



Tokyo Metropolitan Government



Bureau of Finance, November 2016



Highlights

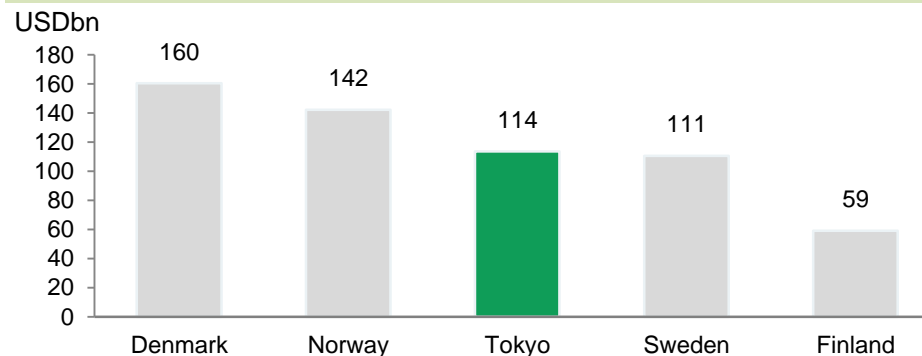
Tokyo is one of the largest cities in the world in terms of GDP.



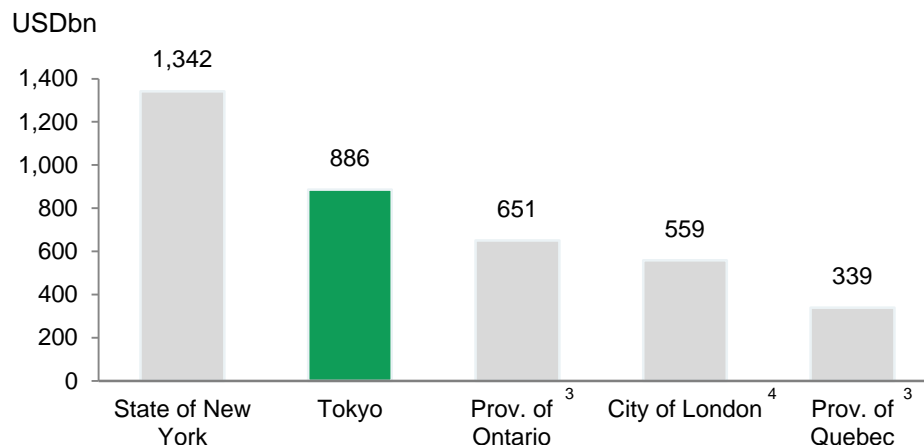
Tokyo at a Glance

	Tokyo (A)	Japan (B)	A/B(%)
Population	13.51mn	127.11mn	10.6
GDP (FY2013)	JPY93tn	JPY483tn	19.3
# of Employees	8.97mn	56.65mn	15.8
# of Companies with capitalisation >JPY5bn	1,107	1,878	59.0

FY2016 Fiscal Budget Comparison to selected Nordic countries¹



Comparative GDPs of Major Provinces/States/Municipalities (FY2013)²



TMG's USD Bonds issued since 2012

Issue Date	Format	Issue Amount	Tenor	Coupon (%)	Launch Spread (vs Mid Swap)	Launch Spread (vs Treasury)
May 17, 2016	144A/Reg.S	USD1bn	5yr	2.000%	MS+90bp	T+86bp
May 19, 2015	Reg.S	USD1bn	5yr	2.125%	MS+35bp	T+49.8bp
May 20, 2014	Reg.S	USD1bn	5yr	2.125%	MS+38bp	T+47bp
June 6, 2013	Reg.S	USD1bn	5yr	1.625%	MS+47bp	T+68bp
June 8, 2012	Reg.S	USD880mn	5yr	1.750%	MS+75bp	T+108.21bp
Jan 27, 2012	Reg.S	USD650mn	5yr	1.875%	MS+78bp	T+110.8bp

¹Countries with similar fiscal budget sizes to TMG are selected for FY2016 fiscal budget comparison. FY for TMG ended March 31st. FY for Comparative countries ended December 31st. The amounts represent planned government expenditures of FY2015 in US dollars converted from local currencies with exchange rates as of Dec 31, 2015

²GDP figures are converted to USD with exchange rates as of Dec 30, 2013. ³ Expenditure-based ⁴GVA-based

Sources: Tokyo Metropolitan Government, Government of Japan, Statistics Denmark, Norway Ministry of Finance, Government Offices of Sweden, Finland Ministry of Finance, US Bureau of Economic Analysis, Statistics Canada, UK Office for National Statistics



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- Unless otherwise noted, financial information in this material up to and including FY2015 indicate settlement amounts and figures for FY2016 are original budget amounts. TMG's fiscal year commences on 1st April and ends 31st March.
- The figures for FY2016 do not reflect the approval of supplementary budget in last September, which amounts to JPY12,608mn.
- Figures have been rounded to the unit indicated without adjustment for fractional amounts. Therefore, the sum of certain figures may not coincide with totals shown.



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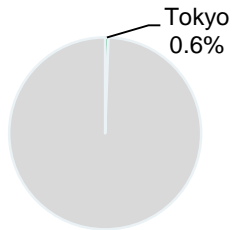
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(1) Basic Overview of Tokyo

Tokyo is the center and primary engine of Japanese economy.

