



Tokyo Metropolitan Government



Bureau of Finance, October 2012



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- Unless otherwise noted, figures in this material until FY2011 indicate settlement amounts and figures for FY2012 are initial budget amounts. The fiscal year commences on 1st April and ends 31st March.
- 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.



- Tokyo is the Hub of Japan's Economic Activity
Large and well diversified economy

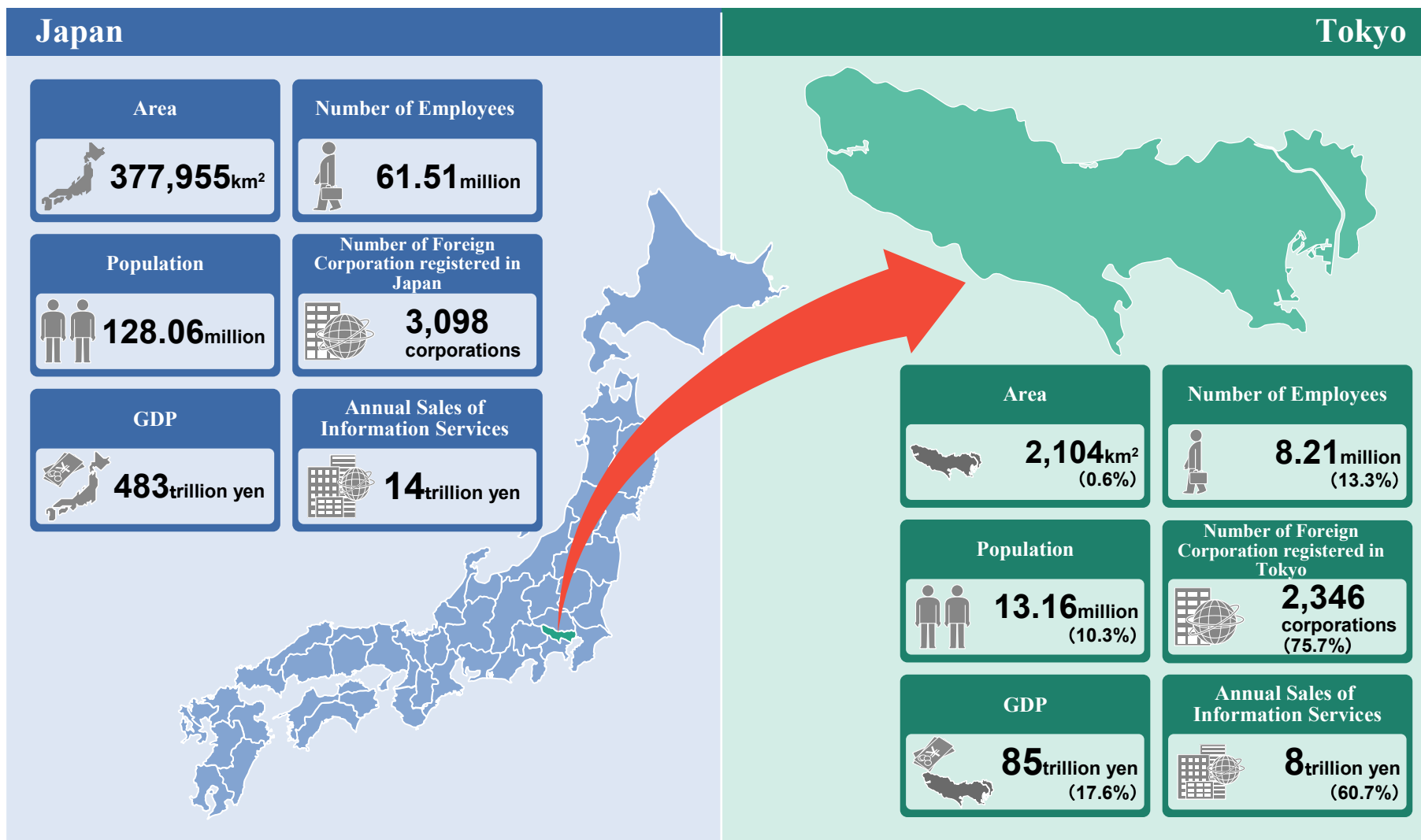
- Solid Financial Profile
Largest Financial Scale in the World
Financial Independence with High Independent Revenue Ratio and Low Mandatory Fixed Expenses
A Financial Management Philosophy of Low Debt Dependence

- Plan to continue issuing bonds in the international market
Investment opportunity alternative to Japan sovereign and private issuer offerings
The highest share in the local government bond market in Japan



I. Overview of Tokyo

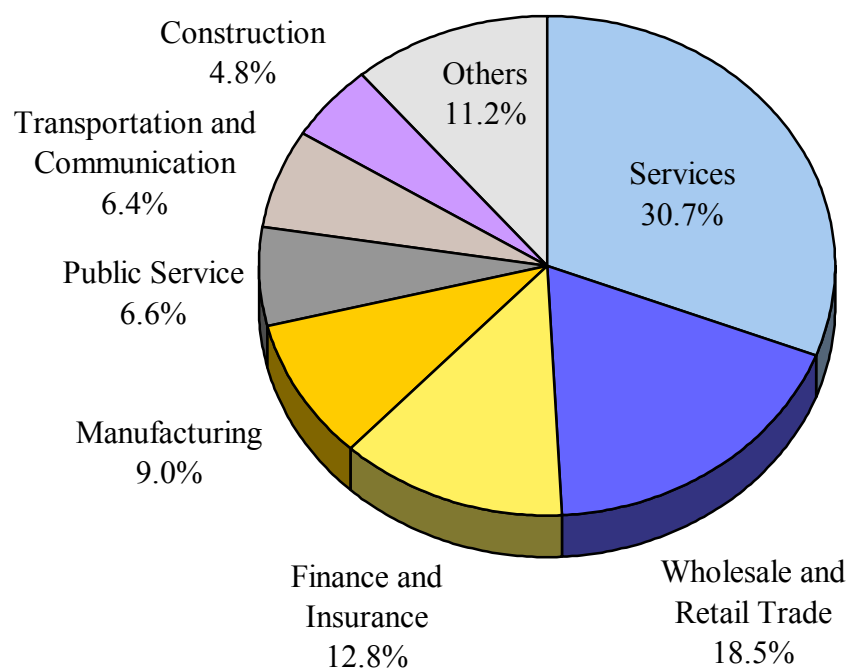
Tokyo is the Hub of Japan's Economic Activity



