected to large cities inside and outside Japan
 - Provides a good logistical environment
- Area: 1,121.12 km²
- Population (as of Sep 2009): 190 million
 - 4th largest city in Japan
 - The population of Sapporo City makes up 34.5% of that of Hokkaido Prefecture



Sapporo has a growing economy

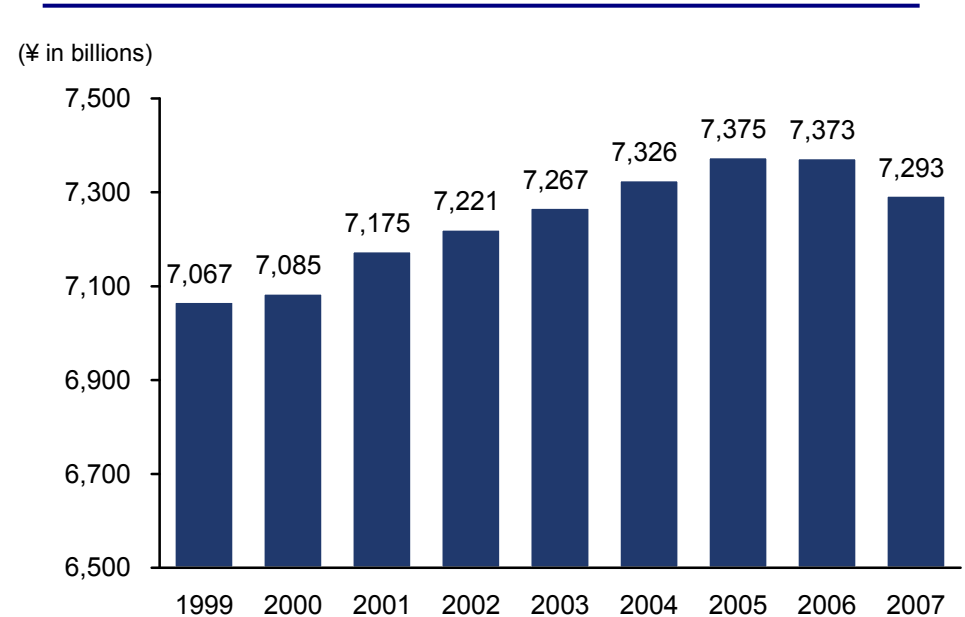
- Sapporo's population is projected to grow until 2015
- Sapporo is the 5th largest city in Japan in terms of GDP. Since 1999, its GDP has continuously been over JPY 7,000 bn
 - Sapporo takes up 36.4% of Hokkaido Prefecture's total GDP

Sapporo City's Population will grow until 2015



Source: City of Sapporo, National Institute of Population and Social Security Research

Stable GDP*



* As of January 1 for each year.

Sapporo is the City where People Gather

- Sapporo has various “festivals” in each season, which attract many visitors and locals alike
- Approximately 13 million people visit Sapporo every year, generating 640 billion yen*

YOSAKOI SORAN Festival (early Jun.)

Total Attendance:
1.79 million
Economic Effect:
JYP 22bn



Source: YOSAKOI SORAN Festival Committee

Spring

Summer

Autumn

Winter

Sapporo Autumn Fest (Sept.-Oct.)

Total Attendance:
1.3 million(2009)



Sapporo Summer Festival (Jul.-Aug.)

Beer Consumption:
520,000ℓ
(equivalent to approx.
100,000~150,000 medium-sized
beer mugs)

SAPPORO CITY JAZZ (Jul.-Aug.)

Total Attendance:
0.11 million(2009)

PMF (Pacific Music Festival) (Jul)

Total Attendance:
0.04 million(2008)



Sapporo Snow Festival (early Feb.)

Total Attendance:
2.08 million(2009)

