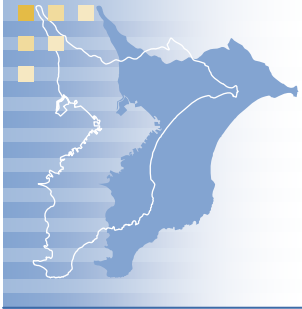




# Chiba Prefecture Fiscal Conditions and Prefectural Bonds

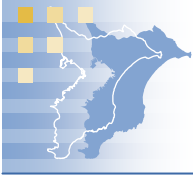
May 2009



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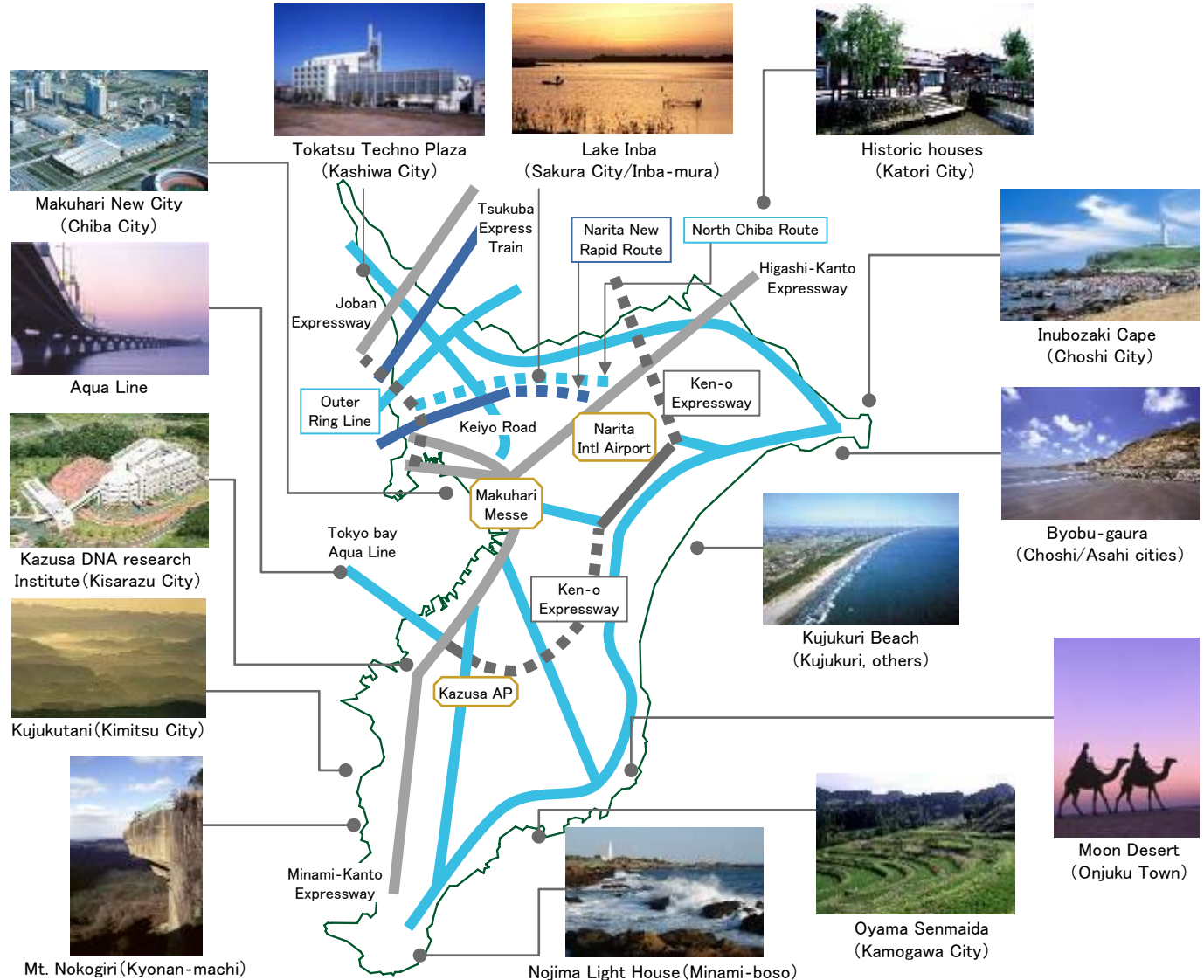
# 1. Overview of Chiba Prefecture

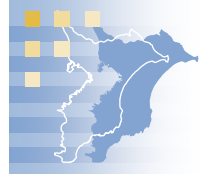
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# (1) Population, Number of Households

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





## (2) Industry

### Agriculture

Chiba Prefecture is blessed with a warm climate and abundant land resources. Roughly one-fourth of the prefecture's land, 134,000 hectares are used for farming. We have developed a balanced agricultural industry that includes the growing of rice and vegetables, and the raising of livestock. Chiba ranks third in Japan in terms of agricultural output.



### Fishery

Chiba Prefecture is located in a sea region and has both inner bays and open beach areas providing an abundance and variety of seafood. In 2007, total fishery output came to 169,000 tons, the seventh highest in Japan, making Chiba Prefecture one of Japan's premiere fishing prefectures.



### Industry

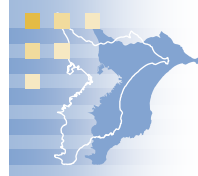
Shipments of manufactured goods from Chiba Prefecture came to just over 14.1 trillion yen in 2007, which was the 7th highest in Japan. 56.4% of all industrial output in Chiba comes from the three industries of chemicals (21.6%), petroleum and coal products (21.6%) and iron & steel (13.2%).

### Business

Businesses help provide affluent lifestyles to Chiba Prefecture's 6 million citizens and play an important role in supporting regional economies. As of June 1, 2007 there were 48,468 businesses employing 412,834 workers with total annual sales of just over 12.2 trillion yen.

### Tourism

Tourism is positioned as a main pillar of industry in Chiba Prefecture and in 2007 we launched the "Chiba Destination Campaign" as a major push to encourage tourism. From March 2008 we have also been developing various approaches for prefecture-based tourism, including the establishment of the "Ordinance for Promoting Chiba Prefecture Tourism". In 2006 Chiba Prefecture was visited by 127,970,000 tourists who spent a total of 445.2 billion yen.



## (3) National Rankings

- Chiba is a major industrial prefecture with a good balance of industry covering everything from agriculture, forestry and fisheries to commerce, and a comparatively young population.