Sources: 2011 Statistical reports on the land area by prefecture and municipalities in Japan by Geospatial Information Authority of Japan 2005, 2010 Population Census, by the Statistics Bureau, Ministry of Internal Affairs and Communications 2011 Toyo Keizai Inc, Foreign Company List FY2009 Annual Report on Prefectural Accounts, Cabinet Office, Government of Japan 2010 Survey of Selected Service Industries by Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry



Composition of Tokyo Economy



Source: Annual statistical Report on Prefectural Accounts: FY2009 by Bureau of General Affairs, Tokyo Metropolitan Government

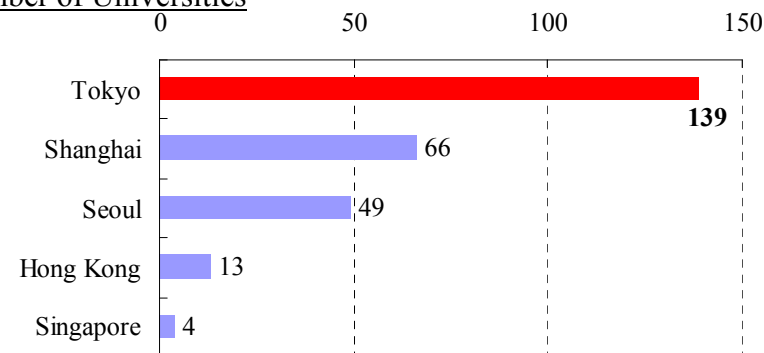
Higher Education

The Education Bureau of the Tokyo Metropolitan Government places importance on

- Fostering a “spirit of respect for human rights” and a “will to contribute towards society”
- Development of a “rich individuality” and “creativity”
- Enhancing “general education skills” and “lifelong learning”
- Promoting “citizens’ participation in education” and “school management reforms”

The fiscal 2012 education budget for the Tokyo Metropolitan Board of Education amounted to 750 billion yen, or 12.2% of the General Accounts Budget of TMG totaling 6.15 trillion yen.

Number of Universities



Sources: Tokyo: School Basic Survey 2011(Preliminary report) by Ministry of Education, Culture, Sports, Science and Technology

Shanghai: School Basic Survey 2009 by Shanghai Statistics

Seoul: 2008 Brief Statistics on Korean Education by Ministry of Education, Science and Technology Korean Educational Development Institute

Hong Kong: Number of Educational and Training Institutions by Level of Education of Courses Offered by Education Bureau of the Government of the Hong Kong Special Administrative Region

Singapore: Education Statistics Digest 2010 by Ministry of Education, Singapore

Singapore: Education Statistics Digest 2010 by Ministry of Education, Singapore



II. Financial Profile



(1) Large Financial Scale

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

(3) Ongoing Efforts to complete Administrative and Financial Reform

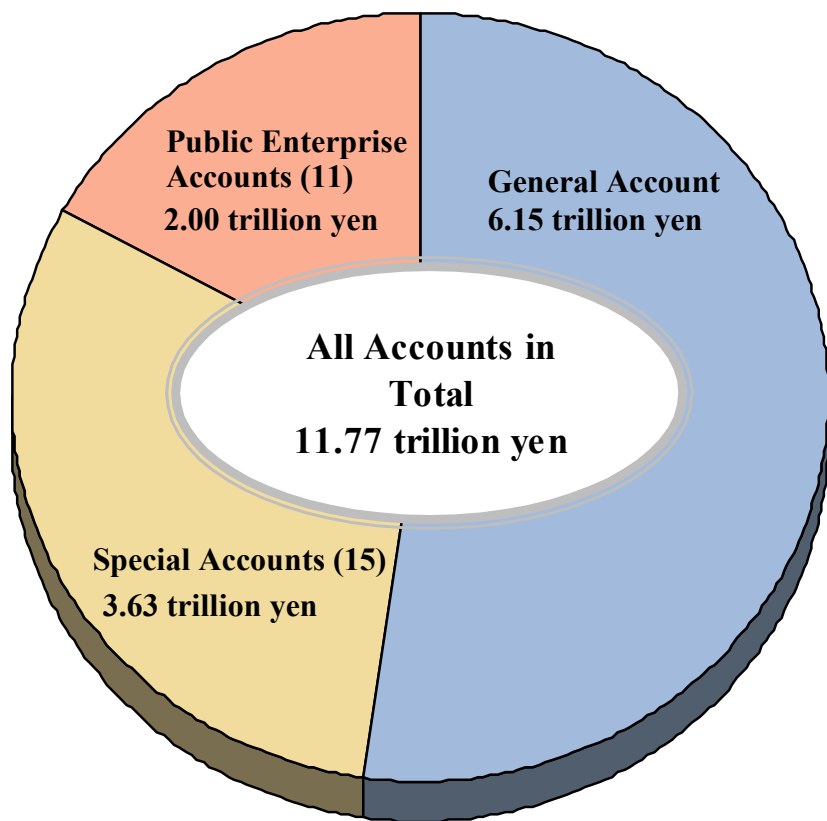
(4) A Financial Management Philosophy of Low Debt Dependence

(5) Preparedness for Future Obligations

(1) Large Financial Scale



**Financial Scale of TMG
(FY2012 Initial Budget)**



**Comparison of TMG's Financial Scale
(FY2012 Initial Budget)**

	(trillion yen)
Japan	90.3
Local gov'ts	81.9
Norway	12.2
Indonesia	12.3
TMG	11.8

Forex rate is based on Bloomberg L.P. as of January 17, 2012

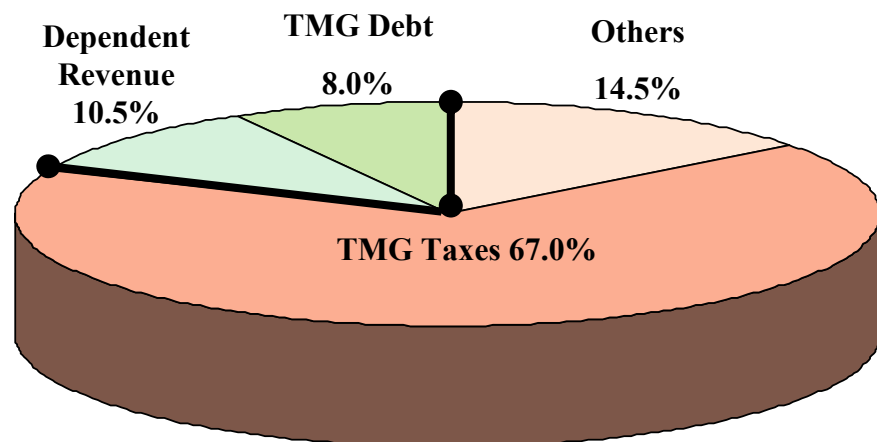
Forex rate for Norway and Indonesia is based on the rate in each of its respective fiscal year 2011.