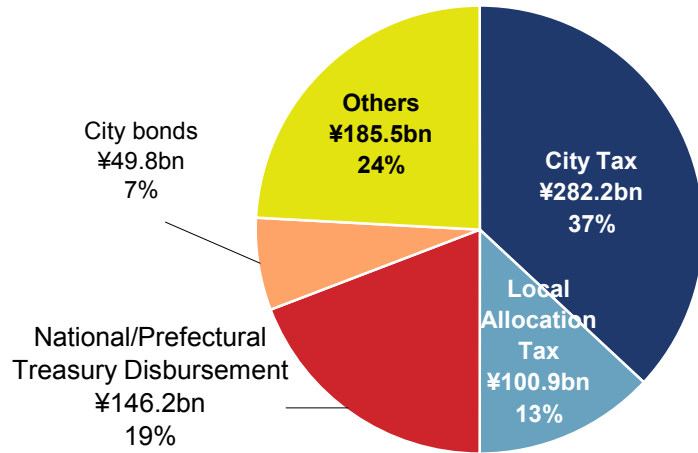


*Source: Economic Effect Research of Tourism Industry by the City of Sapporo

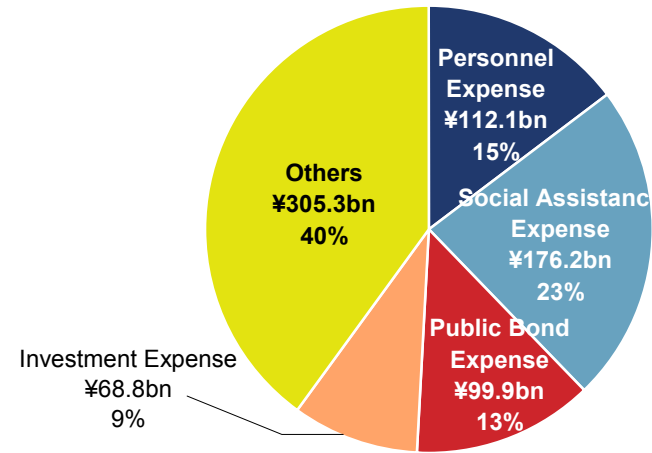
2. Financial Profile

Sapporo maintains sound fiscal management

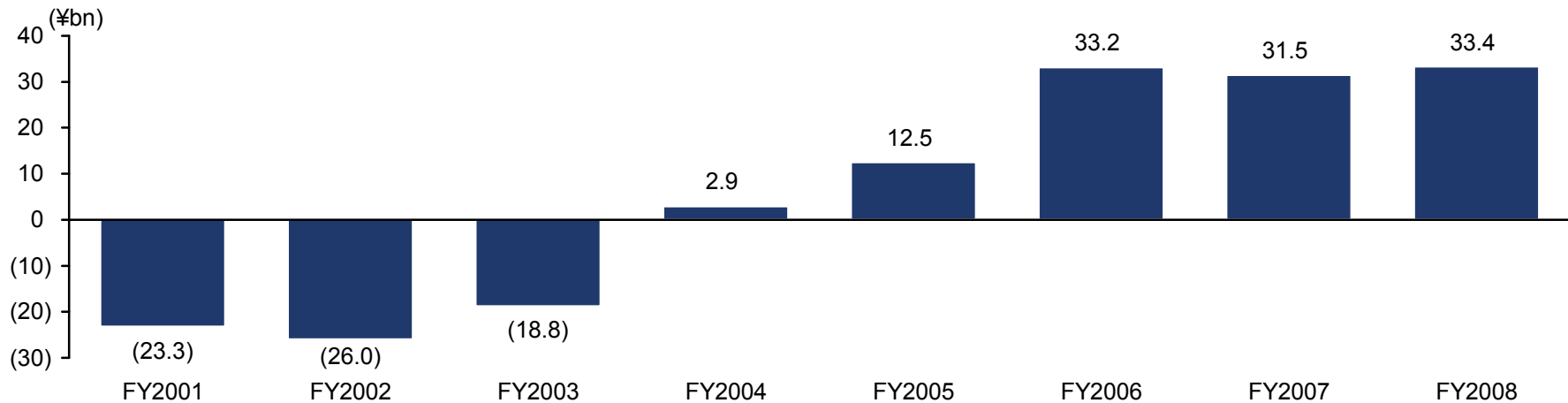
Total Revenues : ¥764.5bn



Total Expenditures : ¥762.3bn



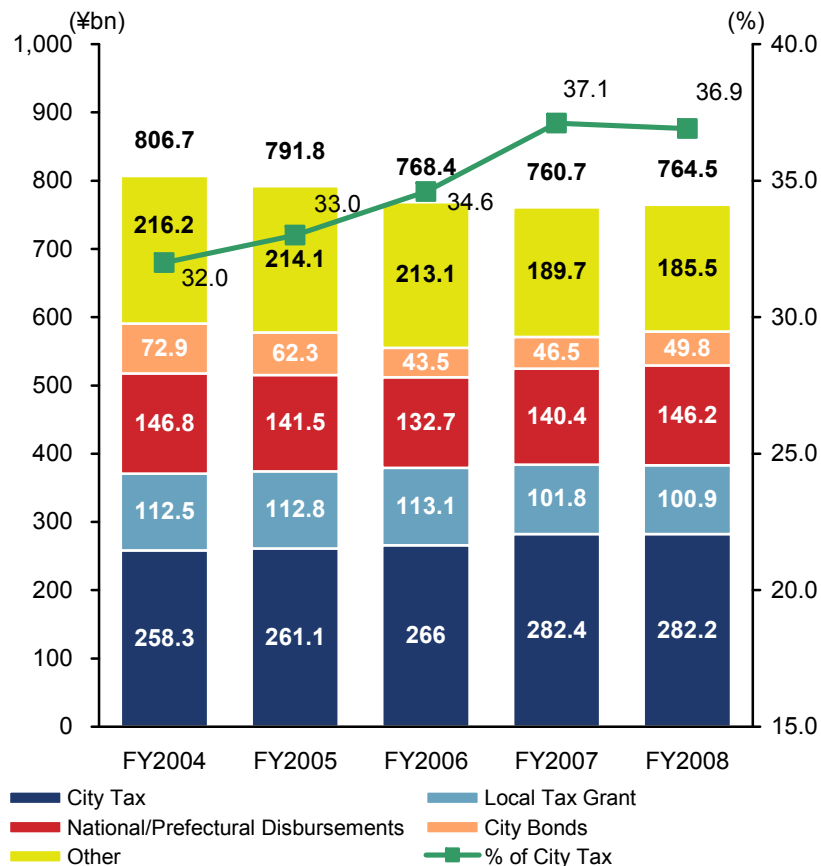
Trends in Primary Balance (General Account)



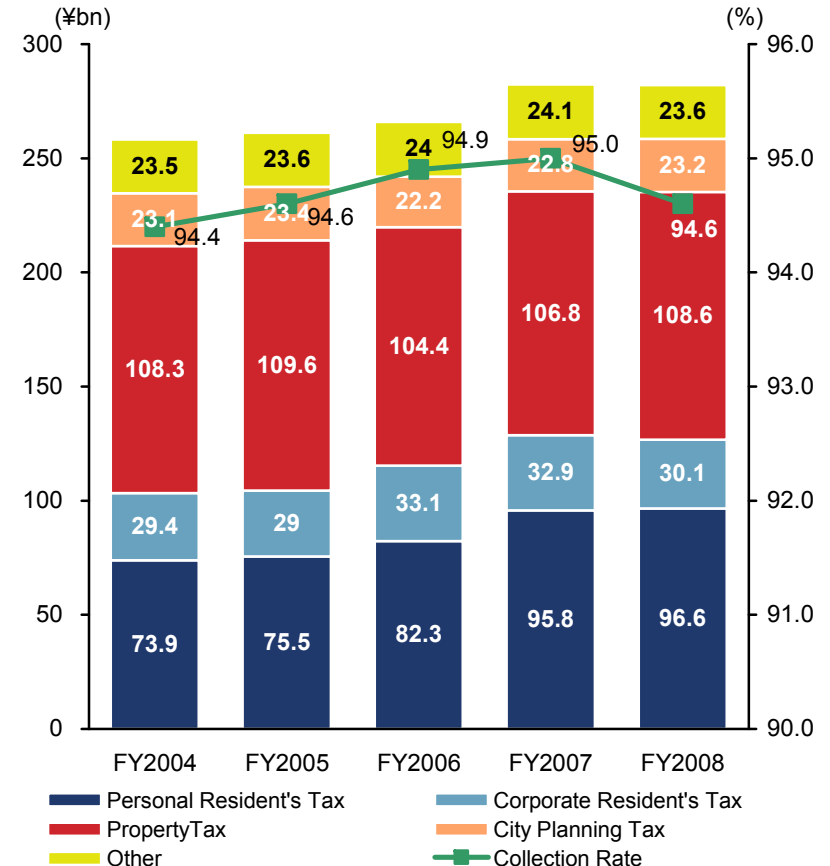
Sapporo has relatively stable revenue

- While revenue from the corporate resident's tax has decreased due to deterioration in the economy, the overall city tax revenue has been maintained at the prior year's level
- The percentage of residents who paid taxes decreased by 0.4% compared to last year, suggesting the need for proactive response measures
- Sapporo has implemented several measures to increase tax revenue including development of the central area of the city

Major Sources of Revenue



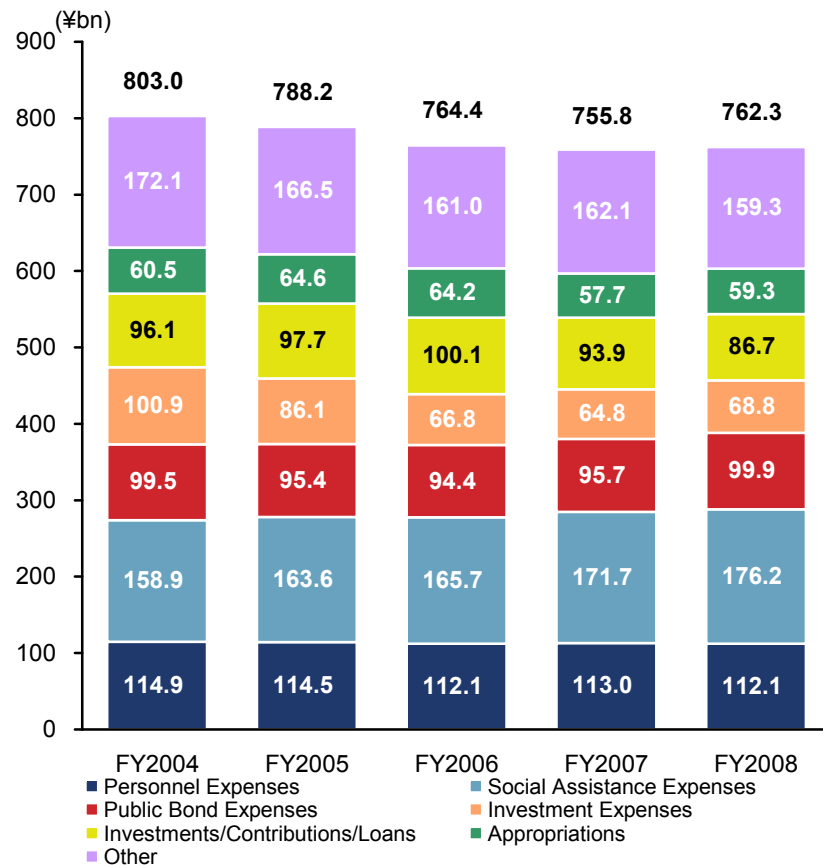
City Tax Revenue



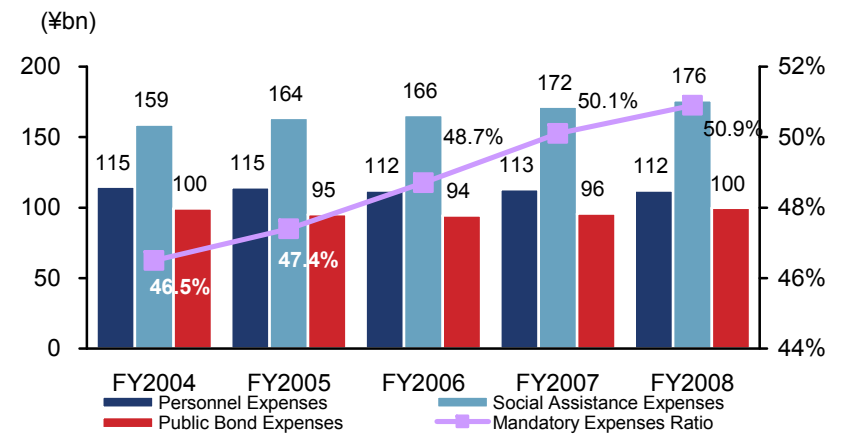
Sapporo expects growing social assistance expenditure