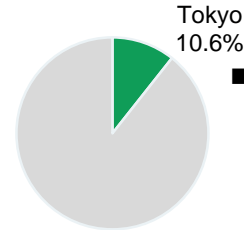


Area



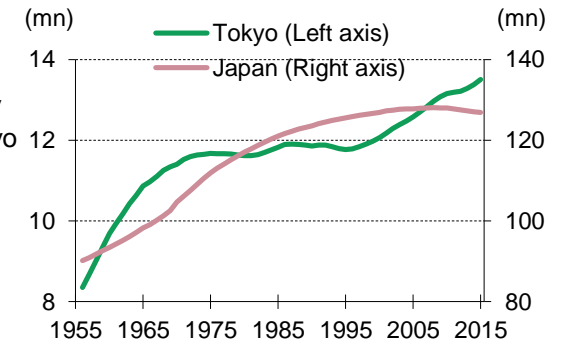
Japan: 377,971 km²
Tokyo: 2,106 km²

Population

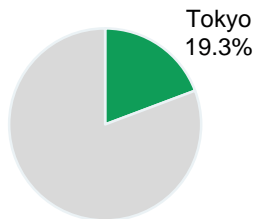


Japan: 127.11 mn
Tokyo: 13.51 mn

■ Population has been continuously increasing in Tokyo

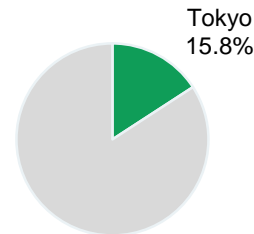


GDP



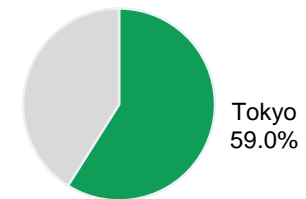
Japan: JPY483 tn
Tokyo: JPY93 tn

Number of Employees



Japan: 56.65 mn
Tokyo: 8.97 mn

Number of Companies with paid in capital of JPY5bn or more



Japan: 1,878 companies
Tokyo: 1,107 companies

Sources: 2015 Statistical reports on land area by prefectures and municipalities in Japan by Geospatial Information Authority of Japan, Population Census 2015 by the Statistics Bureau, the Ministry of Internal Affairs and Communications, 2014 National Tax Agency Japan Statistics report

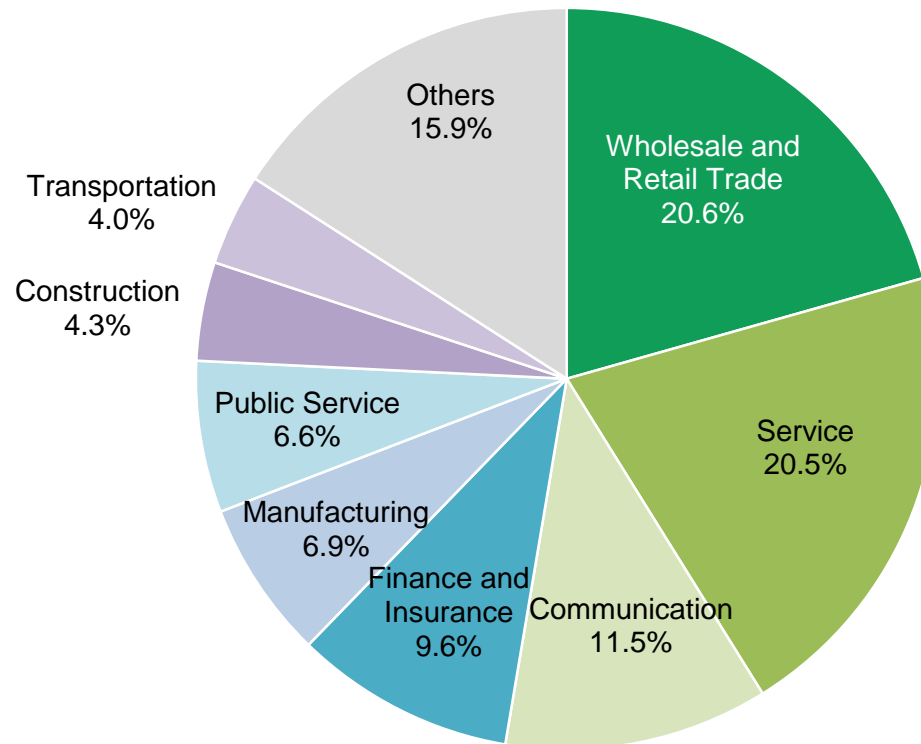
(2) Diverse, Well-balanced Economy

Tokyo's robust economy is supported by a variety of industries.



Tokyo's Diverse Economy

Tokyo's GDP: JPY93tn (FY2013)



Source: Annual Statistical Report on Prefectural Accounts: FY2013 by Bureau of General Affairs, Tokyo Metropolitan Government