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



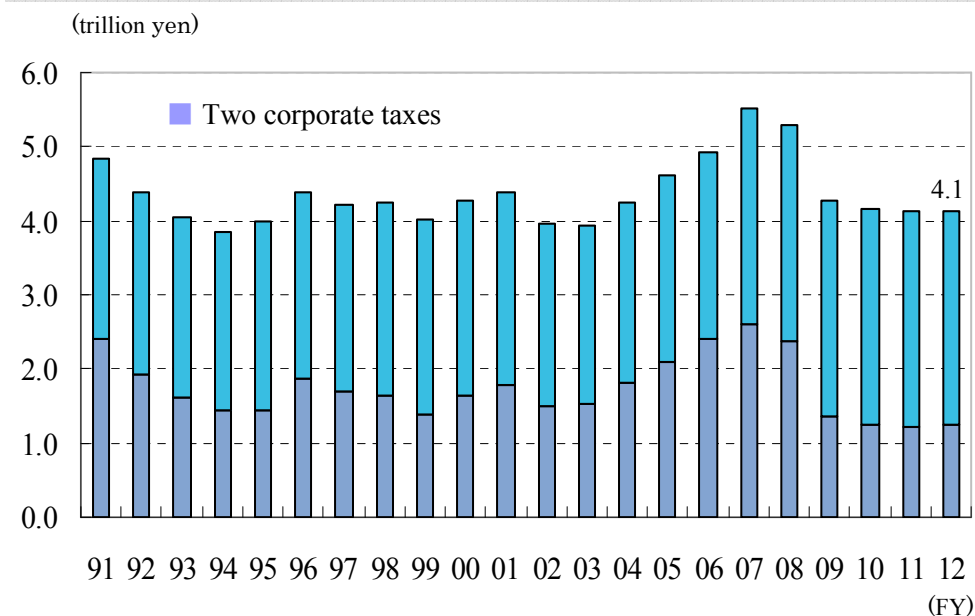
- Independent revenue (*) ratio is considerably high at 81.4%. One-third of the TMG tax revenue is derived from two corporate taxes (Corporate Enterprise Tax and Corporate Inhabitant Tax).
- TMG has never received tax allocations under the tax allocation system, whereby the central government allocates a proportion of tax revenues, such as personal and corporate income taxes to local governments to address imbalances in revenue and to ensure an appropriate level of government services are made available by all local governments, since its inception in 1954.
- TMG tax budget remains at low level, 4.1 trillion yen.

Breakdown of the TMG's Revenues (FY2012 General Account Budget)



Independent Revenue Ratio (= Local Taxes + Others)
81.4% (cf. all local gov't 47.8%)

Trends in TMG Tax Revenue



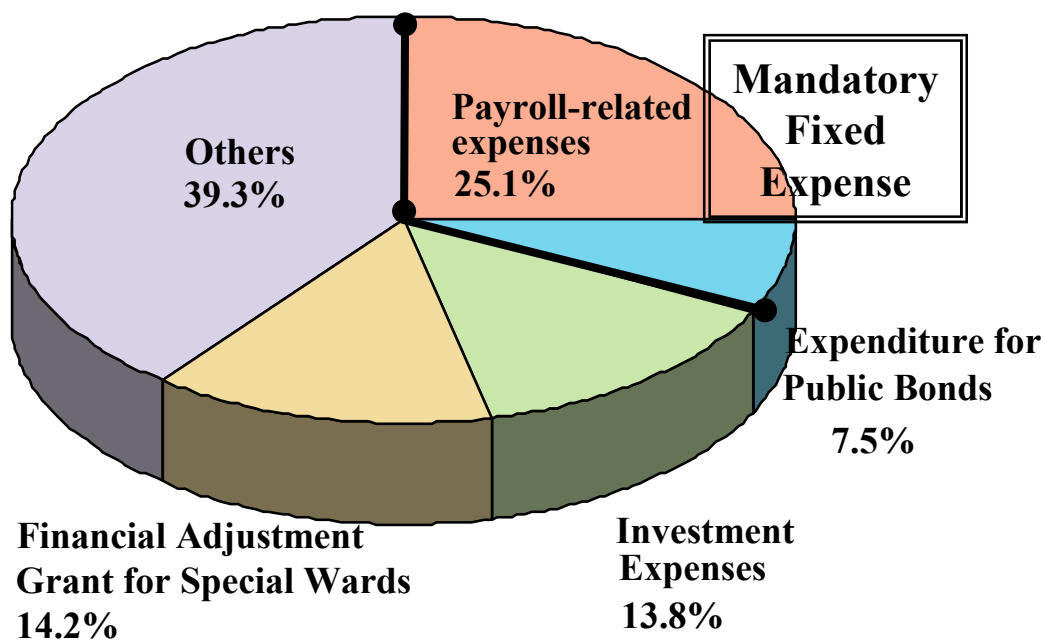
*Independent revenue means a revenue which a local government can raise on its own without depending on the central government, i.e., local taxes, usage charges, charges for services, commission, property revenue and miscellaneous revenue, etc.