Population		(10,000 people)
1st	Tokyo	1,258
2nd	Osaka	882
3rd	Kanagawa	879
·		
·		
6th	Chiba	606

National Census (as of Oct. 1, 2005)

Average age		(Yrs)
1st	Okinawa	39.1
2nd	Aichi	41.5
3rd	Shiga	41.6
·		
·		
6th	Chiba	42.4

National Census (as of Oct. 1, 2005)

Area		(Km <sup>2</sup> )
1st	Hokkaido	834,456
2nd	Iwate	15,279
:		
28th	Chiba	5,157
:		
39th	Saitama	3,797
43rd	Kanagawa	2,416
45th	Tokyo	2,187

National Census (as of Oct. 1, 2005)

Per capita income		(xJPY10,000)
1st	Tokyo	477
2nd	Aichi	352
3rd	Shizuoka	334
:		
:		
11th	Yamaguchi	300
12th	Chiba	300
13th	Saitama	296

(FY05) Annual Report on Prefectural Accounts, Cabinet Office

Manufactured goods shipments		(JPY bn)
1st	Aichi	46,563
2nd	Kanagawa	19,768
3rd	Shizuoka	18,959
4th	Osaka	16,896
5th	Hyogo	15,431
6th	Saitama	14,198
7th	Chiba	14,100
8th	Ibaraki	12,490

(FY05) Industrial Statistics, METI

Annual sales		(JPY bn)
1st	Tokyo	181,353
2nd	Osaka	60,303
3rd	Aichi	43,192
:		
:		
8th	Hyogo	13,266
9th	Chiba	12,246
10th	Hiroshima	11,810

(FY07) Census of Commerce

Overnight visitors (total)		(10,000 people)
1st	Tokyo	3,436
2nd	Hokkaido	2,496
3rd	Osaka	1,561
4th	Chiba	1,472
5th	Shizuoka	1,261

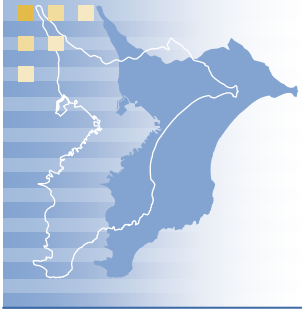
Tourism Statistics Survey, Ministry of Land, Infrastructure, Transport and Tourism (Jan-Dec, 2007)

Agricultural production		(JPY bn)
1st	Hokkaido	1,053
2nd	Kagoshima	408
3rd	Chiba	401
4th	Ibaraki	399
5th	Miyazaki	321

(FY06) Census of Agriculture and Forestry, Ministry of Agriculture, Forestry and Fisheries

Fisheries production		(10,000 tons)
1st	Hokkaido	1,308
2nd	Nagasaki	301
3rd	Miyagi	268
:		
6th	Mie	170
7th	Chiba	169

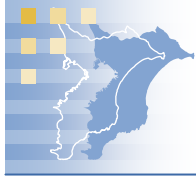
(FY07) Agriculture, Forestry and Fishery Statistics, Ministry of Agriculture, Forestry and Fisheries



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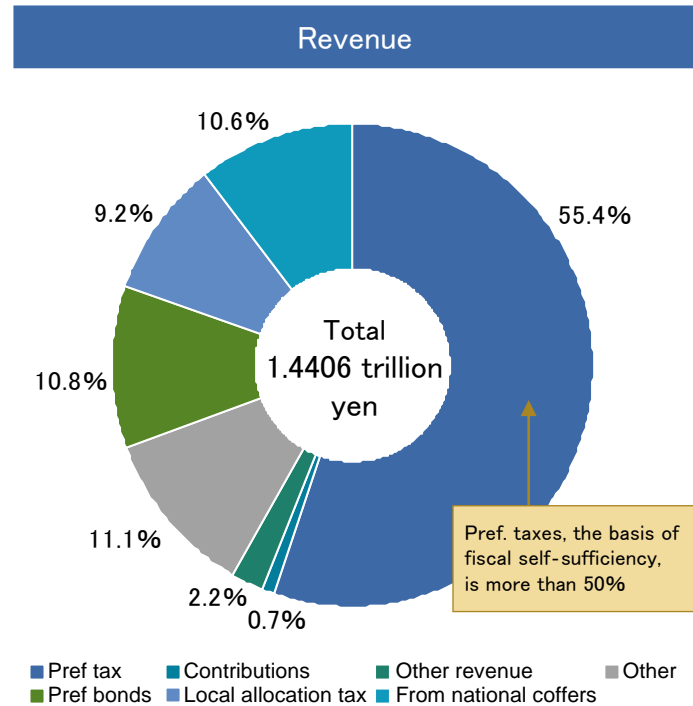
## **2. Revenue and Expenditures**

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# (1) FY08 General Account Budget Revenue

- Chiba Prefecture has put together a budget that is balanced in terms of reducing expenditures through administrative and fiscal reforms, while also putting priority on projects needed to revitalize the prefecture and ensure future development.
- The fiscal 2008 budget came to 1,440,660,000,000 yen, 0.3% smaller than the budget for the previous year.



Revenue (100 million yen)	YoY change
Prefectural tax	7,981 (0.1%)
Corporate-related tax	2,178 (-1.8%)
Residence tax	2,758 (5.5%)
Local consumption tax	1,083 (-7.6%)
Local tax allocations	1,320 (-11.8%)
From national coffers	1,524 (-2.4%)
Prefectural bond	1,560 (4.1%)
Temporary fiscal measure bonds	601 (21.9%)
Retirement allowances	250 (25.0%)
Other	2,022 (5.1%)
<b>Total</b>	<b>14,407 (-0.3%)</b>

### Prefectural tax

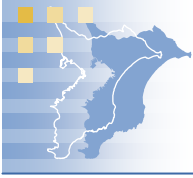
Individual resident tax revenue has increased due to the shift in tax sources brought about by tripartite reforms, but corporate tax and regional consumption tax revenues have fallen due to stagnant corporate profits and weak consumer behavior. As such, overall tax revenues are expected to be on par with levels from the previous year.

### Local allocation tax and temporary fiscal measures bonds

There was an increase of about 410 billion yen nationwide from newly created expenses resulting from local region revitalization measures. However, Chiba prefecture continues to hold personnel costs for teacher and police, as well as other expense, at low levels and so expects a reduction of about 6.9 billion yen YoY.

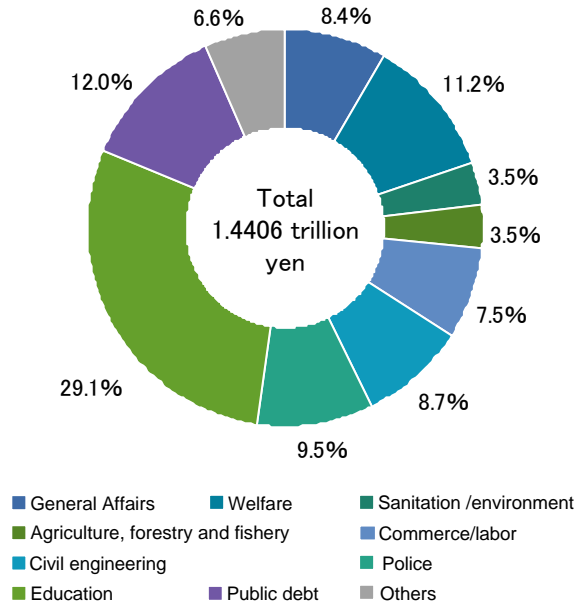
### Prefectural bonds

Chiba prefectural bonds outstanding are expected to increase by 6.1 billion yen YoY (4.1%) because of temporary fiscal measure bonds and retirement allowance bonds.