- General account expenditures have increased slightly for the first time in 7 years
- Social assistance expenses are the major reason for the increase in mandatory expenditures. Public bond expenses and personnel expenses are expected to decrease gradually going forward
- Investment expenditures increased slightly for the first time in 9 years

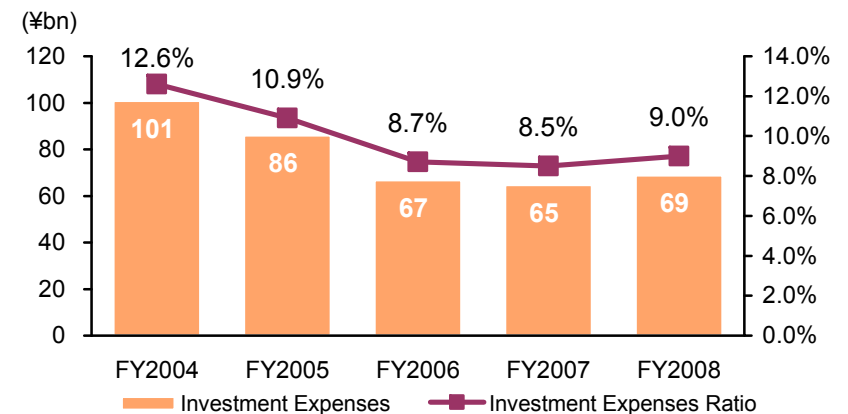
Breakdown of General Account Expenditures



Mandatory Expenditures



Investment Expenditures



Sapporo carries out intensive fiscal reforms

Financial Structure Reforms

- Cost structure reform/strengthening of financial foundation¹
 - Impact from actions taken in FY2005-2009 exceeded ¥50 billion
 - Expected impact of over ¥10 billion in 2008 through further initiatives
- Outstanding debt
 - Total outstanding debt in all accounts fell below ¥2 trillion in FY2008
 - Reduced by ¥237 billion since FY2003
- Corporate/Special Accounts
 - Has maintained profitability in high-speed train operations since FY2006
 - Reduced cumulative losses of National Health Insurance accounts by approx. ¥9 billion from the peak level

Municipal Office Reforms

- Streamlining of headcount
 - Reduced headcount by 1,722 between FY2003 and FY2009
- Review of managerial positions
 - Reduce managerial positions by 10% (95 positions) by 2011
- Administrative evaluation and budget screening
 - Validate results and roles of each operation based on performance indicators on an annual basis
 - Categorized all operations based on “need” and “project owner” in FY2007
- Staff re-employment
 - Imposed strict limitations on operating activities for re-employed personnel and tried to eliminate contract rigging

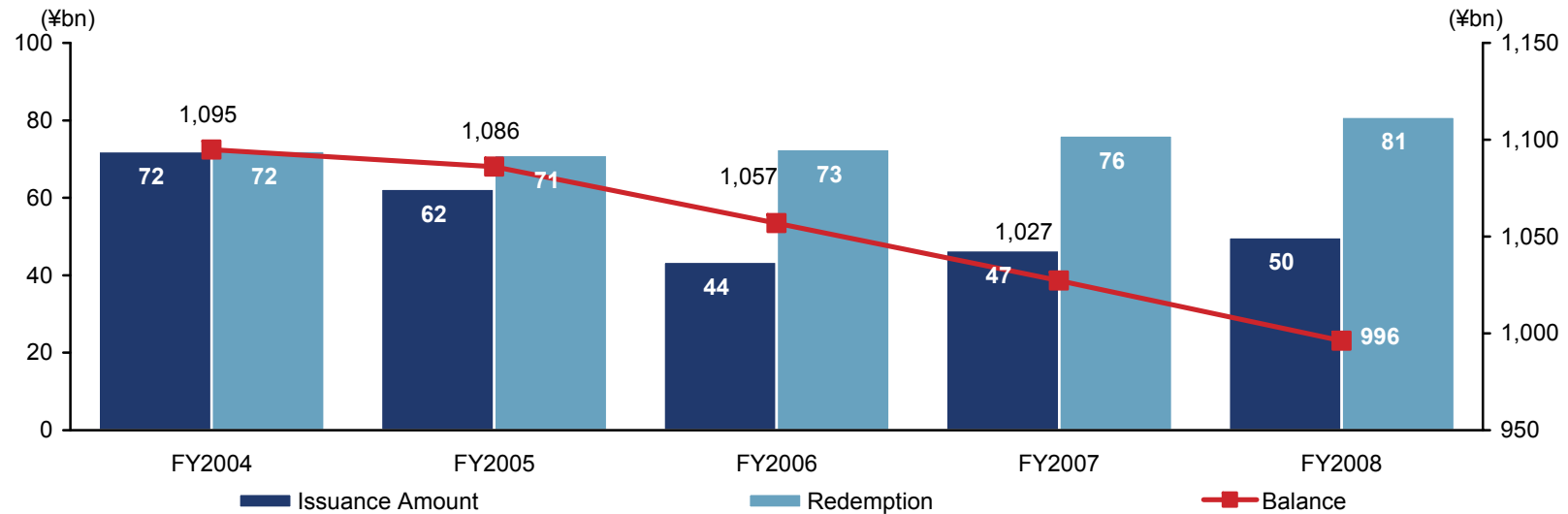
Third Sector Reforms

- Local public corporation reform
 - Shut down the Land Development Public Corporation by FY2014 (Sapporo has only land development corporation out of 3 local public corporations)
- Other third sector reforms
 - Reduced 4 entities through consolidation
 - Consolidate 3 more entities and conduct fundamental review of the operations of 5 other entities
- Review concurrent posts served by Mayor and Vice Mayor
 - Eliminated concurrent posts at 7 entities
- Review dispatch of personnel
 - Recall 109 dispatchees

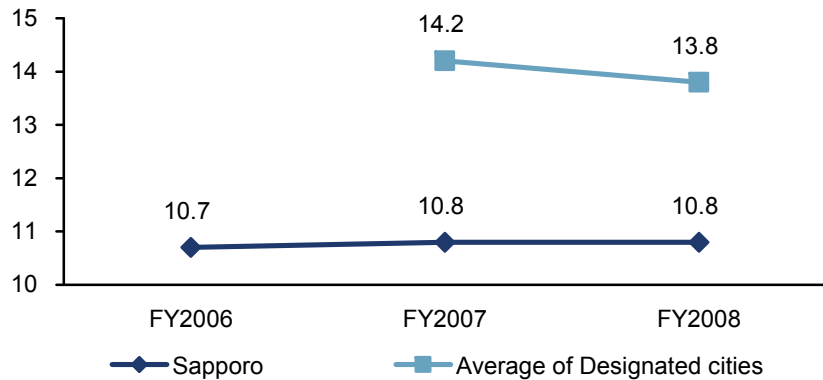
¹ Impact of municipal office reform and third sector reforms included in impact of cost structure reform/strengthening of financial foundation.