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



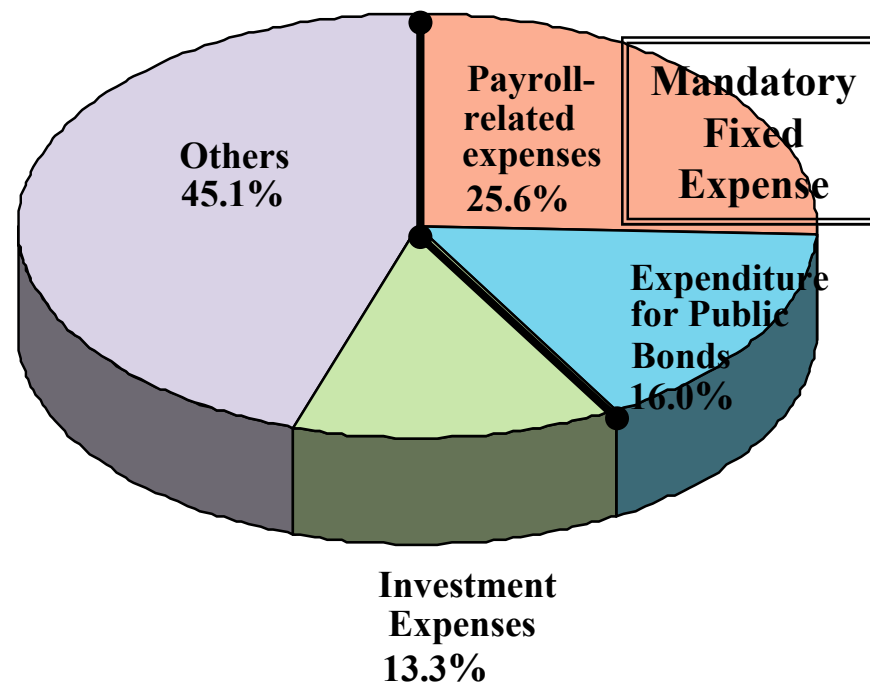
- TMG's mandatory fixed expense ratio is lower than that of other local Japanese governments.
- TMG post, "Financial Adjustment Grant for Special Wards" based on Local Autonomy Act.

**Breakdown of TMG's Expenditure
(FY2012 General Account Budget)**



In the breakdown of TMG's expenditure, "Others" include Public Enterprise Accounts Money Drawn, subsidiary and loan, etc.

**Breakdown of All Local Governments' Expenditures
(FY2012 Local Government Financial Plan)**

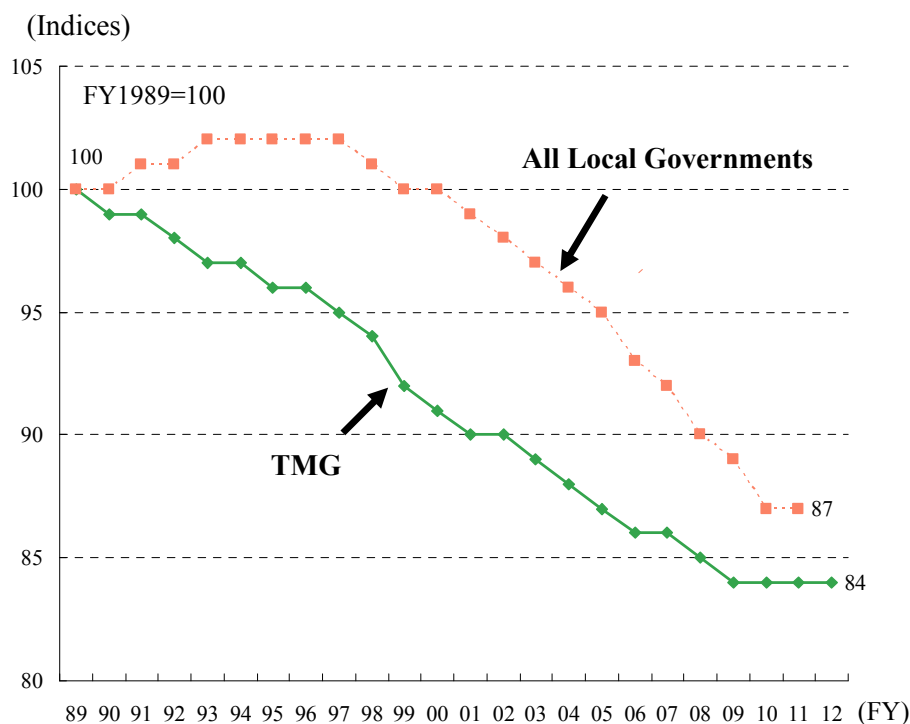


(3) Ongoing Efforts to complete Administrative and Financial Reform



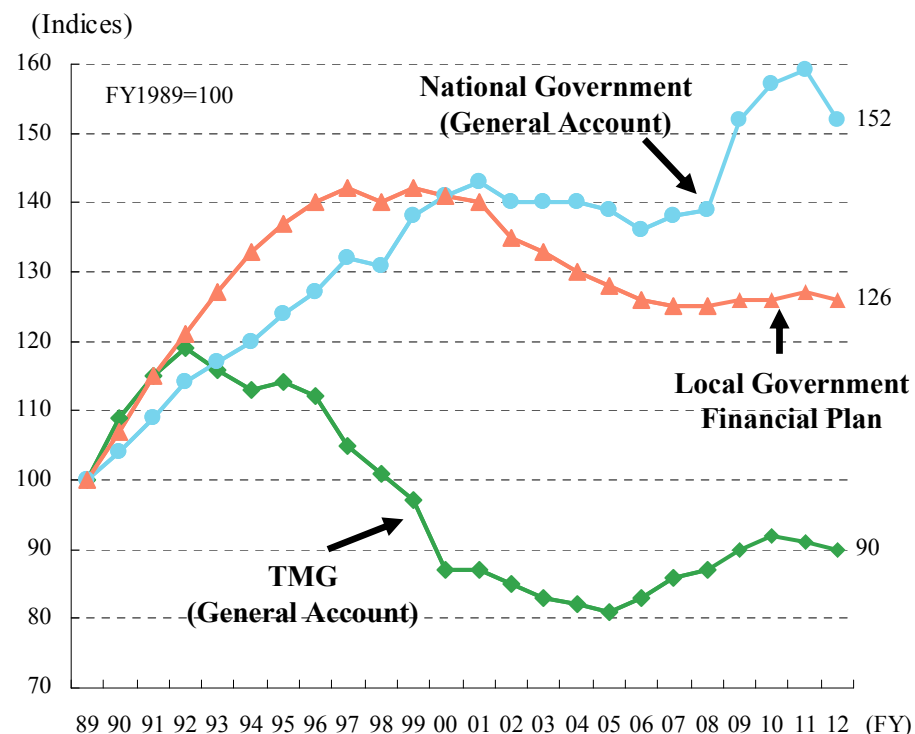
- TMG remains committed to administrative and financial reform, including personnel reduction and cost reduction.