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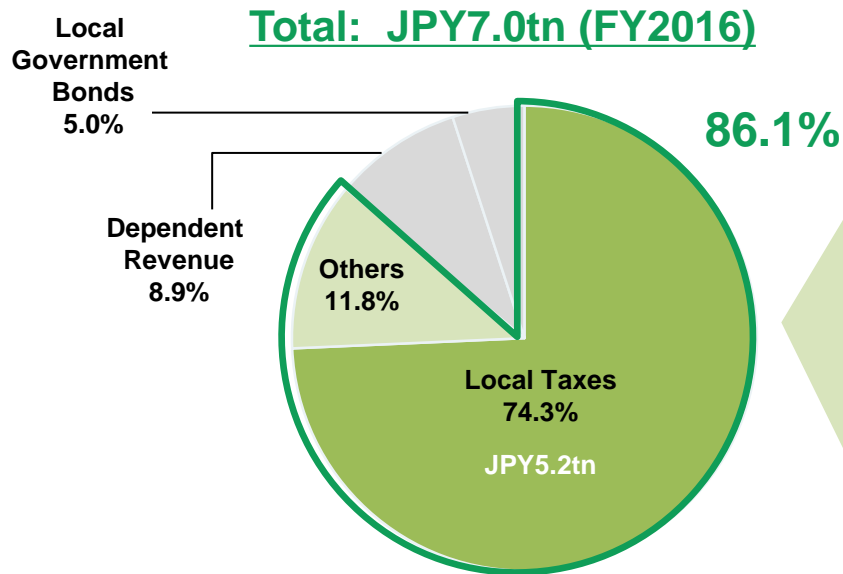
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(1) Independent Revenue Sources

TMG's high Independent Revenue Ratio provides flexibility in its fiscal management.



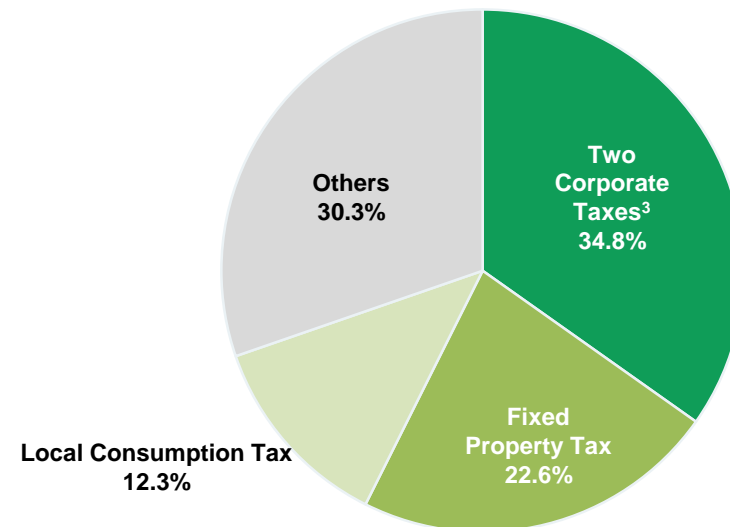
TMG Revenues of General Account Budget



TMG's Independent Revenue¹ Ratio 86.1%

(Local gov't's average in Japan² 51.9%)

Breakdown of Local Taxes



¹Independent revenue refers to 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, commissions, property revenues and miscellaneous revenue, etc.).

²Weighted average of all government, including TMG.

³Two Corporate Taxes refer to the corporate enterprise tax and the corporate inhabitant tax.

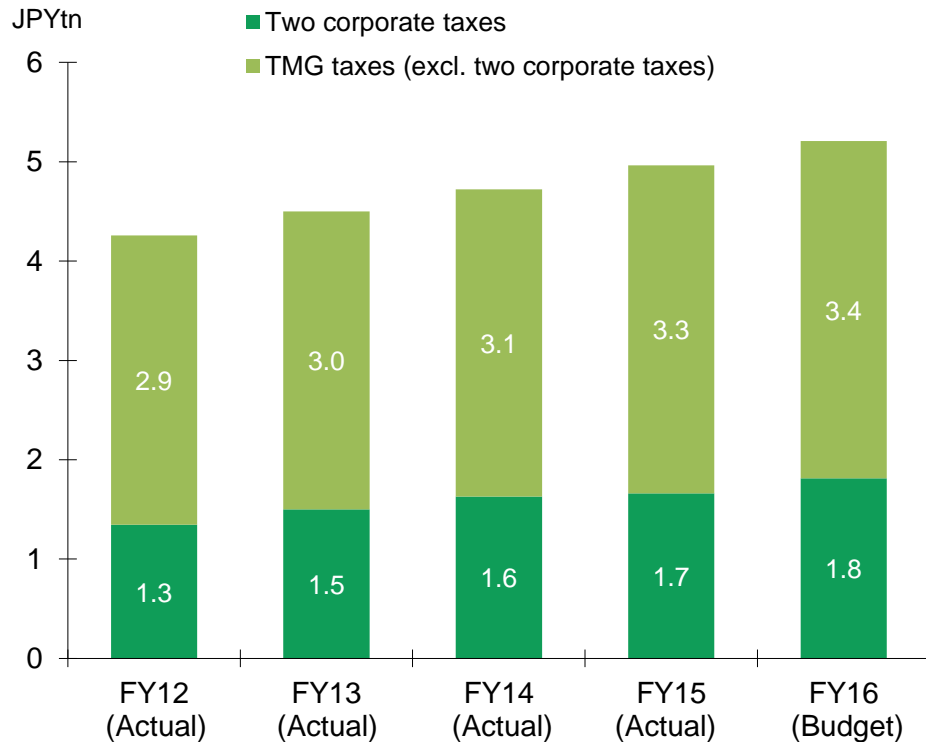
Source: Ministry of Internal Affairs and Communications

(2) Diverse Revenue Sources

TMG's Tax revenue has diverse sources and has been steadily increasing.



Trends in TMG Tax Revenue¹



Local Tax Share versus National and Breakdown²



¹If revenues of a local government exceed expenditure items, the Japanese Government may reallocate a portion of such excess amount to other local public bodies in order to smooth out imbalances in financial resources among local public bodies. TMG has never been allocated local allocation tax since the local allocation tax system was adopted in 1954.