Sapporo has steadily reduced its debt

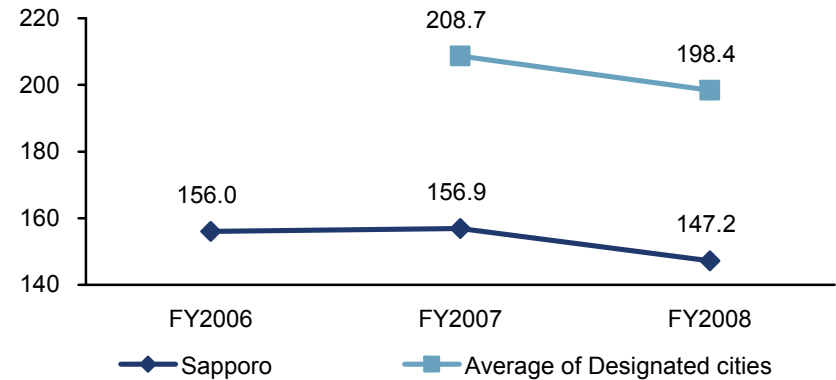
Issuance Amount / Redemption / Balance of City Bonds



Real Debt Payment Ratio



Future Burden Ratio



3. Sapporo City Bonds

Japanese municipal system secures bonds creditworthiness

- There is strong financial support system and check system for Local Governments (LGs) by the Japanese central government as follows

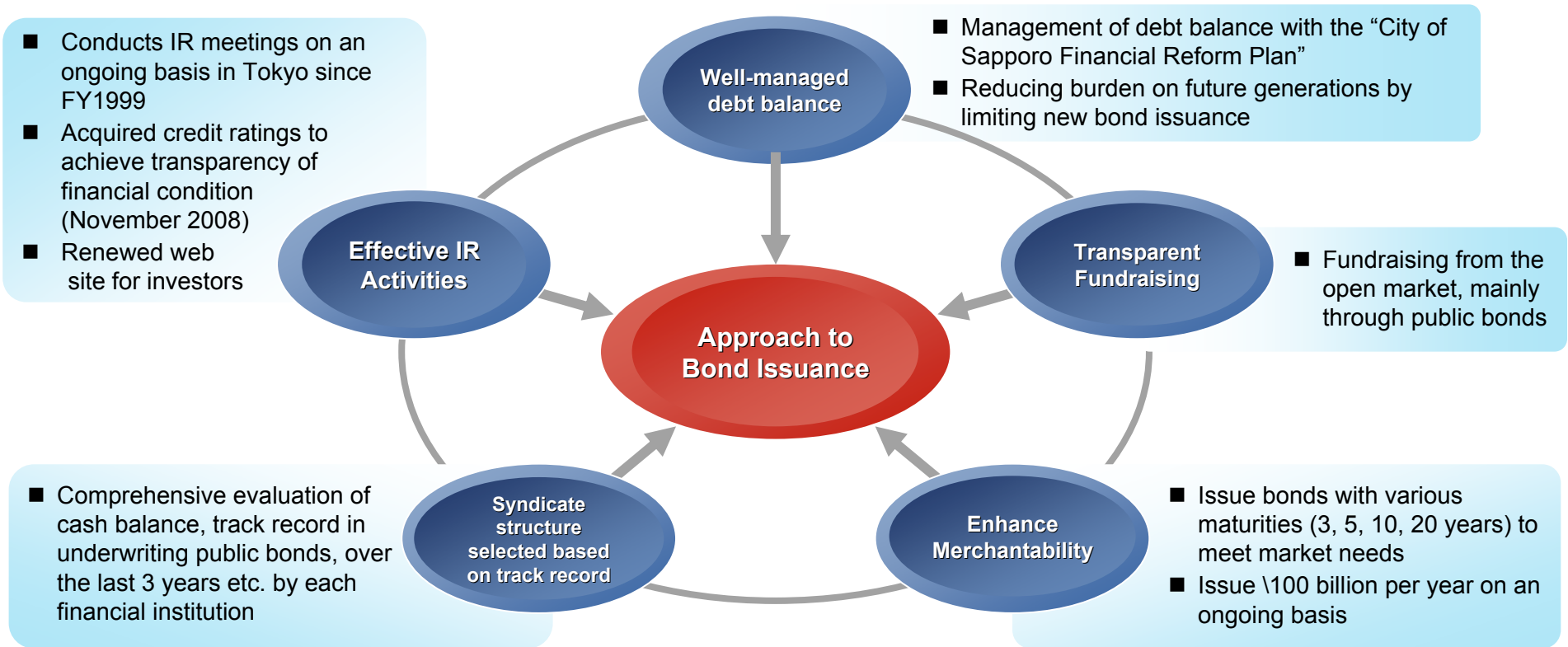
1. Secured resources for debt payment of LGB

– Local Allocation Tax System

2. Consultation system for the issuance of LGB

3. Early warning system and reconstruction system to assure fiscal soundness

Sapporo has a market-friendly issuance policy



Sapporo's Credit Ratings (Moody's, as of October 2009)

Rating	BCA	Designated Cities	Prefectures
Aa2	4	Sapporo	Shizuoka
		Shizuoka	Hiroshima
	5	Hamamatsu	Fukuoka
		Kyoto	Niigata

Sapporo issues 3/5/10/20 year bonds constantly

Quarter	Month	FY2007				FY2008				FY2009			
		#	Maturity (years)	Volume (¥bn)	Coupon	#	Maturity (years)	Volume (¥bn)	Coupon	#	Maturity (years)	Volume (¥bn)	Coupon
I	April												
	May					#20-1	5	¥10	1.45%	#21-1	10	¥10	1.56%
	June	#19-1	5	¥10	1.55%	#20-2	10	10	1.93%	#21-2	5	10	0.94%
						#4-20y	20	10	2.42%	#6-20y	20	15	2.24%
II	July	#19-2	3	2	1.24%	#20-3	3	3	1.06%	#21-3	3	3	0.50%
	August												
	September	#19-3	10	10	1.77%	#20-4	5	10	1.18%	#21-4	5	10	0.71%
III	October					#20-5	10	10	1.76%	#21-5	10	10	1.36%
	November	#19-4	10	10	1.64%								
	December	#19-5	5	10	1.21%	#20-6	10	10	1.59%	#21-6	10	10	1.36%
						#5-20y	20	15	2.24%	#7-20y	20	15	2.10%
IV	January												
	February	#19-6	3	4	0.82%	#20-7	3	3	0.70%	#21-7	3	3	0.36%
			#3-20y	20	15	2.22%							
	March	#19-7	10	10	1.48%	#20-8	5	20	0.94%	#21-8	5	10	0.59%

Appendix

Sapporo's Public Finances

Trends in Ordinary Account (1)

Revenue and Expenditure

(¥ in thousands)

FY	Revenue (A)	Expenditure (B)	Balance (A) - (B) = (C)	Carry forwards (D)	Real Balance (C) - (D)	Revenue- Expenditure per year (E)	Reserves (F)	Advanced Redemption (G)	Reversal of Reserves (H)	Real Balance per year (E) + (F) + (G) - (H)
FY1999	876,054,835	868,384,703	7,670,132	6,198,720	1,471,412	1,038,037	182,657	58,842	0	1,279,536
FY2000	826,891,512	815,311,372	11,580,140	9,872,607	1,707,533	236,121	89,409	0	0	325,530
FY2001	838,069,751	830,657,406	7,412,345	6,342,203	1,070,142	△ 838,191	68,892	1,400,000	0	630,701
FY2002	824,559,394	816,376,505	8,182,889	6,233,956	1,948,933	878,791	1,520	960,000	0	1,840,311
FY2003	826,901,084	819,699,343	7,201,741	4,673,481	2,528,260	579,327	3,343,517	44,202	0	3,967,046
FY2004	819,967,920	816,046,897	3,921,023	3,215,934	705,089	△ 1,823,171	451	0	2,000,000	△ 3,822,720
FY2005	806,611,148	802,834,574	3,776,574	2,525,540	1,251,034	677,474	189	0	0	677,663
FY2006	777,746,531	773,343,073	4,403,458	1,836,191	2,567,267	1,316,233	103	0	0	1,316,336
FY2007	770,954,966	768,436,581	2,518,385	1,167,440	1,350,945	△ 1,216,322	70,555	1,942	2,400,000	△ 3,543,825
FY2008	773,706,487	771,293,898	2,412,589	1,359,361	1,053,228	△ 297,717	69,018	392,892	2,000,000	△ 1,835,807

Trends in Ordinary Account (2)

Fiscal Indicators, etc.