Trends in the Number of Staff



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.

Trends in General Expenditure



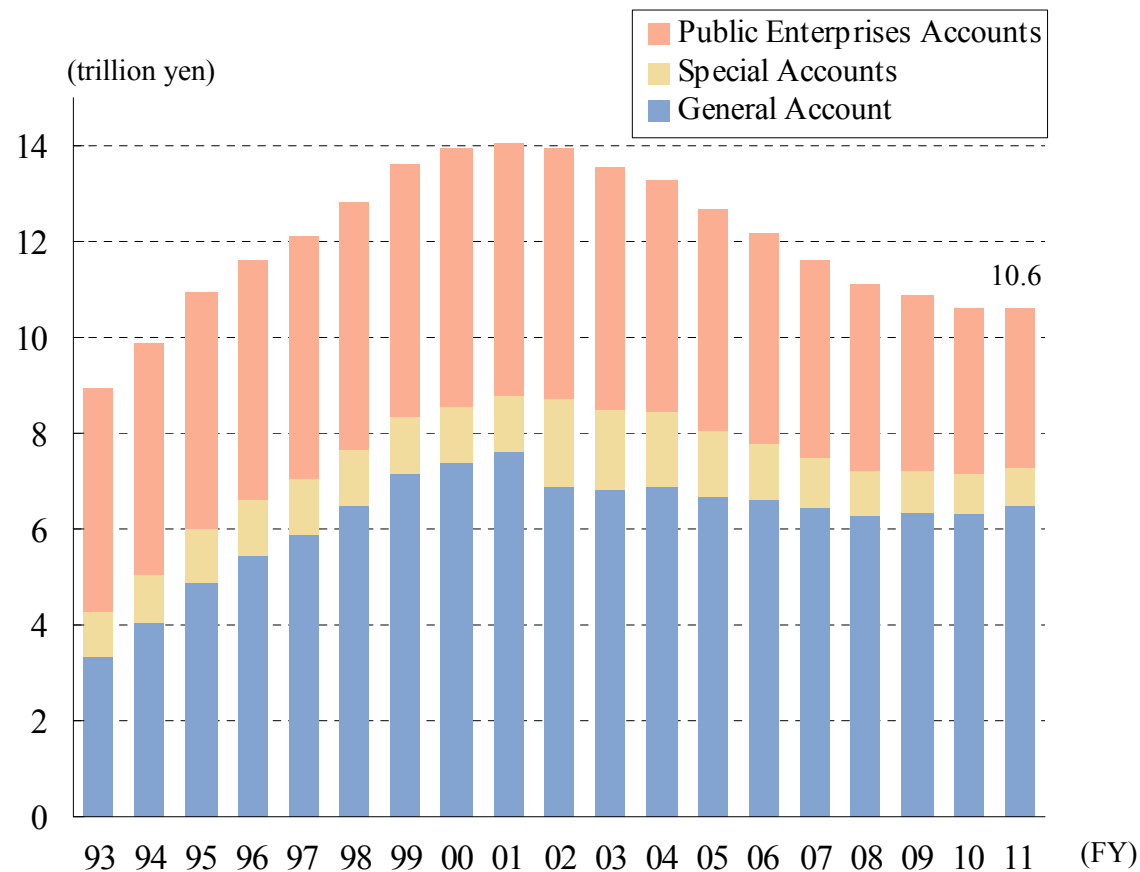
Based on the initial budget draft.

(4) A Financial Management Philosophy of Low Debt Dependence



- TMG's debt outstanding has been reduced from its peak in FY2001.

**Trends in TMG Debt Outstanding
(All Accounts)**

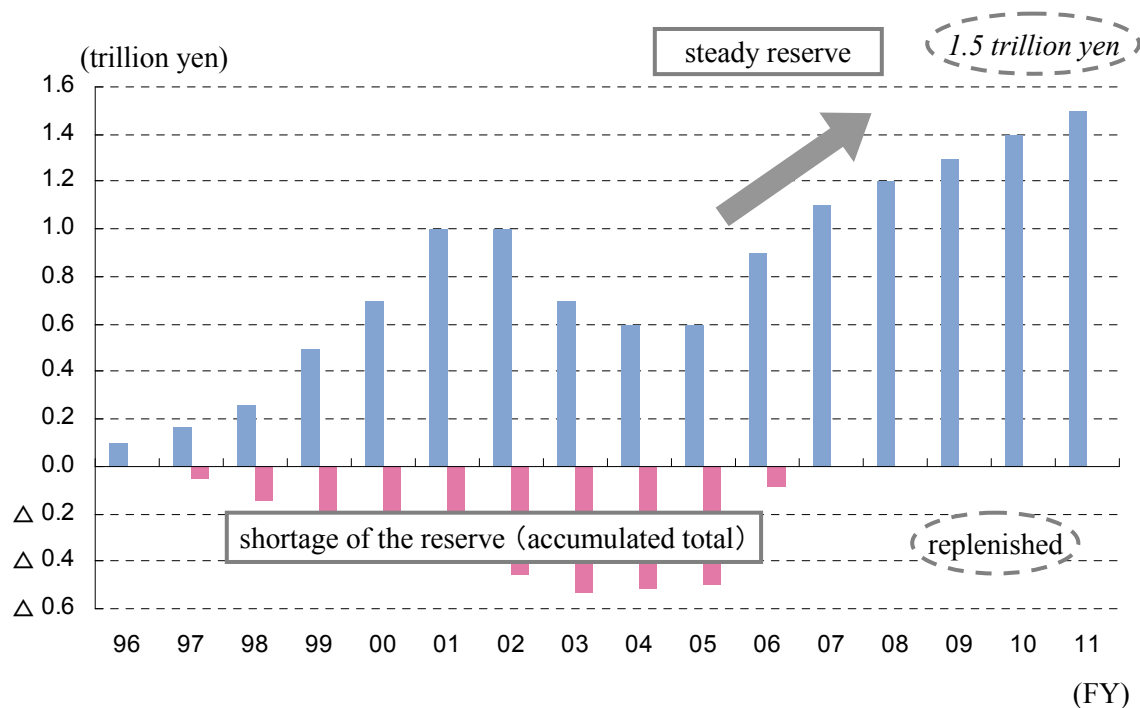


(5) Preparedness for Future Obligations



Sinking Fund

- TMG reserves a sinking fund to address future obligations. (The shortage of the reserve was replenished by the end of FY07.)