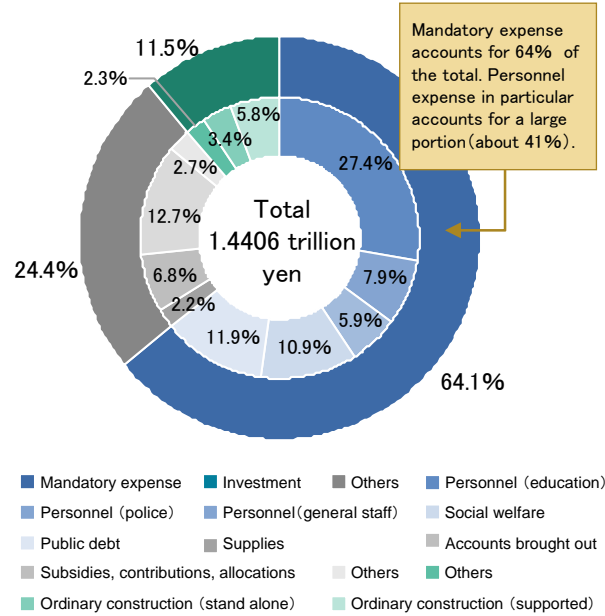


## (2) FY08 General Account Budget Expenditures

Expenditures (by purpose)



Expenditures (by type)



Expenditures (100 million yen)		YoY Change
Personnel expenses	5,936	-0.6%
Social welfare costs	1,577	6.4%
Public debt	1,717	0.5%
Ordinary construction	1,326	-8.1%
Supported projects	833	-3.1%
Stand-alone projects	492	-15.5%
Other	3,851	0.1%
<b>Total</b>	<b>14,407</b>	<b>-0.3%</b>

Personnel expenses

Retirement allowances continue to increase, but salary reductions and reforms of salary structures have been successful. As such, overall personnel expense was reduced 0.6% to about 3.6 billion yen.

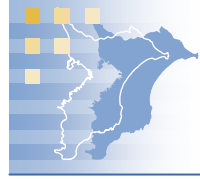
Social welfare costs

The portion shouldered by the prefecture has increased due to implementation of a health care system for the elderly 75 and older and increased support for the disabled to become self-sufficient. As such, social welfare costs increased to about 9.5 billion yen, or 6.4% YoY.

Ordinary construction

There was a reduction of about 11.7 billion yen (8.1% YoY) due to the moving of land readjustment projects to a special account and progress in reducing public works projects.



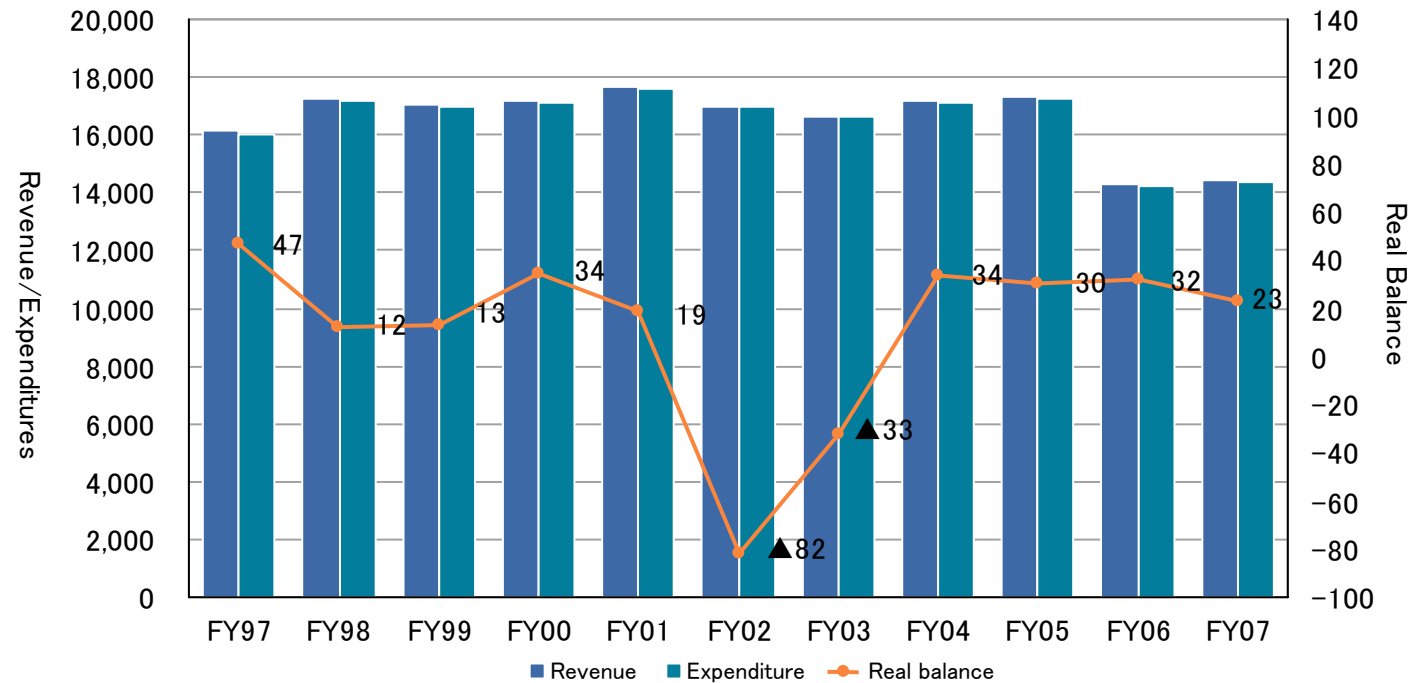


### (3) General Account Balance

- Overall revenue fell after peaking in FY01 and deficits were recorded in FY02 and FY03.
- However, these deficits have been erased since FY04 due to thorough cost cuts, salary cuts and other measures, as well as increased tax revenues that accompanied the economic recovery.

Balance of Settled General Accounts

(100 million yen)

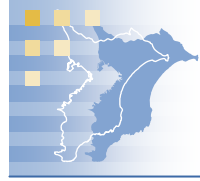


	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Revenue	16,133	17,239	17,044	17,209	17,682	16,977	16,649	17,199	17,302	14,327	14,420
Expenditure	16,040	17,176	16,981	17,094	17,601	16,985	16,602	17,133	17,246	14,256	14,382
Real balance	47	12	13	34	19	-82	-33	34	30	32	23

※ From fiscal 2006 special accounts were created for the settlement of local consumption tax. At the same time, refinancing bonds have been handled in the special account/prefectural debt management and the real size of the general account has been indicated.