²Local Tax Share versus National and their Breakdown represent FY2013 results of Japan and selected OECD countries

Source: Tokyo Metropolitan Government, Japanese Ministry of Internal Affairs and Communications (MIC)

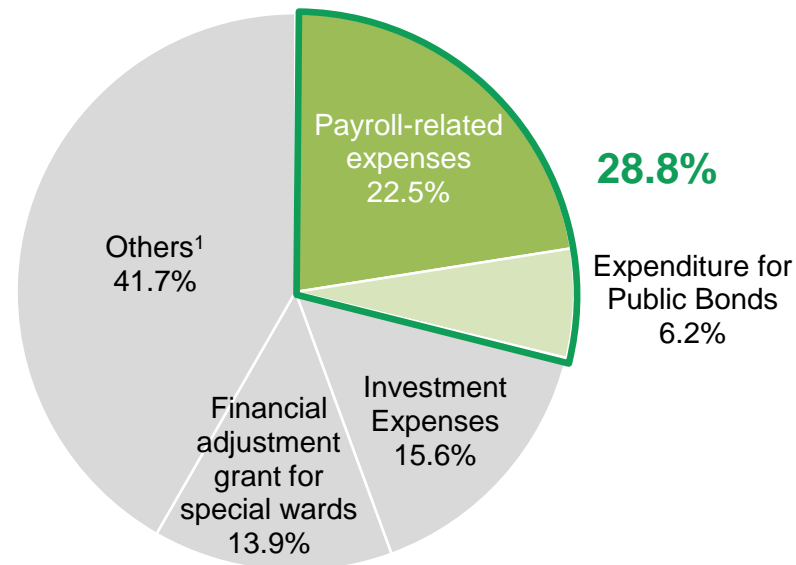
(3) Low Mandatory Spending

TMG's low mandatory spending facilitates flexible fiscal management.



Breakdown of TMG's Expenditure (FY2016 General Account Budget)

Total: JPY7.0tn



Mandatory Fixed Expenses Ratio² 28.8%

(Local gov't's average³ in Japan 38.6%)

¹ In the breakdown of TMG's expenditure, "Others" include Public Enterprise Accounts Money Drawn, subsidiary and loan, etc.

² Mandatory Fixed Expenses Ratio is the ratio of Mandatory Fixed Expenses (Payroll-related expenses + Expenditure for Public Bonds) to total expenses in the TMG's General Account Budget

³ Weighted average of all government, including TMG.

Source: Ministry of Internal Affairs and Communications

(4) Sound Fiscal Management

TMG has implemented a variety of efforts with the aim of building sound fiscal structure.



Transition of TMG's Fiscal Indicators (Ordinary Account Base)

	FY1999 (Before execution of the Administrative and Fiscal Reform ¹⁾)	FY2015	Change
Expenditure (JPY100mn)	64,958	69,347	+6.8%
Personnel Cost (JPY100mn)	18,032	14,755	-18.2%
The maximum number of employees ²	188,819	166,079	-12.0%
Actual Balance ³ (JPY100mn)	-881	6	Turnaround
Ratio of Dependence on Creation of Local Debt ⁴	12.0%	2.2%	-9.8%

¹ TMG started to execute "the Administrative and Fiscal Reform Plan" on FY2000 to build sound fiscal structure.

² The maximum number of employees covers Ordinary Account and Public Enterprise Accounts. The maximum number of employees includes short-time employees who were reappointed after retiring from full-time positions, and excludes employees who are temporarily retired, temporary employees, part-time employees, etc.

³ Actual Balance is calculated by subtracting fiscal revenue carried forward to next fiscal year from formal balance.

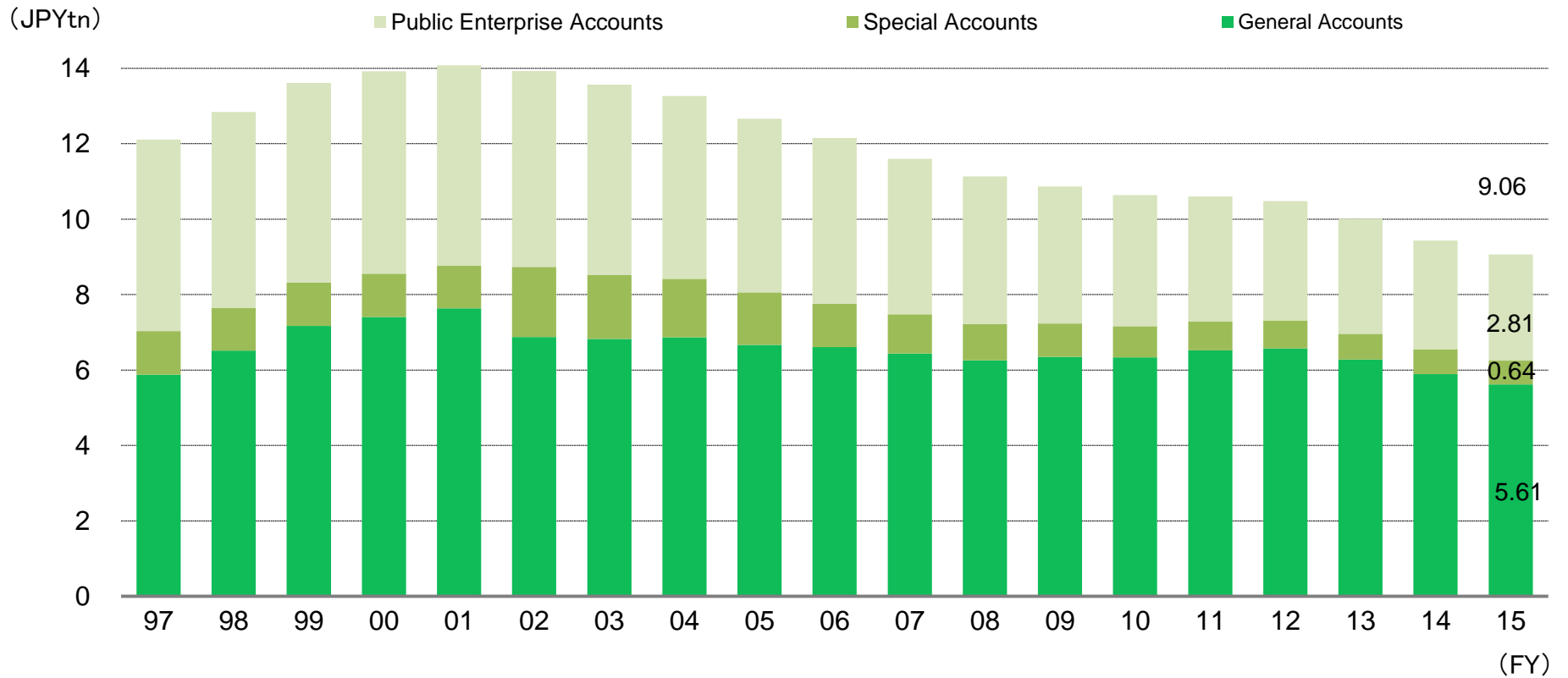
⁴ Ratio of Dependence on Creation of Local Debt is the ratio of the "total amount of local debt incurred by the relevant local authority in the relevant fiscal year" to the "total amount of revenue of the relevant local authority in the relevant fiscal year".