Reserve Fund

- TMG has established various reserve funds to prepare for future financial demands and economic fluctuations.
- Total outstanding balance of reserve funds which were also available for general purposes as at 31st March 2012 were 1.1 trillion yen.

FY2011 Results - Ordinary Account



- The real balance is close to even.
- From FY2010 to FY2011, TMG's total tax revenue dropped by 1.0 percent due to a decrease in revenue from 2 major corporate taxes.

Ordinary Account Results

(100 million yen)

classification	FY2011	FY2010	Increase/ Decrease	Rate of Change
Annual revenue	62,474	61,707	767	1.2
Metropolitan tax	41,498	41,901	-404	-1.0
TMG bonds	4,572	3,523	1,049	29.8
Others	16,405	16,283	122	0.7
Annual expenditure	60,788	60,123	666	1.1
General expenditure	44,500	43,687	813	1.9
Expenditure for public bond	5,294	5,598	-304	-5.4
Others	10,994	10,837	156	1.4
Formal balance	1,685	1,584	101	-
Fiscal revenue to be carried forward	1,681	1,579	102	-
Real balance	4	5	-1	-

- 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
 - 13 Special Accounts were added to the General Account; using this accounting system, the net total is calculated eliminating overlap between Accounts.

These figures reflect the cash flows until 31st May in the following fiscal year which are attributable to the receivables and payables accrued in the relevant fiscal year.

FY2011 Results - Public Enterprise Accounts



- The Accounts of Hospitals and Transportation are in the red.
- TMG is making ongoing efforts to effect management reforms and ensure sustainable improvement in services.

Public Enterprise Accounts Results

(100 million yen)

Account	Profit/Loss Account			Capital Account		
	Revenues	Expenditures	Current Balance	Revenues	Expenditures	Capital Balance
Hospitals	1,489	1,512	-22	156	286	-130
Central Wholesale Market	180	175	4	4	96	-91
Urban Redevelopment Project	1,364	643	721	129	191	-63
Waterfront Area Development Project	155	66	88	3	242	-239
Port and Harbor Project	47	31	15	0	26	-25
Transportation	452	486	-34	51	116	-65
Urban Rapid Transit Railway	1,408	1,313	95	565	1,060	-495
Electric Power	10	10	1	0	1	-1
Waterworks	3,424	3,092	332	190	1,148	-958
Industrial Waterworks	13	13	0	0	1	-1
Sewerage	3,255	2,932	322	2,230	3,900	-1,670

The "Capital Balance" figures in the above table do not take into account any balances transferred between fiscal years or any deficit compensations made.

Financial Indicators and the Ratios – Trends in key financial indicators



- Owing to its administrative and financial reforms, TMG has implemented sound and flexible financial management policies.

	Details	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
		Results	Results	Results	Results	Results	Results	Results
Ordinary Balance Ratio	Measures the flexibility of the financial structure; the lower it is, the more flexibility there is.	85.8 (99.0)	84.5 (97.8)	80.2 (99.7)	84.1 (101.4)	96.0 (111.9)	94.5 (109.9)	95.2
Debt Expenditure Burden Ratio	The ratio of "general financial resources appropriated to debt expenditure" to the entire amount of general finances.	12.3 (19.3)	15.5 (19.4)	11.3 (18.6)	13.0 (19.3)	12.1 (18.8)	10.6 (18.9)	10.2
Financial Capability Index	The higher the index, the more financial leeway there is.	1.107 (0.43)	1.215 (0.46)	1.319 (0.50)	1.406 (0.52)	1.341 (0.52)	1.162 (0.49)	0.961
Real Deficit Ratio*_{1,*2}	The ratio of "real deficit within the General Account" to "standard financial scale".			-	-	-	-	-
Consolidated Real Deficit Ratio*_{1,*2}	The ratio of "all account-based real deficit" to the "standard financial scale".			-	-	-	-	-
Real Debt Payment Ratio*₁	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)	3.1 (13.0)	2.2 (13.5)	1.5
Future Burden Ratio*₁	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)	77.0 (229.2)	93.6 (220.8)	92.7
Capital Shortage Ratio*_{1,*2}	The ratio of "financial deficit in every Public Enterprise Accounts" to the "scale of operation".			-	-	-	-	-

*1 Defined in the Law on the Financial Consolidation of Local Governments

*2 Not applicable to TMG

※ Figures shown in parentheses are the average of prefectures.



III. TMG Bonds



Plans for FY2012 Public Offering (Initial Budget)

(billion yen)

	2012										2013			FY2012 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
10-year bonds (Monthly issues)	About 40-60 billion yen each time												580	
Middle-term bonds (3, 5, 7yr)	About 20-30 billion yen each time												110	
Super long-term bonds (20, 30yr)	About 20-30 billion yen each time												90	
Tokyo Revitalization Bond (Retail 3-year bond)	Once a year, 20 billion yen												20	
Total 800 billion yen														
International Bond	Once a year, 50 billion yen												50	

* This plan may be subject to change

International Bonds



- TMG issued international bonds consistently from the issuance of government-backed bond in FY1964 until FY2000.
Given the closure of a business that was intended to be guaranteed, subsequent issuances have not been guaranteed as the proceeds were no longer intended for guaranteed projects.
- TMG plans to continue issuing bonds in the international market and diversify its investor base, both by type and location.