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

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

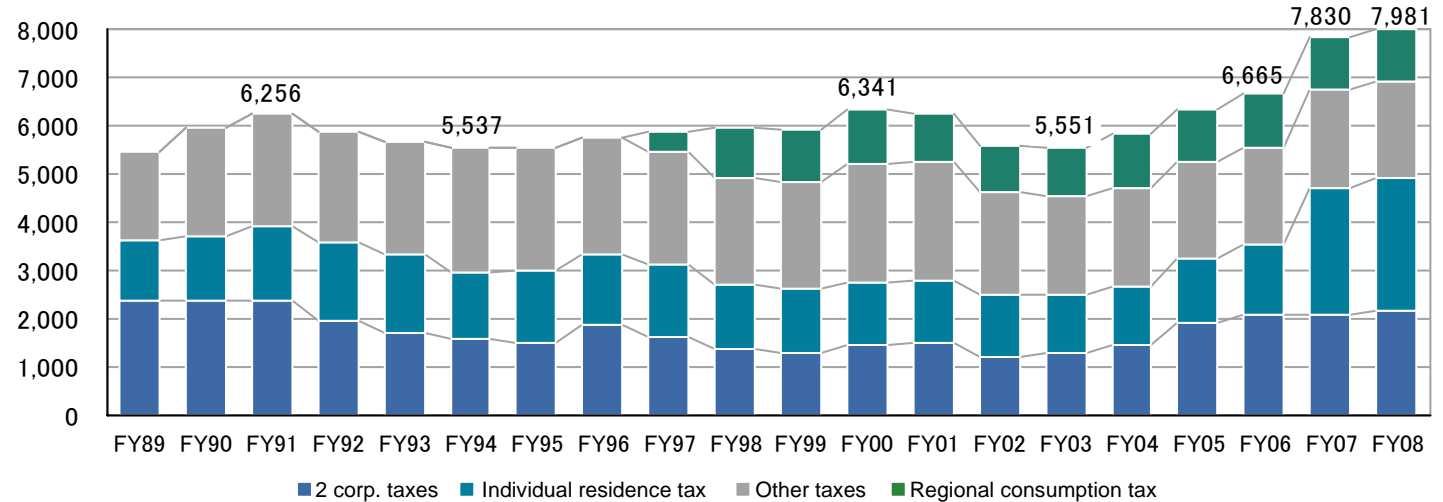


# (4) Prefectural Tax Revenue

- After peaking FY91, prefectural tax revenue has been in a downward trend due to the prolonged economic slump. However, these revenues have turned up since FY04 as corporate earnings improved, reflecting the economic recovery.
- Since FY07 there has been a true transfer of tax sources based on the “Tripartite” Reforms and fixed rate cuts for residential tax was abolished. This resulted in a big improvement in prefectural tax revenue.

Prefectural Tax Revenue

(100 million yen)



※ Real figures including balances related to regional consumption tax settlements. Actual results up to FY07 and initial budget amount for FY08.

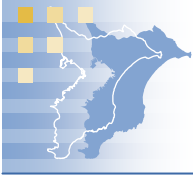
	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
2 corp. taxes	2,392	2,360	2,385	1,967	1,719	1,594	1,501	1,874	1,610	1,384	1,288	1,472	1,501	1,214	1,290	1,452	1,924	2,083	2,088	2,178
Individual residence tax	1,231	1,344	1,525	1,628	1,595	1,378	1,488	1,443	1,520	1,324	1,339	1,291	1,283	1,270	1,218	1,231	1,329	1,465	2,513	2,758
Other taxes	1,815	2,255	2,346	2,280	2,338	2,565	2,553	2,420	2,313	2,213	2,205	2,465	2,454	2,136	2,053	2,030	2,006	2,003	2,135	1,961
Regional consumption tax									445	1,057	1,076	1,113	995	965	990	1,124	1,091	1,113	1,094	1,083
<b>Total</b>	<b>5,438</b>	<b>5,959</b>	<b>6,256</b>	<b>5,875</b>	<b>5,652</b>	<b>5,537</b>	<b>5,542</b>	<b>5,737</b>	<b>5,888</b>	<b>5,978</b>	<b>5,908</b>	<b>6,341</b>	<b>6,233</b>	<b>5,585</b>	<b>5,551</b>	<b>5,837</b>	<b>6,350</b>	<b>6,665</b>	<b>7,830</b>	<b>7,981</b>

### National Rankings (FY06)

2 Corp. Taxes 7th

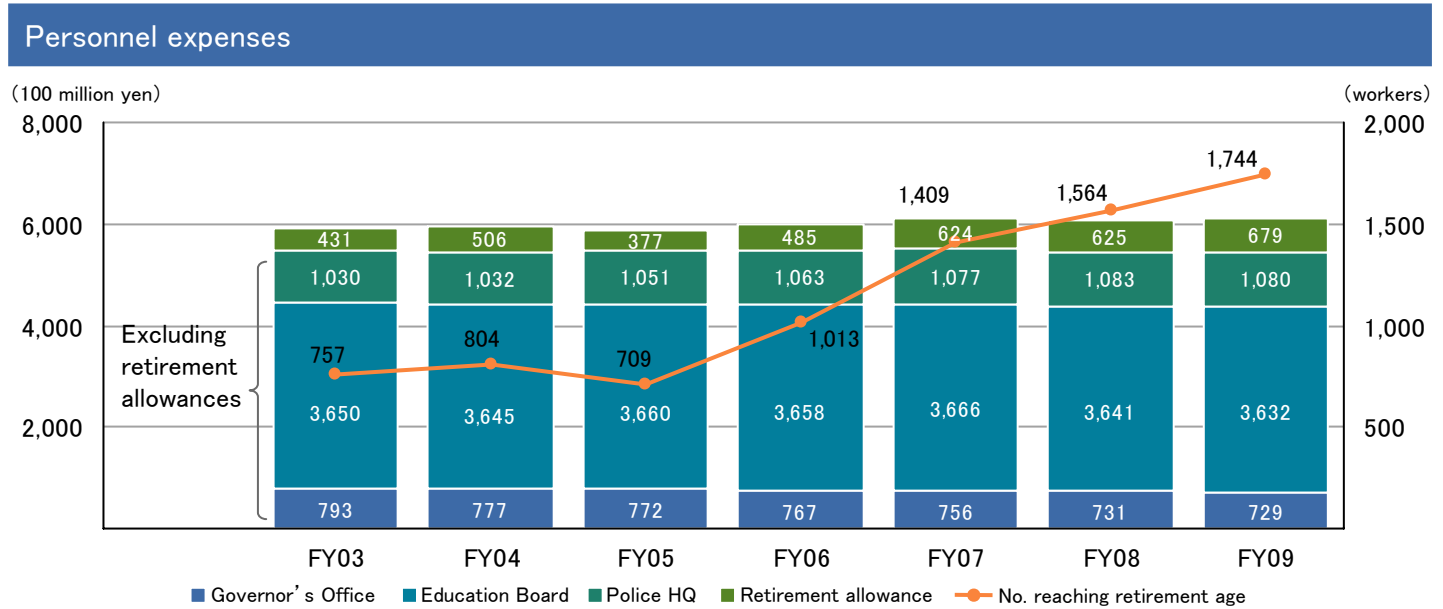
Individual Residence Tax 6th

Chiba Prefecture has a balanced tax revenue structure with high rankings for all other tax items as well.

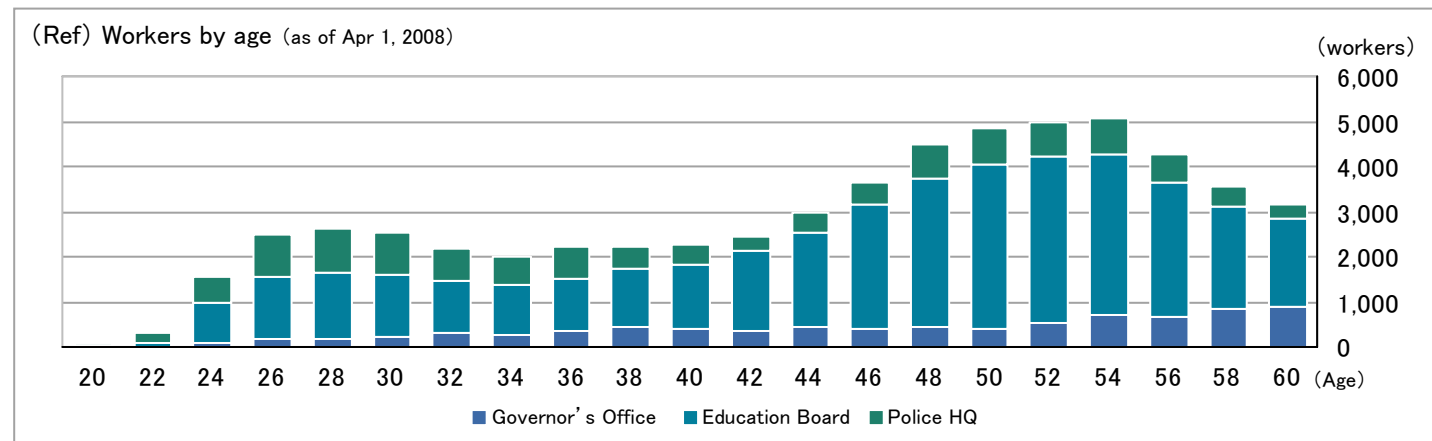


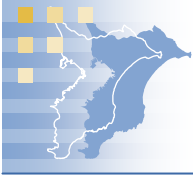
## (5) Expenditures: Personnel expenses

■ The number of employees reaching retirement age between FY06 and FY09 is expected to increase by about 1,000. Looking at the age make-up of Chiba Prefecture employees, this trend is expected to continue for the next few years.