(¥ in thousands, %)

Classification	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Standard Fiscal Demand	368,183,775	372,916,818	366,159,482	349,659,722	332,942,929	332,973,182	334,252,772	339,518,221	334,293,725	332,723,607
Standard Fiscal Revenue	235,711,887	231,846,011	234,059,894	227,494,346	219,240,814	222,834,120	223,836,355	228,499,295	233,929,997	233,352,446
Standard Fiscal Size	444,042,886	447,716,947	441,415,422	422,781,183	402,755,143	404,542,068	403,994,034	408,717,046	404,732,525	404,060,553
Financial Capability Index (3-year avg.)	0.658	0.643	0.634	0.637	0.649	0.659	0.666	0.671	0.681	0.692
Financial Capability Index (Annual)	0.641	0.622	0.639	0.651	0.658	0.669	0.670	0.673	0.700	0.702
Recurring Balance Ratio	82.6 (83.2)	83.0 (83.6)	85.0 (87.6)	87.0 (92.7)	92.7 (103.4)	96.7 (105.1)	96.5 (102.5)	94.3 (97.9)	95.3 (99.5)	96.6 (100.7)
Recurring Ordinary Funding Ratio	99.1	99.8	98.9	98.5	99.3	99.4	100.6	101.8	100.5	99.8
Public Bond Dependence	11.1	9.6	10.4	11.6	11.2	8.9	7.7	5.6	6.0	6.4
General Funding as a % of Total Revenue	57.2	60.5	60.0	59.9	62.2	62.5	62.3	63.5	62.2	61.9
Self-funding as a % of Total Revenue	51.3	51.0	51.5	51.6	51.7	52.9	53.8	54.9	56.9	56.3
City Tax as a % of Total Revenue	32.4	32.6	32.1	32.5	31.3	31.5	32.4	34.2	36.6	36.5
Local Allocation Tax as a % of Total Revenue	15.5	17.5	16.1	15.1	14.0	13.7	14.0	14.5	13.2	13.0
Mandatory Expenses as a % of Total Expenditures	37.7	40.2	40.5	41.9	45.8	46.8	47.6	48.4	49.6	50.3
Consumption Expenses as a % of Total Expenditures	48.0	50.1	50.2	50.8	52.6	54.2	55.2	56.8	58.4	58.4
Investment Expenses as a % of Total Expenditures	25.2	21.4	20.8	19.4	14.7	13.0	11.3	9.1	8.9	9.3
Current Funds Outstanding (*excl. Land Development Fund)	74,720,356	64,288,883	61,960,378	61,074,053	57,345,387	53,180,460	51,971,984	51,296,975	47,745,396	45,136,474
Land Development Funds Outstanding	68,325,691	68,839,369	69,213,859	69,841,427	70,237,035	70,956,735	71,122,591	71,466,489	71,748,156	69,440,562
Municipal Bonds Outstanding	976,549,340	1,005,500,870	1,036,961,817	1,072,304,123	1,079,715,297	1,064,956,786	1,042,754,206	1,008,701,503	975,853,947	943,003,263
Revenue from Profit-earning Operation (Lottery revenue: excl. investment profit)	5,430,306	5,647,967	6,706,794	6,604,178	6,446,824	6,261,064	6,412,110	6,632,270	6,454,292	6,489,272
Liabilities Borne (Expenditures expected in the next year or later)	22,331,482	13,207,273	24,691,670	17,205,363	36,002,092	36,362,727	86,566,299	94,081,283	73,713,347	58,491,832
Laspeyres Index	103.8	103.6	103.8	103.5	102.8	100.6	99.7	98.6	99.5	100.1
Real Deficit Ratio								-	-	-
Consolidated Real Deficit Ratio								-	-	-
Real Debt Payment Ratio								10.7 (14.0)	10.8 (14.5)	10.8
Future Burden Ratio								156.0	156.9	147.2

* Figures in parentheses under Recurring Balance Ratio represent recurring funding revenue excluding bonds to supplement a tax cut and extraordinary financial measure bonds.

* Real Deficit Ratio, Consolidated Real Deficit Ratio, Real Debt Payment Ratio (upper line), and Future Burden Ratio for 2006 are trial calculation figures. The calculation method for the Real Debt Payment Ratio has changed due to the enactment of the Finance Health Law, which allows for the inclusion of city planning tax. The lower line shows pre-enactment figures.

* "-" under Real Deficit Ratio and Consolidated Real Deficit Ratio imply that no real deficit or consolidated real deficit exists.

* Standard Fiscal Size does not include extraordinary financial measure bonds.

FY2007 Balance Sheet for Ordinary Account

- Major balance sheet items for ordinary account in FY2007 – Assets: ¥3,137.7 billion, Liabilities: ¥1,086.5 billion, Liabilities/Assets Ratio: 34.6%
- All accounts (ordinary account+other accounts) – Assets: ¥4,672.1 billion, Liabilities: ¥2,141.8 billion, Liabilities/Assets Ratio: 45.8%
- FY2006-FY2007 growth rates for all accounts – Assets -1.0%, Liabilities: -3.6%, Net Assets: +1.2%
- Comparison with consolidated balance sheet of affiliated entities (all accounts+3 unions+1 independent administrative agency+1 public corporation+23 invested entities) – Assets: 1.02x, Liabilities: 1.03x. Fiscal conditions at affiliated entities have minimal impact on City of Sapporo's financial condition

Assets							(¥ in millions, %)		
	Ordinary Account			All Accounts					
	FY2006	FY2007	Growth	FY2006	FY2007	Growth			
(1) Tangible Fixed Assets	2,828,985	2,798,260	▲ 1.1	4,437,257	4,401,319	▲ 0.8			
1) General Affairs	68,891	68,077	▲ 1.2	68,891	68,077	▲ 1.2			
2) Social Welfare	37,827	37,245	▲ 1.5	37,827	37,245	▲ 1.5			
3) Sanitation	183,015	176,962	▲ 3.3	183,015	176,962	▲ 3.3			
4) Labor	43	43	▲ 0.5	43	43	▲ 0.5			
5) Agriculture, Forestry, Fishery	22,871	22,242	▲ 2.8	22,871	22,242	▲ 2.8			
6) Commerce	26,100	25,335	▲ 2.9	26,100	25,335	▲ 2.9			
7) Civil Engineering	1,694,553	1,680,473	▲ 0.8	1,694,553	1,680,473	▲ 0.8			
8) Fire Prevention	30,260	30,944	2.3	30,260	30,944	2.3			
9) Education	703,715	694,945	▲ 1.2	703,715	694,945	▲ 1.2			
10) Other	61,709	61,995	0.5	1,669,982	1,665,054	▲ 0.3			
(2) Investments, etc.	300,800	303,008	0.7	173,503	176,090	1.5			
1) Investments and Contributions	181,163	185,628	2.5	21,866	24,936	14.0			
2) Loans	15,915	15,077	▲ 5.3	12,707	12,226	▲ 3.8			
3) Funds	103,722	102,302	▲ 1.4	106,044	106,558	0.5			
4) Union Reserves: Retirement Benefits	0	0	—	0	0	—			
5) Other	0	0	—	32,887	32,370	▲ 1.6			
(3) Current Assets	39,043	36,461	▲ 6.6	109,852	94,277	▲ 14.2			
1) Cash/Deposits	23,445	19,710	▲ 15.9	59,959	44,914	▲ 25.1			
2) Accounts Receivable	15,598	16,752	7.4	48,677	47,678	▲ 2.1			
3) Other	0	0	—	1,215	1,684	38.6			
(4) Deferred Accounts	0	0	—	404	396	▲ 2.0			
Total Assets	3,168,828	3,137,729	▲ 1.0	4,721,017	4,672,083	▲ 1.0			