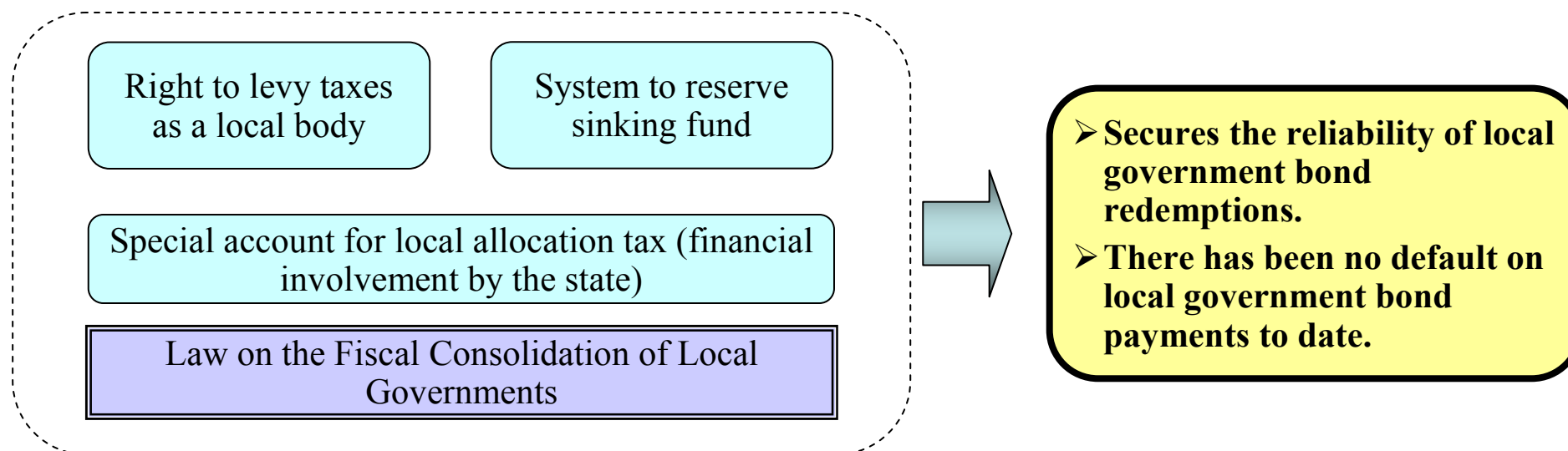
Outstanding of International Bonds

Category	Issue date	Signing Date	Issue Amount	Maturity	Coupon Rate	Yield to Investors	Issue Price	Credit Ratings
No.16 Euro-Dollar Bonds	June 8, 2012	June 6, 2012	880 million dollars	5yrs	1.750%	1.839%	99.577%	AA- (S&P)
No.15 Euro-Dollar Bonds	Jan 27, 2012	Jan 25, 2012	650 million dollars	5yrs	1.875%	1.902%	99.873%	AA- (S&P)
No.6 Euro-Euro Bonds	Jan 31, 2008	Jan 29, 2008	318 million euros	27yrs	4.900%	4.909%	99.867%	-
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%	100.00%	-
No.2 Euro-Euro Bonds	Nov 8, 2004	Nov 1, 2004	160 million euros	30yrs	5.070%	5.074%	99.940 %	-

Yield to Investors : Annual Yield



- The level of risk associated with Japan's local government bonds is considerably low.
 - Backed by the national government's financial support and its involvement
- The introduction of the Law on the Fiscal Consolidation of Local Governments (Starting from April 1, 2009)
 - Further strengthens the safety net for local government bonds

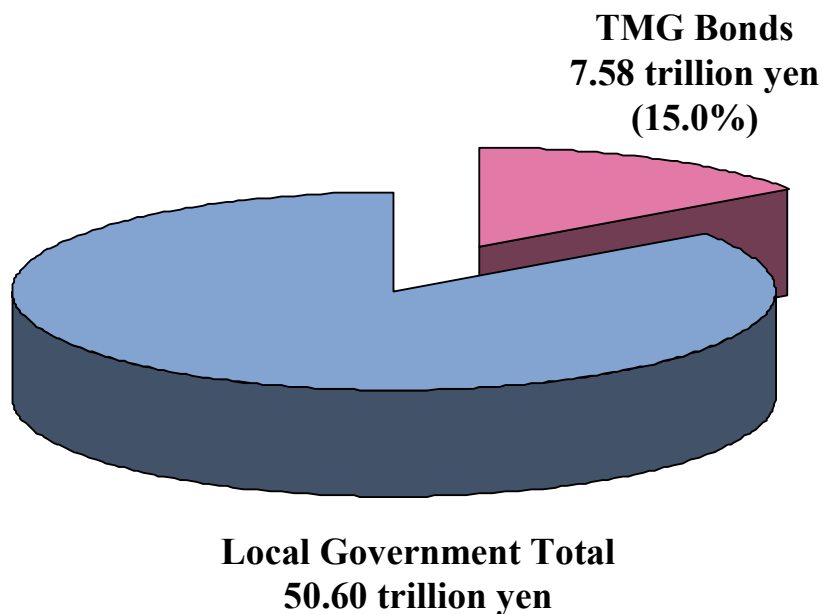


Liquidity and Stability of TMG Bonds



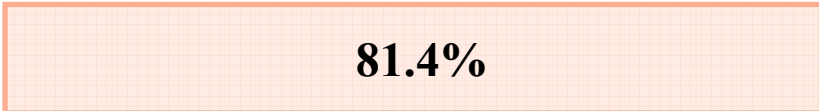
- TMG bonds have the largest share of the local government bond market in Japan.
- Metropolitan Tokyo’s independent revenue sources, such as local taxes, account for a major part of its revenue and enable TMG to maintain stable resources for future repayment obligations.

Outstanding Balance of Public Offering (FY 2011)



Excluding retail targeted bonds and international bonds.

Independent Revenue Sources (FY 2012 General Account Budget)



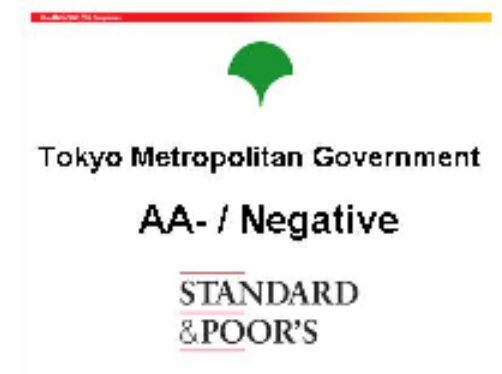
BIS Risk Weight

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

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%.)