※ FY08 based on the initial budget (including appropriated reserves), estimate for FY09 based on assumption there are no changes in staffing levels.



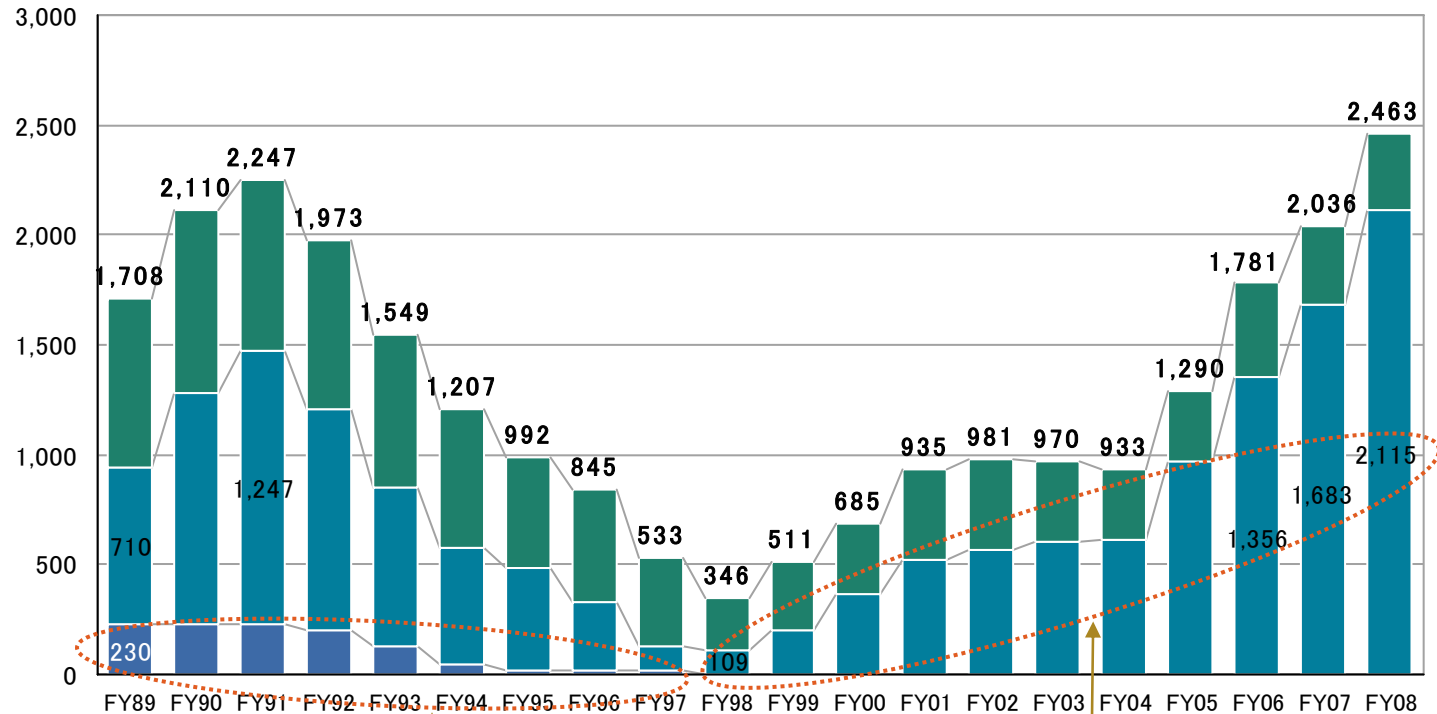


## (6) Fund Balance

■ The fund balance had been in a downward trend since peaking in FY91. However, a debt management fund has been built up in accordance with the fund accumulation rule to support lump-sum redemptions of prefectural bonds reaching maturity.

Fund Balance

(100 million yen)



※ Totals are in **bold**.

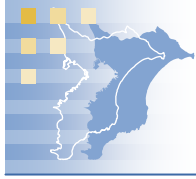
※ Figure for FY08 is a forecast.

■ Public finance adjustment fund

■ Prefectural debtmanagement fund ■ Other funds

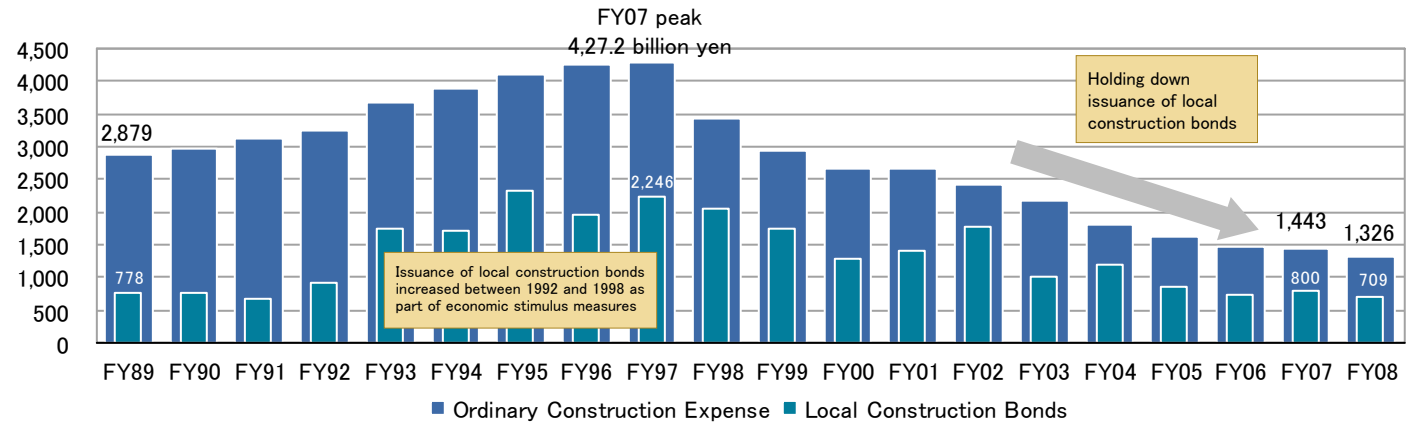
The public finance adjustment fund is used to make fund adjustments between fiscal years. The fund is used as a financing measure when there is a drop in tax revenue. As such, the balance since FY98 has been zero.