Liabilities							(¥ in millions, %)		
	Ordinary Account			All Accounts					
	FY2006	FY2007	Growth	FY2006	FY2007	Growth			
(1) Fixed Liabilities	1,054,968	1,003,973	▲ 4.8	2,049,295	1,965,388	▲ 4.1			
1) City Bonds	939,615	893,284	▲ 4.9	1,897,744	1,818,999	▲ 4.1			
2) Liability Bearing	0	0	—	0	0	—			
3) Allowances for Retirement Benefits	115,353	110,689	▲ 4.0	150,133	144,056	▲ 4.0			
4) Other Borrowings	0	0	—	0	0	—			
5) Other	0	0	—	1,418	2,333	64.5			
(2) Current Liabilities	69,086	82,570	19.5	172,603	176,439	2.2			
1) City Bonds (Expected Advanced Repayment)	69,086	82,570	19.5	133,915	149,880	11.9			
2) Appropriations for Expected Advanced Repayment	0	0	—	9,401	8,591	▲ 8.6			
3) Future Repayments for Borrowings in Other Accounts	0	0	—	0	0	—			
4) Other	0	0	—	29,286	17,967	▲ 38.6			
Total Liabilities	1,124,055	1,086,543	▲ 3.3	2,221,898	2,141,827	▲ 3.6			
Net Assets							(¥ in millions, %)		
(1) National Treasury Disbursement	527,376	523,996	▲ 0.6	925,303	927,127	0.2			
(2) Prefectural Treasury Disbursement	36,140	35,577	▲ 1.6	38,888	38,328	▲ 1.4			
(3) General Funding, etc.	1,481,257	1,491,613	0.7	1,534,927	1,564,801	1.9			
Total Net Assets	2,044,773	2,051,187	0.3	2,499,119	2,530,256	1.2			
Liabilities and Net Assets							(¥ in millions, %)		
Total Liabilities and Net Assets	3,168,828	3,137,729	▲ 1.0	4,721,017	4,672,083	▲ 1.0			

* Accounts may not add up to total figures due to rounding.

Designated Cities: Financial Structure Comparison

Chart (1) (FY 2008 Settlement of Ordinary Accounts)

(¥ in thousands, except per citizen data)

Classification		Sapporo	Sendai	Saitama	Chiba	Yokohama	Kawasaki	Niigata	Shizuoka	Hamamatsu	Nagoya	Kyoto	Osaka	Sakai	Kobe	Hiroshima	Kita Kyushu	Fukuoka	Average	
Overview	Population (3/31/2009 register)	1,884,939	1,006,522	1,198,996	925,951	3,605,910	1,359,063	803,273	718,623	792,104	2,173,945	1,386,899	2,525,153	835,492	1,508,200	1,151,266	981,016	1,384,820	1,426,010	
	Households (3/31/2009 register)	944,872	446,541	502,340	399,152	1,615,211	641,545	307,000	288,140	298,454	973,300	643,000	1,273,718	357,292	686,499	510,938	448,024	655,180	646,542	
	Total Workers (10/1/2005 census)	813,313	454,185	559,129	416,032	1,687,055	647,466	394,160	367,132	417,393	1,067,085	688,268	1,137,145	355,825	648,313	551,377	427,816	628,936	662,390	
Major Fiscal Indicators	Financial Capability Index (3-year avg.)	% ⑪	0.692 ⑨	0.851 ③	1.033 ④	1.022 ⑤	0.998 ①	1.080 ⑮	0.713 ⑧	0.919 ⑦	0.932 ②	1.050 ⑮	0.751 ⑥	0.955 ⑩	0.814 ⑭	0.722 ⑰	0.803 ⑯	0.706 ⑩	0.842	0.875
	Recurring Balance Ratio	% ⑮	96.6 ⑩	96.7 ③	88.3 ⑩	96.3 ⑧	94.7 ⑥	94.2 ②	88.0 ④	90.9 ①	86.1 ⑰	96.8 ⑬	97.0 ⑯	99.2 ⑦	94.6 ⑭	97.3 ⑨	96.2 ⑰	99.5 ⑤	93.1	94.4
	Excluding Tax Bonds to Supplement a Tax Cut and Extraordinary Financial Bonds	% ⑮	100.7 ⑰	101.8 ③	92.5 ⑭	103.1 ⑧	99.9 ⑦	98.0 ②	90.5 ④	95.0 ①	89.1 ⑬	102.9 ⑩	101.4 ⑰	106.4 ⑥	97.8 ⑩	101.0 ⑨	100.1 ⑯	103.4 ⑤	96.8	98.8
	Public Bond Ratio	% ⑨	18.0 ⑯	21.5 ①	10.8 ⑭	20.3 ⑥	15.4 ⑩	18.7 ③	13.9 ⑨	18.0 ④	14.9 ⑤	15.2 ⑥	15.4 ⑰	19.1 ②	13.5 ⑬	19.4 ⑧	17.5 ⑭	20.3 ⑰	23.0	17.3
	Bond Issuance Restriction Ratio (3-year avg.)	% ⑦	12.3 ⑬	15.9 ①	9.8 ⑮	16.4 ⑧	13.3 ⑭	16.1 ②	9.9 ⑩	13.9 ⑤	11.9 ⑨	13.6 ④	11.3 ⑰	14.0 ③	10.3 ⑯	17.7 ⑨	13.6 ⑥	12.2 ⑰	18.2	13.6
	Public Bond Expense Ratio	% ⑨	20.4 ⑮	23.0 ①	14.7 ⑮	22.2 ⑥	18.4 ⑰	21.6 ③	16.5 ⑧	19.4 ④	17.1 ⑥	18.4 ⑤	18.1 ⑩	21.3 ②	15.8 ⑰	26.1 ⑩	21.2 ⑭	22.9 ⑮	24.9	20.1
	Real Balance of Payments	\ 000s	1,053,228	663,568	5,155,448	366,266	2,772,021	1,430,490	770,318	5,155,570	7,397,760	1,124,622	▲ 3,115,931	448,763	901,713	512,580	2,385,448	2,428,954	4,794,871	2,014,452
	Real Annual Balance of Payments	\ 000s	▲ 1,835,807	7,262,620	4,329,874	▲ 872	▲ 7,430,058	218,291	▲ 549,580	▲ 153,894	2,968,100	▲ 422,031	▲ 3,353,336	14,789	641,362	703,595	▲ 223,478	▲ 1,227,370	204,643	67,462
	Real Deficit Ratio	%	—	—	—	—	—	—	—	—	—	—	0.87	—	—	—	—	—	—	—
	Consolidated Real Deficit Ratio	%	—	—	—	—	—	—	—	—	—	—	8.63	—	—	—	—	—	—	—
	Real Debt Payment Ratio (3-year avg.)	% ⑤	10.8 ⑧	12.2 ②	7.9 ⑯	20.1 ⑰	20.2 ⑬	15.6 ⑥	11.2 ⑧	12.2 ⑩	12.8 ⑩	13.5 ⑦	12.0 ④	10.7 ①	6.9 ⑰	15.1 ⑬	15.6 ③	8.0 ⑮	17.8	13.8
	Future Burden Ratio	% ⑦	147.2 ⑧	169.8 ①	60.6 ⑰	309.6 ⑮	261.1 ⑤	133.9 ⑥	136.2 ④	116.7 ③	89.9 ⑩	224.9 ⑰	240.0 ⑬	245.7 ②	81.1 ⑩	176.6 ⑮	256.4 ⑨	171.8 ⑭	254.0	198.4
	Reserves Outstanding	\ 000s	45,136,474	93,657,692	33,451,714	8,837,054	45,045,141	38,193,731	31,769,334	28,551,183	26,786,299	28,881,905	38,658,908	113,982,382	35,892,948	43,389,811	15,871,445	45,786,602	36,551,401	41,790,825
	Per Citizen	\	23,946	93,051	27,900	9,544	12,492	28,103	39,550	39,730	33,817	13,285	27,874	45,139	42,960	28,769	13,786	46,673	26,394	32,530
Municipal Bonds Outstanding	\ 000s	943,003,263	698,091,432	366,431,592	737,205,069	2,230,890,364	841,624,247	370,425,745	358,312,066	288,883,225	1,724,948,796	1,128,798,257	2,814,499,773	275,872,181	1,212,558,263	895,594,945	850,648,480	1,296,356,471	1,002,008,481	
Per Citizen	\	500,283	693,568	305,615	796,160	618,676	619,268	461,146	498,609	364,704	793,465	813,901	1,114,586	330,191	803,977	777,922	867,110	936,119	664,429	
General Administrative Employees per 100,000 People (as of 4/1/2009)	①	372.6 ④	414.5 ⑤	424.0 ⑨	456.2 ②	380.8 ⑭	556.9 ⑩	497.6 ⑧	443.2 ⑥	425.1 ⑭	554.6 ⑮	555.7 ⑰	688.0 ⑦	440.5 ⑬	538.9 ⑩	481.6 ⑰	508.9 ③	398.1	478.7	
Total Staff per 100,000 people	⑤	771.2 ⑩	949.1 ④	768.3 ⑦	809.2 ③	764.8 ⑰	1,014.9 ⑯	946.8 ⑧	898.7 ②	748.1 ⑮	1,238.6 ⑮	1,123.9 ⑰	1,582.9 ⑥	800.5 ⑭	1,068.3 ⑬	1,031.1 ⑨	915.1 ①	741.4	951.3	
Laspeyres Index (as of 4/1/2008)	⑭	100.1 ④	102.7 ⑰	101.3 ⑦	102.3 ②	103.6 ⑦	102.3 ⑰	98.1 ③	103.1 ⑮	98.6 ①	104.3 ⑯	101.6 ⑨	101.8 ⑮	98.3 ⑬	100.5 ⑤	102.6 ⑤	102.6 ⑰	101.4	101.5	