(5) TMG Outstanding Debt

TMG has been successful in reducing its outstanding debt



Trends in TMG's Outstanding Debt (All Accounts)



Source: Tokyo Metropolitan Government

*Excluding Nippon Telegraph and Telephone Bonds from All Accounts

(6) Reserve Funds for Future Obligations

TMG has a total JPY3tn, or USD26.1bn, of Reserve Funds set aside for Future Obligations.



Reserve Fund

(JPYbn)

As at 31st March 2016
(FY 2015 Results)

Reserve Fund	As at 31 st March 2016 (FY 2015 Results)
Funds for General Purposes	1,250.9
Adjusting Fund for Finance	624.8
Social infrastructure improvement fund	558.7
Welfare and health fund	7.5
Others	59.9
Funds for Special Purposes	1,016.4
Hosting reserve fund for Olympics ¹	401.0
Others	615.4
Sinking Fund	1,319.9
Total	3,587.2

① Funds for General Purposes

- As at 31st March 2016 (FY2015 results) TMG had roughly JPY1.25tn set aside as funds to be used for general purposes

② Sinking Fund

- TMG reserves a sinking fund to address future obligations
- TMG has reserved JPY1.3tn as a sinking fund in its general account in FY2015, more than 20% of the outstanding TMG bonds

¹Subsequent to the decision to hosting 2020 Tokyo Olympic and Paralympic Games, "Hosting reserve fund for Olympics" has been transferred to "Funds for Special Purposes" from "Funds for General Purposes" in FY2014

(7) Fiscal Condition of TMG and Japan

TMG has low dependence on new bond issues and low balance of outstanding public bonds.



Fiscal balance of TMG vs Japan				FY2016 Budget		
TMG (Mar-16)		Japan (Mar-15)			TMG	Japan ³
Total assets JPY33.5n	Total liabilities JPY 7.4n	Total assets JPY292tn	Total liabilities JPY812tn	Rating (Moody's / S&P) (Domestic bonds)	- / A+	A1 / A+
	Total net assets JPY26.1n			Capital deficit JPY520tn	(International bonds)	- / A+
				Ratio of Dependence on Creation of Local Debt ¹	5.0%	35.6%
				Outstanding balance of public bonds ²	JPY5.9tn	JPY838tn
				(Balance of public bonds vs. tax revenues)	1.1 times	14.5 times
				(Balance of public bonds vs. GDP)	6.3%	173.5%
				Deficit-covering bonds	-	JPY28.38tn

Source: Ministry of Finance, Tokyo Metropolitan Government

Fiscal balance of Japan is based on general account.

Fiscal balance of TMG is based on general account and special accounts

¹ Ratio of Dependence on Creation of Local Debt is the ratio of the "total amount of local debt incurred by the relevant local authority in the relevant fiscal year" to the "total amount of revenue of the relevant local authority in the relevant fiscal year".

² Outstanding JGBs include reconstruction bonds.

³ The figures for FY2016 do not reflect the approval of supplementary budget in last October, which amounts to about JPY4.1tn in the general account.

(8) Credit Rating and BIS Risk Weight

TMG bonds are deemed to hold one of the highest credit ratings in Japan.



Credit Rating and BIS Risk Weight of Bonds

Type of Bonds	Rating (S&P)	SACP ¹	BIS Risk Weight ²
TMG Bonds	A+ (Stable)	aa	0%
Government Bonds	A+ (Stable)	—	0%
Government-Guaranteed Bonds	A+ (Stable)	—	0%

Remark : TMG's stand-alone credit profile (SACP) is 'aa', which is above Japan's A+ sovereign ceiling

¹ SACPs refer to Standard & Poor's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and are but one component of a rating.

² Zero BIS Risk Weighting are for domestic investors in Japan. For overseas investors, BIS Risk Weighting will depend on confirmation of relevant regulatory authority in each country.