In order to make lump-sum redemptions of prefectural bonds offered on the market, an amount equivalent to 3.7% of the amount in the initial bond offering is added to the debt management fund each year. This starts three years after the bond issuance and so is  $3.7\% \times 27$  years.

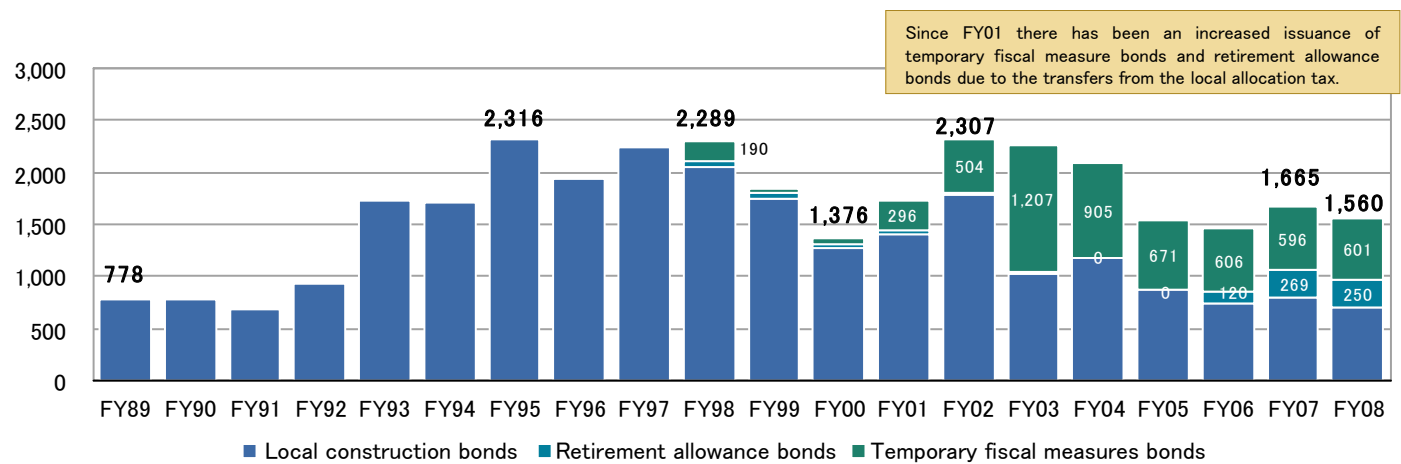


# (7) Prefectural Bond Issuance

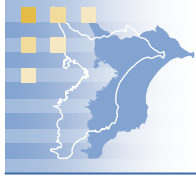
Ordinary Construction Expense and Local Construction Bond Issuance Amount (new issues) (100 million yen)



Prefectural Bond Issuance Amount (new issues) (local construction bonds + temporary fiscal measures bonds + retirement allowance bonds) (100 million yen)

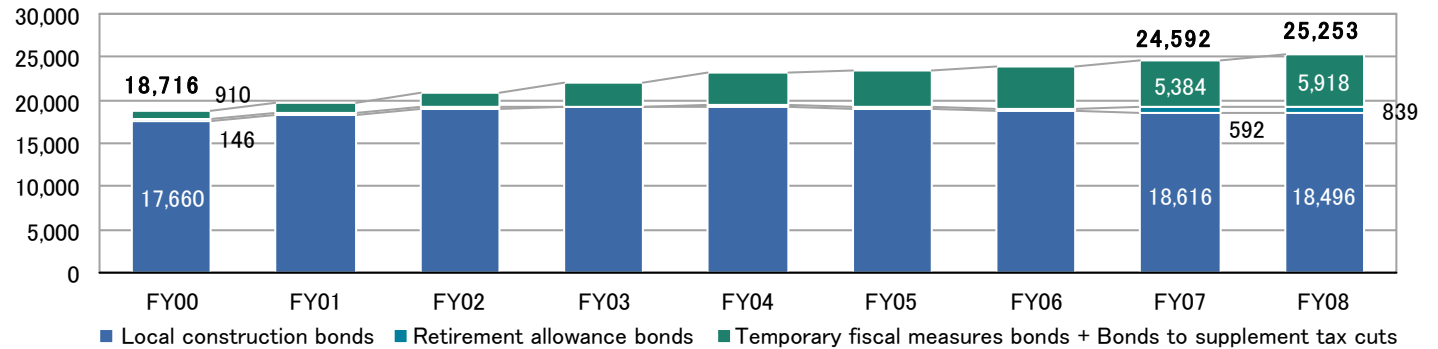


※ Totals are in **bold**.  
 ※ Actual results until FY07, initial budget amount for FY08



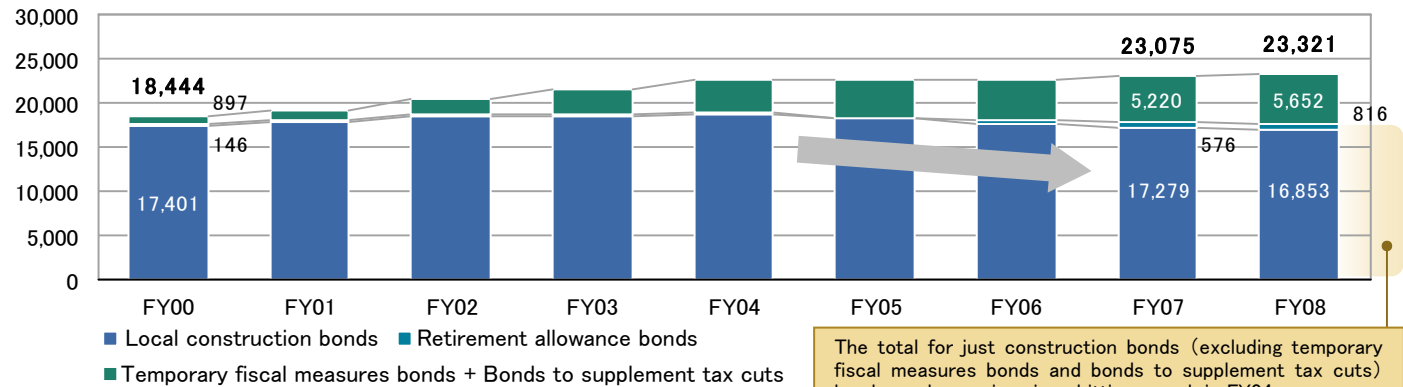
## (8) Prefectural Bonds Outstanding

Prefectural Bonds Outstanding (100 million yen)



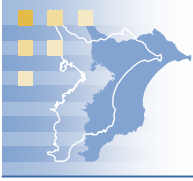
The fund for making lump-sum redemptions of prefectural bonds can only be used for that purpose. As such, that portion has been subtracted to ascertain the "real" prefectural bonds outstanding shown below.

Real Prefectural Bonds Outstanding (100 million yen)



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

- ※ Totals are in **bold**.
- ※ Actual results through FY07, revised budget amount as of September for FY08.
- ※ In FY07 land readjustment projects were transferred to a special account and so this portion was subtracted from the local construction bonds outstanding.