* Items included in FY2009 ordinary account: general (excluding geriatric medical aid expense and electrical enterprise), land readjustment accounts (excluding Higashikariki readjustment portion), single-parent family welfare loans account, fund accounts (excluding National Health Insurance payment provident fund and nursing-care benefits expense provident fund).

* Figures in ○ rank indicators and ratios from the most desirable to the least desirable. Laspeyres Index ranked from high to low.

* Averages for the effective real debt payment ratio and the future burden ratio in designated cities are weighted averages.

Designated Cities: Financial Structure Comparison

Chart (2) (FY 2008 Settlement of Ordinary Accounts)

(¥ in thousands except per citizen data)

Classification		Sapporo	Sendai	Saitama	Chiba	Yokohama	Kawasaki	Niigata	Shizuoka	Hamamatsu	Nagoya	Kyoto	Osaka	Sakai	Kobe	Hiroshima	Kita Kyushu	Fukuoka	Average
Revenue	Total Revenue	773,706,487	411,022,727	424,743,031	326,018,424	1,436,351,303	584,466,800	331,350,076	287,022,610	285,387,766	972,058,668	735,852,839	1,555,121,442	298,571,347	737,730,979	544,617,125	500,169,586	682,110,518	640,370,678
	General Sources of Funds, etc.	478,654,452	265,954,254	287,138,539	226,444,863	913,195,688	361,728,756	207,032,717	190,091,835	208,352,567	652,452,742	407,670,309	870,166,234	198,265,170	445,581,751	318,108,135	291,722,205	391,482,200	394,943,672
	% of Revenue (General Sources Ratio) %	⑪ 61.9 ⑦	64.7 ③	67.6 ②	69.5 ⑧	63.6 ⑩	61.9 ⑨	62.5 ⑥	66.2 ①	73.0 ④	67.1 ⑫	55.4 ⑬	56.0 ⑤	66.4 ⑫	60.4 ⑬	58.4 ⑭	58.3 ⑮	57.4	63.0
	City Tax Revenue	282,150,265	180,961,207	221,501,883	178,213,851	729,457,004	293,779,349	121,384,355	130,002,730	136,912,796	516,306,272	266,407,424	670,787,495	132,440,557	277,911,962	212,604,978	167,490,841	272,645,884	281,821,109
	Per Citizen	149,687	179,789	184,739	192,466	202,295	216,163	151,112	180,905	172,847	237,497	192,089	265,642	158,518	184,267	184,671	170,732	196,882	189,429
	% of Revenue %	⑮ 36.5 ⑨	44.0 ③	52.1 ①	54.7 ④	50.8 ⑤	50.3 ⑭	36.6 ⑦	45.3 ⑥	48.0 ②	53.1 ⑯	36.2 ⑩	43.1 ⑧	44.4 ⑬	37.7 ⑫	39.0 ⑪	33.5 ⑰	40.0	43.8
	City Tax Collection Rate %	⑪ 94.6 ⑭	93.9 ⑫	94.4 ⑰	92.0 ③	96.9 ⑤	96.3 ⑮	93.8 ⑯	93.6 ⑬	94.0 ①	97.6 ②	97.2 ⑧	95.4 ⑧	95.4 ⑩	95.2 ⑥	95.8 ④	96.5 ⑥	95.8	95.2
	Local Allocation Tax	100,904,741	25,277,808	2,991,662	564,100	1,102,590	466,619	46,599,134	10,944,889	18,715,327	574,821	66,217,423	16,902,578	24,601,124	82,521,833	45,190,325	59,590,519	40,052,557	31,954,003
	% of Revenue %	⑮ 13.0 ⑨	6.1 ⑤	0.7 ④	0.2 ②	0.1 ③	0.1 ⑰	14.1 ⑦	3.8 ⑯	6.6 ①	0.1 ⑬	9.0 ⑥	1.1 ⑰	8.2 ⑭	11.2 ⑰	8.3 ⑮	11.9 ⑧	5.9	5.9
	Provisional Financial Measure Bonds	16,900,000	9,780,000	11,051,171	8,881,900	32,240,000	12,269,000	5,077,000	6,697,500	6,053,181	20,952,000	13,845,000	25,600,000	5,696,300	14,169,000	10,828,400	9,334,000	13,037,000	13,083,027
General Recurring Sources of Funds	403,318,357	216,216,981	234,580,923	189,420,081	756,051,774	301,283,989	180,418,023	150,015,130	171,392,084	547,601,717	338,083,528	716,935,360	170,279,659	376,569,703	269,707,558	235,374,765	327,563,188	328,518,401	
Per Citizen	213,969	214,816	195,648	204,568	209,670	221,685	224,604	208,754	216,376	251,893	243,769	283,918	203,808	249,682	234,270	239,930	236,538	226,700	
Expenditure	Total Expenditures	771,293,898	407,602,445	397,325,609	324,703,793	1,362,940,766	572,528,754	327,980,207	277,714,625	275,829,931	968,210,417	734,219,808	1,552,859,303	294,891,756	724,882,257	539,288,086	493,528,897	673,365,959	629,362,736
	Per Citizen	409,188	404,961	331,382	350,671	377,974	421,267	408,305	386,454	348,224	445,370	529,397	614,957	352,956	480,627	468,430	503,079	486,248	430,558
	Mandatory Expense Ratio %	⑪ 50.3 ⑥	46.3 ②	43.8 ⑬	51.9 ⑧	46.7 ⑭	53.0 ①	42.4 ③	44.0 ④	44.5 ⑫	50.8 ⑨	48.0 ⑯	55.1 ⑰	56.8 ⑮	54.2 ⑱	49.9 ⑦	46.6 ⑤	46.2	48.9
	Investment Expense Ratio %	⑯ 9.3 ⑨	13.8 ③	19.9 ⑥	13.9 ⑥	14.7 ⑤	15.8 ④	19.1 ①	25.7 ②	23.7 ⑮	10.0 ⑭	10.5 ⑰	8.0 ⑬	11.6 ⑫	11.7 ⑱	12.6 ⑥	14.7 ⑰	12.0	14.5
	Other Expenses Ratio %	40.4	39.9	36.3	34.2	38.6	31.2	38.5	30.3	31.8	39.2	41.5	36.9	31.6	34.1	37.5	38.7	41.8	36.6
	Sewer System	22,926,739	10,026,179	14,763,687	8,892,662	61,381,300	16,535,589	16,442,312	9,588,367	7,010,446	39,508,321	30,875,084	34,580,375	9,957,227	8,077,444	20,940,251	8,425,344	22,514,361	20,143,864
	Per Citizen	12,163	9,961	12,313	9,604	17,022	12,167	20,469	13,343	8,850	18,174	22,262	13,694	11,918	5,356	18,189	8,588	16,258	13,549
	Transportation Operations	15,622,364	8,724,947	0	0	21,528,550	1,421,015	0	0	0	43,014,167	59,078,295	27,804,161	0	11,174,950	0	158,721	17,118,168	12,096,785
	Per Citizen	8,288	8,668	0	0	5,970	1,046	0	0	0	19,786	42,597	11,011	0	7,409	0	162	12,361	6,900
	Hospital Operations	6,931,470	2,667,735	1,565,122	4,232,599	6,165,122	6,231,352	1,512,354	6,357,325	2,347,894	5,147,453	2,559,278	20,369,057	2,278,000	4,732,358	6,203,410	3,735,695	1,375,712	4,965,408
Per Citizen	3,677	2,650	1,305	4,571	1,710	4,585	1,883	8,847	2,964	2,368	1,845	8,066	2,727	3,138	5,388	3,808	993	3,560	
National Health Insurance	25,694,088	9,683,913	8,596,822	7,141,435	27,349,160	15,350,000	4,318,003	4,859,112	4,636,884	22,633,046	14,095,000	43,700,000	6,382,471	13,660,630	13,564,382	11,909,327	16,713,138	14,722,789	
Per Citizen	13,631	9,621	7,170	7,713	7,585	11,295	5,376	6,762	5,854	10,411	10,163	17,306	7,639	9,058	11,782	12,140	12,069	9,740	