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(1) Systematic Safeguards for Local Government Bonds in Japan

Local bonds issued by local governments in Japan have systematic safeguards



Systematic Safeguards for Local Government Bonds

Local Government

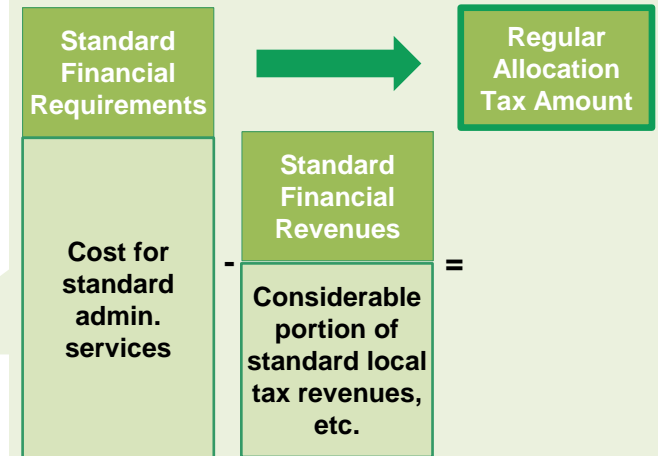
- Revenue Source: Right to levy taxes
- Preparation for Redemption: Reservation of Sinking fund

Systematic Support

National Government

- Budget Deficit Compensation: Local Allocation Tax System*
- Early Warning: Law relating to the Financial Soundness of Local Governments, etc

Local Allocation Tax System¹



¹If revenues of a local government exceed expenditure items, the Japanese Government may reallocate a portion of such excess amount to other local public bodies in order to smooth out imbalances in financial resources among local public bodies. TMG has never been allocated local allocation tax since the local allocation tax system was adopted in 1954.

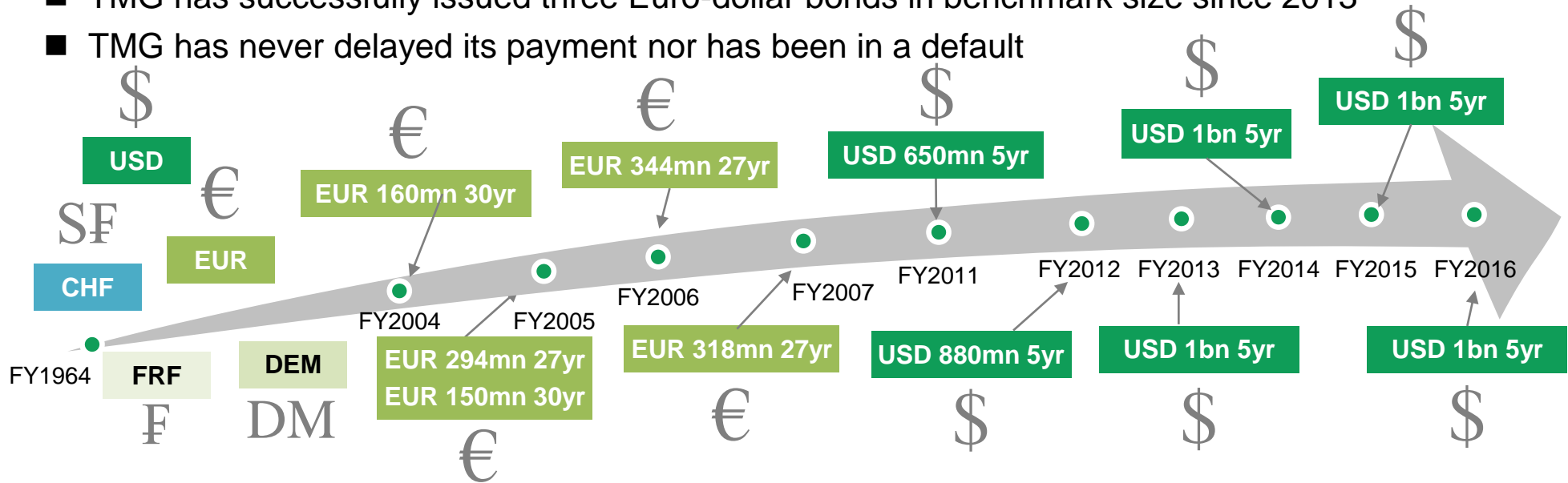
Source: Ministry of Internal Affairs and Communications, "Current Fiscal Conditions of Japanese Local Governments (March 2015): All the data used in the charts are as of FY2012

(2) TMG's Commitment to the International Capital Markets

TMG has successfully managed to issue in a wide range of currencies.



- TMG has successfully issued three Euro-dollar bonds in benchmark size since 2013
- TMG has never delayed its payment nor has been in a default



TMG's Recent Transactions since 2012

Issue Date	Format	Issue Amount	Tenor	Coupon (%)	Launch Spread (vs MS)	Launch Spread (vs Treasury)
May 17, 2016	144A/ Reg.S	USD1bn	5yr	2.000%	MS+90bp	T+86bp
May 19, 2015	Reg.S	USD1bn	5yr	2.125%	MS+35bp	T+49.8bp
May 20, 2014	Reg.S	USD1bn	5yr	2.125%	MS+38bp	T+47bp
June 6, 2013	Reg.S	USD1bn	5yr	1.625%	MS+47bp	T+68bp
June 8, 2012	Reg.S	USD880mn	5yr	1.750%	MS+75bp	T+108.20bp
Jan 27, 2012	Reg.S	USD650mn	5yr	1.875%	MS+78bp	T+110.8bp

(3) TMG's Issuance Plan for FY2016

TMG is planning to raise approximately JPY630bn for FY2016.