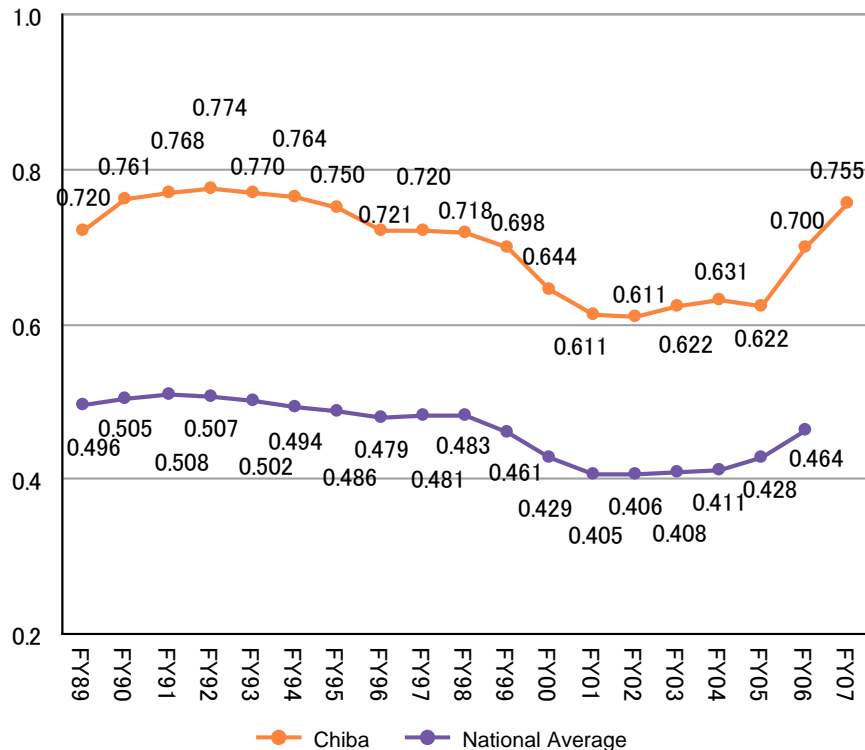


## (9) Fiscal Indicators (General Account) ①

### Fiscal Capability Indicators

- There are various indicators that can be used to measure the financial capabilities of local governments. Usually, these measure the degree to which finances are managed without having to rely on ordinary allocation tax.
- A larger number indicates stronger financial capability. Chiba Prefecture's score is well above the national average.

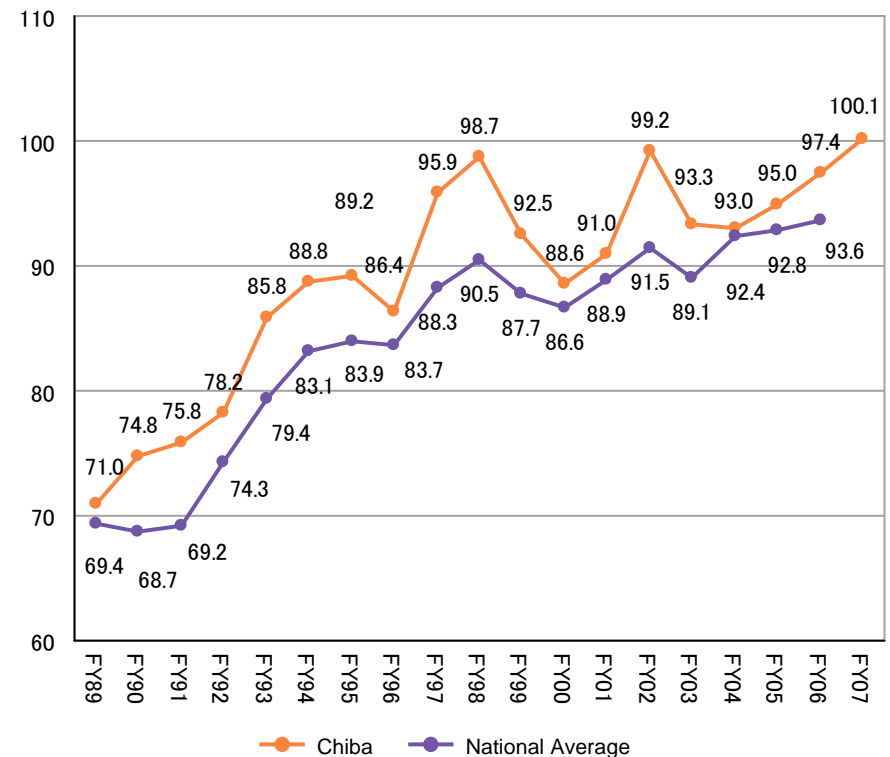
Fiscal Capability Indicators

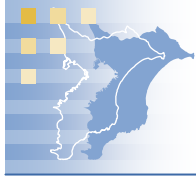


### Ratio of Current Income to Expense

- The percentage of general (current) financial sources allotted to current expense is a good indicator of financial flexibility.
- A lower number indicates greater financial flexibility. The ratio for Chiba Prefecture is a little higher than the national average.