* Figures in ○ rank indicators and ratios from the most desirable to the least desirable.

* The breakdown of expenses included in each expense type is as follows:

- Mandatory expense: personnel, social assistance, public bond expenses
- Investment expenses: general construction operations expenses, disaster recovery operations expenses, unemployment countermeasure operations expenses
- Other expenses: property expenses, repairs and maintenance expenses, subsidy, reserves, investments and contributions, loans, appropriations

Public Enterprise Accounts Results

FY2008

(¥ in thousands)

Classification	Profit/Loss			Capital			Unappropriated earned surplus/loss	Accumulated Capital Balance
	Revenue	Expenditure	Balance	Revenue	Expenditure	Balance		
Hospitals	20,236,740	21,088,394	△ 851,654	1,971,304	2,784,950	△ 813,646	△ 17,801,262	3,051,080
Central Wholesale Market	1,905,781	2,777,400	△ 871,619	0	754,186	△ 754,186	△ 3,904,207	2,116,234
Light Rail System	1,273,800	1,306,130	△ 32,330	279,000	374,388	△ 95,388	107,789	495,576
Rapid Transit System	48,768,367	46,041,312	2,727,055	42,699,277	59,920,073	△ 17,220,796	△ 337,616,378	△ 1,468,000
Waterworks	42,962,765	39,553,328	3,409,437	5,039,760	20,752,886	△ 15,713,126	3,020,468	5,319,635
Sewerage	43,978,573	43,683,601	294,972	18,129,978	36,607,611	△ 18,477,633	△ 26,784,886	8,791,563

FY2007

(¥ in thousands)

Classification	Profit/Loss			Capital			Unappropriated earned surplus/loss	Accumulated Capital Balance
	Revenue	Expenditure	Balance	Revenue	Expenditure	Balance		
Hospitals	20,249,773	21,114,471	△ 864,698	2,610,707	3,349,717	△ 739,010	△ 16,948,810	2,956,990
Central Wholesale Market	2,291,378	2,999,697	△ 708,319	622,202	2,406,092	△ 1,783,890	△ 3,030,546	2,619,736
Light Rail System	1,300,633	1,302,913	△ 2,281	326,277	449,335	△ 123,058	151,464	445,528
Rapid Transit System	49,579,200	47,727,174	1,852,026	27,673,752	43,212,917	△ 15,539,165	△ 339,867,900	△ 1,390,852
Waterworks	44,655,045	41,131,959	3,523,087	5,998,362	22,385,344	△ 16,386,981	3,074,551	5,959,114
Sewerage	43,726,645	44,090,678	△ 364,033	20,771,197	35,937,998	△ 15,166,801	△ 26,748,509	9,612,552

Financials at Major Third Sector Entities, etc.

(FY2008 Settlement of Accounts)

Entity		Net Income (Loss)	Net Wealth/ Assets	Basic Wealth/ Capital	Stake Ownership (%)
> 50% Ownership Foundations	Local Public Corporations Sapporo Land Development Public Corporation	42,315	3,386,975	20,000	100.0%
	Sapporo International Communication Plaza Foundation	▲ 7,012	1,832,292	519,000	77.1%
	Sapporo Home Welfare Service Association	40,072	491,379	30,000	56.7%
	Sapporo Youth & Women's Activity Association	57,570	428,368	10,000	100.0%
	Sapporo Environment Project Corporation	75,007	1,250,406	40,000	75.0%
	Sapporo Park Greenery Association	27,186	617,071	40,000	100.0%
	Sapporo SME Mutual Aid Center	18,969	735,410	50,000	60.0%
	Sapporo Electronics and Industries Cultivation Foundation	16,528	210,925	30,000	53.3%
	Sapporo Industries and Retail Cultivation Association	▲ 28,778	2,311,942	1,637,727	98.8%
	Sapporo Workers' Occupational Welfare Center	9,712	▲ 234,264	20,000	75.0%
	Pacific Music Festival Organizing Committee	15,250	409,981	136,760	73.1%
	Sapporo Cultural Arts Foundation	59,714	1,428,323	81,212	55.4%
	Sapporo Sports Association	▲ 490	104,582	101,706	59.0%
	Sapporo Health Sports Foundation	▲ 70,402	1,159,209	20,000	100.0%
	Sapporo Sewerage Resource Corporation	41,342	183,224	20,000	100.0%
	Sapporo Housing Management Corporation	30,428	701,764	10,000	100.0%
	Sapporo Transportation Service Promotion Corporation	3,615	107,814	30,000	100.0%
	Sapporo Waterworks Service Association	72,957	494,868	10,000	50.0%

(¥ in thousands)

Entity		Net Income (Loss)	Net Wealth/ Assets	Basic Wealth/ Capital	Stake Ownership (%)		
> 50% Ownership	Foundations Sapporo Disaster Prevention Association	9,255	95,000	30,000	100.0%		
	Sapporo Lifetime Learning Cultivation Foundation	25,292	255,416	50,000	100.0%		
	Corporations	Sapporo Flower Wholesale Market CO., LTD.	2,321	537,609	470,000	50.2%	
		Sapporo Development Corporation Inc.	4,545	3,534,849	476,752	82.2%	
		SAPPORO DOME Co., Ltd.	116,759	2,333,470	1,000,000	55.0%	
	Social Welfare Corporations Sapporoshi Fukushi Jigyodan	44,840	116,365	10,000	100.0%		
	Unions Sapporo Forestry Union	▲ 2,319	31,471	8,637	35.1%		
	24 ~ 49% Ownership	Foundations Hokkaido Juvenile Welfare Association	▲ 2,120	19,806	3,000	33.3%	
		Corporations	Sapporo Okadama Airport BLD Co., Ltd.	16,756	692,351	498,000	26.1%
			Sapporo Energy Supply Co., Ltd.	128,138	355,332	1,500,000	36.0%
Sapporo Sub-center Development Public Corporation			86,639	10,398,062	870,000	34.5%	
Foundations		Sapporo Employee Welfare Association	▲ 105,671	460,792	191,840	7.8%	
		Sapporo School Lunch Association	▲ 5,241	284,787	125,000	8.0%	
		Corporations	Sapporo Information Network Co., Ltd.	▲ 107,218	1,319,910	1,070,500	23.7%
	Hoku Netsu Corporation		▲ 166,442	5,513,781	3,025,250	19.8%	
Corporations	Sapporo Toshikaihatsu Kousha	43,454	3,262,743	520,000	23.7%		
	Sapporo Resort Development Co., Ltd.	▲ 153,580	1,455,836	1,020,000	19.6%		

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URL (English) :

<http://www.city.sapporo.jp/city/english/>

For more information about Japanese Municipal Bonds System, please refer to the web site of Japan Local Government Bond Association:

<http://www.chihousai.or.jp/english/07/investor07.html>

Note: The purpose of this material is to explain the fiscal situation, etc. of the City of Sapporo to investors who are considering the purchase of Sapporo municipal bonds, and not to offer the sale or solicit the purchase of any specified bonds