Plan for FY2016 Public Offering (JPYbn)

	2016										2017			FY2016 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
10-year bond ¹ (Monthly issues)	30	30	30	30	30	40	30				About 30, once a month ²		380	
Middle-term bond (3, 5, 7yr) and Super long-term bond (20, 30yr)			30yr 20	20yr 20							About 20 each time		80	
Retail Bond										About 10			10	
International bond		5yr 108.9											108.9	
Flex Term										Maturity not yet determined			50	

Total about JPY630bn

As of October 31, 2016

*This plan is subject to change at any time

¹10-year bond is subject to increase funding amount according to the funding needs of TMG. (Flexible increase funding amount option)

²The issue amount of the second half of FY2016 will depend on funding need and market conditions.

(4) TOKYO PRO-BOND Market

TMG Dual-listed on the TOKYO PRO-BOND Market



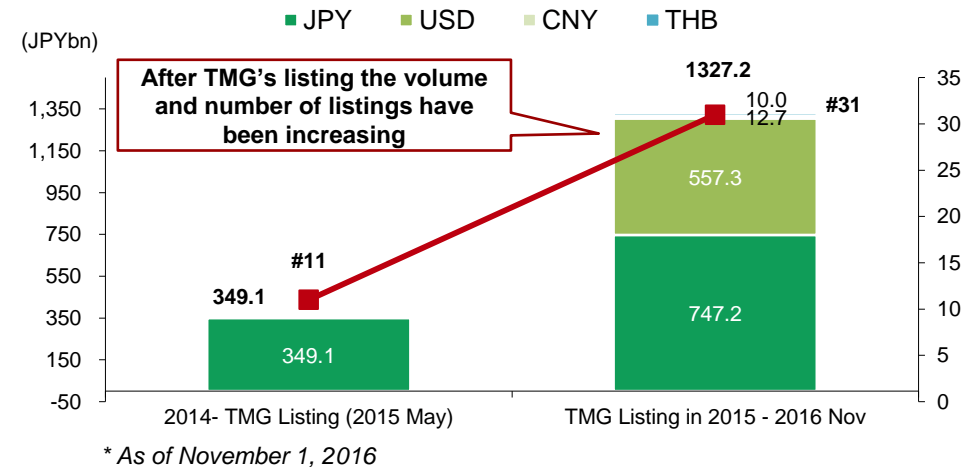
Dual-Listing

- TMG listed 2.000% May-21 Notes on the London Stock Exchange and Tokyo PRO-BOND Market in 2016
 - To enhance visibility of the TOKYO PRO-BOND Market globally

TOKYO PRO-BOND Market

- Established in May 2011 to enable distribution of debt securities to global and Japanese professional investors in Japan using simplified disclosure
 - Disclosure in English (or Japanese) is allowed
 - Application by private issuers of IFRS, US-GAAP, J-GAAP or an alternative accounting standard which the Exchange deems equivalent

TOKYO PRO-BOND Market Cumulative issuance volume and numbers





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FY2015 Results - Public Enterprise Accounts



Public Enterprise Accounts Results

(JPY100mn)

Account	Profit/Loss Account ¹			Capital Account ²		
	Revenues	Expenditures	Current Balance	Revenues	Expenditures	Capital Balance ³
Hospitals	1,581	1,573	8	68	138	-71
Central Wholesale Market	193	186	7	1,135	1,192	-57
Urban Redevelopment Project	0	0	0	16	15	2
Waterfront Area Development Project	429	505	-76	17	184	-167
Port and Harbor Project	48	38	10	1	19	-18
Transportation	502	517	-15	65	118	-53
Urban Rapid Transit Railway	1,704	1,428	275	255	891	-636
Electric Power	17	10	7	0	9	-9
Waterworks	3,572	3,179	393	85	1,126	-1,041
Industrial Waterworks	16	16	0	2	3	-1
Sewerage	3,869	3,427	442	1,851	3,733	-1,882

¹The profit/loss account is an account that records current revenues and expenditures relating to the operation of the business, such as fee revenues, payroll expenses, rent, operating costs, interest expenses and depreciation expenses.

²The Capital Account is an account that records capital revenues and expenditures, such as revenue from borrowings, revenue from the sale of properties, expenditures for construction and improvement and expenditures for repayment of borrowings.