- TMG obtained a credit rating as follows;
 - **Credit Rating Company: Standard & Poor's Ratings Services**
 - **Type of Rating : Long-Term Issuer Credit**
(Both foreign and domestic currency denominated) **AA- / Negative**





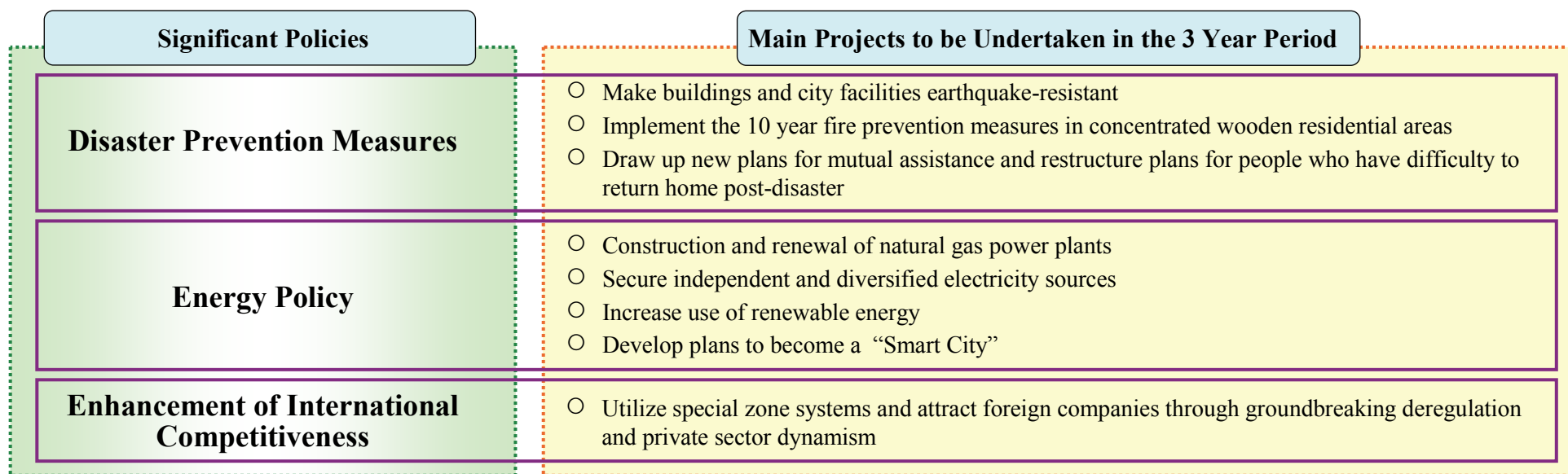
IV. Topics



- Given the new socioeconomic situation after the Great Tohoku Earthquake and to appropriately respond from a medium and long term standpoint, TMG formulated a new development policy for 2020 in December 2011, which aims for the revitalization of Japan and further evolution of Tokyo, and inherits the philosophy and basic vision of “Tokyo’s Big Change – The 10-year plan –” introduced in 2006.

Development Policy for 2020: Execution Plan for 2012

- **Period** : 3 years (FY2012-FY2014)
- **Project** : 22 policies and 370 projects
- **Total cost** : Approx. 2.2 trillion yen (750 bln yen for FY2012)





Eight Goals in the Development Policy

1 Make Tokyo a high level disaster-resistant city and show its safeness to the world

- 1 Complete earthquake-resistant construction on buildings alongside emergency transportation roads; promote earthquake-resistance measures by implementing Tokyo's own earthquake-resistant indication system; complete the maintenance of key roads in 7,000ha of the concentrated wooden residential area; create neighborhood partnership; establish codes regarding plans to assist people who have difficulty returning home post-disaster: etc.

2 Create an independent and diversified energy society that is highly efficient and has low carbon emissions

- 2 Installation of efficient natural gas power plants capable of producing 1 million kW of electricity; introduction of a cogeneration system generating 500,000 kW; implementation of residential solar power capable of producing 900,000 kW; develop plans to become a 'Smart City': etc.

3 Restore Tokyo's beauty as a city of water and greenery

- 3 Create 1,000 ha of greenery and achieve one million roadside trees by 2016; create 433ha of parks; implement a plan to regenerate fifty thousand large size trees; form a green water network; spread the "Sumidagawa Renaissance" using the Tokyo Sky Tree tower as the spark: etc.

4 Increase Tokyo's international competitiveness by connecting land, sea, and air

- 4 Reach 92% completion rate on the three loop roads; near completion of ward loop and "Tama Nanboku" roads; increase daytime international landing slots at Haneda Airport; establish the Port of Keihin as the hub port of Asia: etc.

5 Position Tokyo for new growth by enhancing its industrial power and appeal

- 5 Attract foreign companies to locate their Asian headquarters in Tokyo by utilizing special zone systems, promote cutting edge technology held by small and medium size enterprises and nurture industries that have potential for high growth: etc.

6 Construct an urban model in a super-aging society that sets an example to the world

- 6 Create childcare services for 70,000 people; establish job-placement offices for seniors; formulate a senior watch network in all areas of Tokyo; create 30,000 new jobs for the handicapped; increase NICU beds to 320 by the end of 2014: etc.

7 Create a society where individuals can pursue their ambitions and talented people are produced

- 7 Communicate reform plans through educational forums and committees; assist 10,000 young people in studying overseas; provide job assistance for young and non-regular employees: etc.

8 Create a society where individuals can enjoy sports and provide dreams to children

- 8 Successfully win the bid and host the 2020 Summer Olympic and Paralympic games; establish a sports cluster in Jingu, Komazawa, Rinkai, and Musashino Parks; continuously host international sporting events; form the "Tokyo Athlete Cycle": etc.

Tokyo Declares an Official Bid to Host the 2020 Olympic and Paralympic Games



Source: www.sporttokyo.metro.tokyo.jp/shouchi/index.html

2020 Olympic and Paralympic Games

Tokyo has declared its bid to host the 2020 Summer Olympic and Paralympic Games. Tokyo, which had also bid for the 2016 Games and last hosted the Games in 1964, is looking to host its second Olympic Games. On May 23, 2012 the IOC announced that Tokyo, along with Istanbul and Madrid were selected as the Candidate Cities. The host city is scheduled to be announced at the IOC session in Buenos Aires on September 7, 2013.

Bid Process for 2020

July 27 - August 12, 2012	London Olympic Games
August 29 - September 9, 2012	London Paralympic Games
January 7, 2013	Candidature Files "bid books" due to the IOC
March 4 - 7, 2013	IOC Evaluation Commission visits
July 2013	Technical Briefing for IOC members
September 7, 2013	2020 Host City election at IOC session



- 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>

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- 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.
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