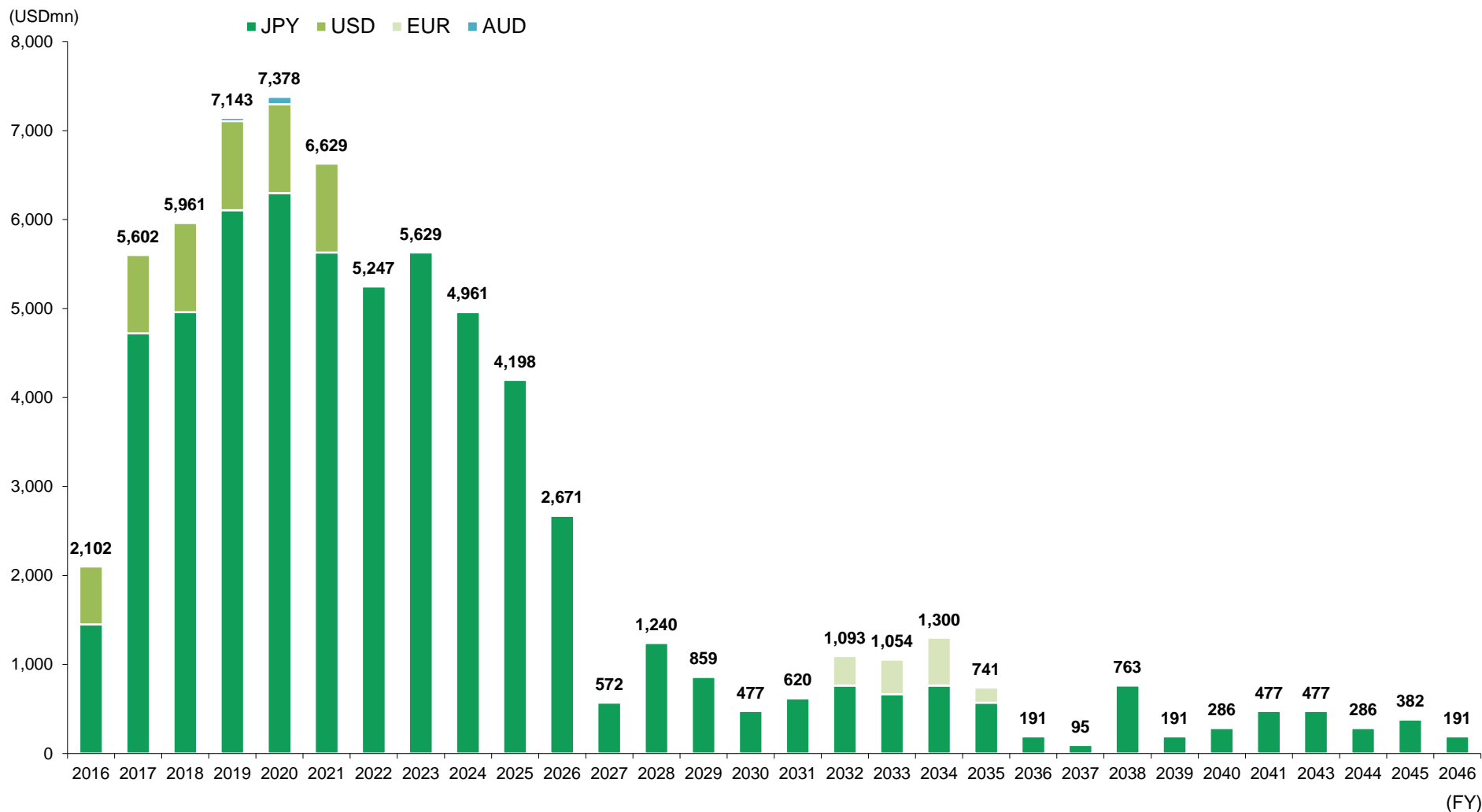
³The "Capital Balance" figures in the above table do not take into account any balances transferred between fiscal years or any deficit compensations made.

Key Financial Indicators and the Ratios



Ratio	Details	Results *					
		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Ordinary Balance Ratio	Ordinary Balance Ratio is the ratio of the "general revenue sources for the ordinary expenses (such as personnel expenses and bond expenses)" to the "total of ordinary general revenue sources (such as the Metropolitan taxes and local debt with some exceptions)", which indicates flexibility of fiscal structure. For the purpose of calculating the weighted average of all prefectures, "special share of revenue decrease compensation loans" and "extraordinary financial measures loans" are not included in the ordinary general revenue sources.	94.5	95.2	92.7	86.2	84.8	81.5
		(109.9)	(110.0)	(109.6)	(107.5)	(105.2)	(-)
Ratio of Bond Expenses Burden	Ratio of Bond Expenses Burden is the ratio of the "general revenue sources for Bond Expenses" to the "general revenue sources", which indicates fiscal burden level of Bond Expenses by showing the amount of the general revenue sources appropriated to Bond Expenses.	10.6	10.2	9.8	9.6	9.6	8.2
		(18.9)	(19.4)	(19.7)	(19.9)	(19.5)	(-)
Financial Capability Index	Financial Capability Index is an average over three fiscal years (including the fiscal year indicated) of standard financial revenue (being an amount calculated in accordance with the Local Allocation Tax Act of Japan (Act No. 211 of 1950, the "Local Allocation Tax Act") as being a certain proportion of standard tax revenues) divided by standard financial needs (being the annual amount of expenditure estimated to be required for a local authority to perform its administrative affairs at a reasonable level, as calculated in accordance with the Local Tax Allocation Act).	1.162	0.961	0.864	0.871	0.925	1.003
		(0.49)	(0.47)	(0.46)	(0.46)	(0.47)	(-)
Real Debt Payment Ratio	Real Debt Payment Ratio is the ratio of the "general revenue resources appropriated to pay off bonds" to the "standard financial scale". The term "standard financial scale" denotes the scale of ordinary general revenue sources which would normally be raised or received by the relevant local authority under normal conditions (being the total of the standard tax revenue and ordinary local allocation tax).	2.2	1.5	1.0	0.6	0.7	1.3
		(13.5)	(13.9)	(13.7)	(13.5)	(13.1)	(-)
Future Burden Ratio	Future Burden Ratio is the ratio of the "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".	93.6	92.7	85.4	73.2	49.7	32.1
		(220.8)	(217.5)	(210.5)	(200.7)	(187.0)	(-)

Maturity Profile of Outstanding Issues



Position as of October 31, 2016
 Applied FX rate as of October 31, 2016



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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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