Ratio of Current Income to Expense

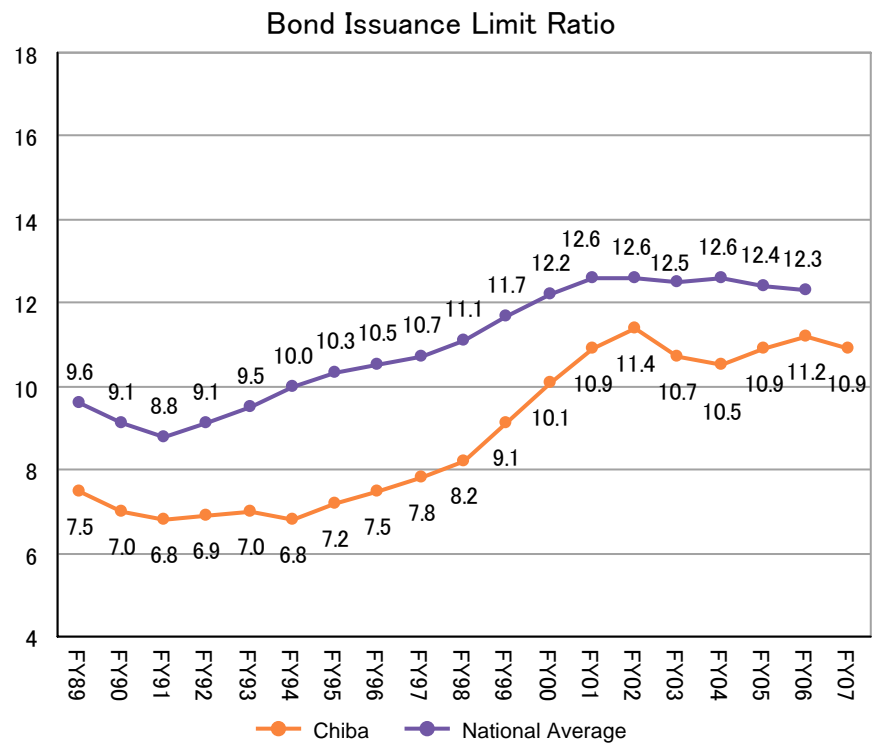




## (9) Fiscal Indicators (General Account) ②

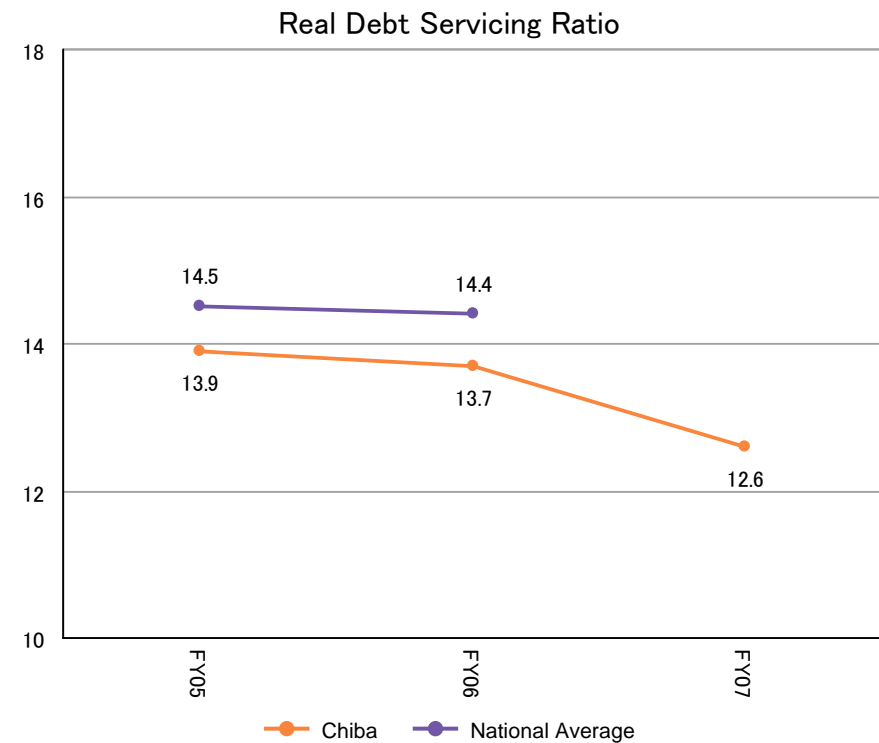
### Bond Issuance Limit Ratio

- The ratio of public debt servicing expense (general financing source for repaying loans and covering future bond redemptions) to the scale of standard finances is an indicator of the financial burden from servicing public debt.
- A lower number indicates greater fiscal flexibility. The score for Chiba Prefecture is below the national average.



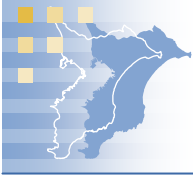
### Real Debt Servicing Ratio

- This indicator expresses the degree of financial burden from servicing public debt.
- This ratio accounts for transfer to local public enterprises and other items not included in the Bond Issuance Limit Ratio.
- If this ratio tops 18%, special permission from the Minister for Internal Affairs and Communications will be needed in order to issue more regional bonds. The issuing of some bonds will not be allowed if this ratio tops 25%



※ Scale of standard finances is the scale of the expected ordinary source of financing. The total for prefectural taxes, local transferred tax and ordinary allocation tax.





## (9) Fiscal Indicators (General Account) ③

### Future Debt Burden Ratio

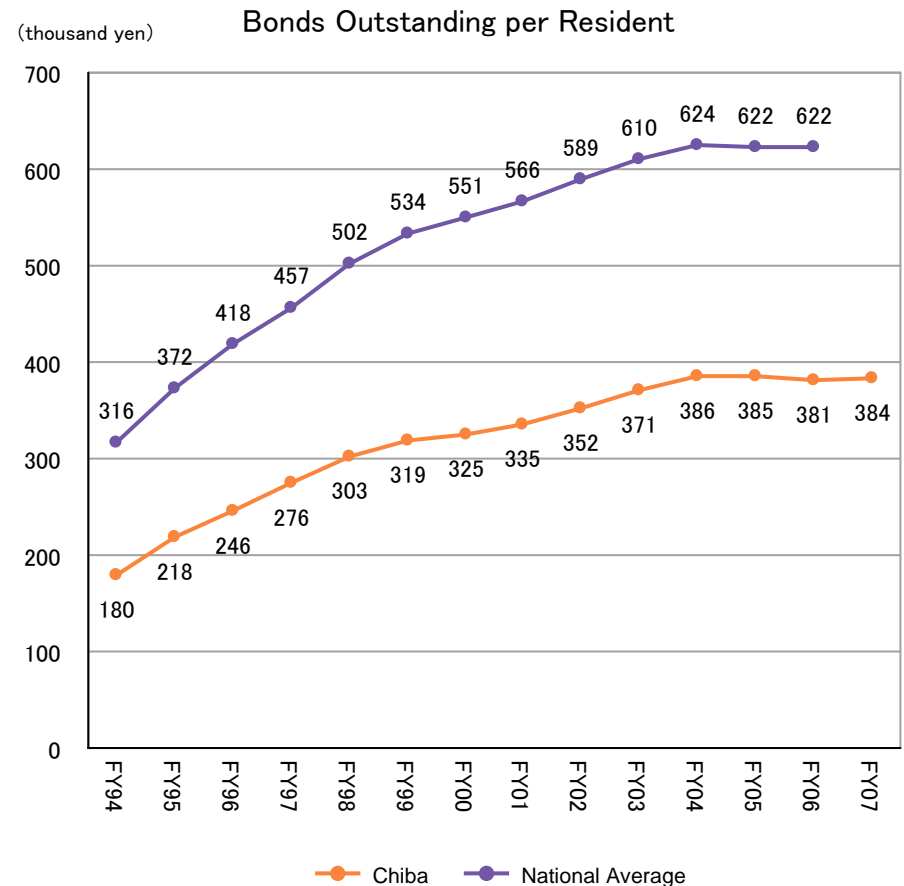
- This ratio is used to express the current balance of debts (municipal bonds) on the general accounts of local public organizations, as well as burdens that may need to be paid in the future.
- For Chiba prefecture this ratio is 216.4%, which is below the financial soundness standard of 400% (nationwide average is currently 222.3%).
- Furthermore, the real deficit ratio and consolidated real deficit ratio do not apply to Chiba Prefecture.

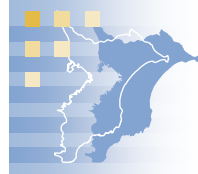
### Other Financial Strengths (compared to FY06 general account)

- **Bonds outstanding to prefectural tax revenue ratio is 4th lowest in Japan**
  - Bonds outstanding is 3.5 times prefectural tax revenue (national average: 4.3 times)
- **Bonds outstanding to scale of expenditures ratio is 13th lowest in Japan**
  - Ratio for Chiba Prefecture is 163% compared to the national average of 166%
- **Bonds outstanding to standard financial scale ratio is 8th lowest in Japan**
  - Ratio for Chiba Prefecture is 266% compared to national average of 304%

### Bonds Outstanding per Resident

- Based on the general account for FY07, the amount of bonds outstanding per resident was 384,000 yen, remaining below the national average.





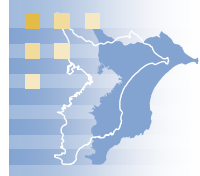
## (10) Overview of FY07 General and Special Accounts ①

### 1. Ordinary Accounts

(100 million yen, %)

	Revenue	Expenditure	Balance	Real Balance	Outstanding local bonds	Carried over from other accounts	Notes
General account	14,420	14,382	37	23	24,592	992	1.7 billion yen transferred from fund
(Sp) Prefectural debt management	2,010	2,010	0	0	0	789	23.3 billion yen from amortization fund
(Sp) Automobile tax stamp	239	235	3	3	0	0	
(Sp) Local consumption tax settlement	3,094	3,094	0	0	0	0	
(Sp) Municipal revitalization fund	34	28	6	5	0	0	
(Sp) Mother, child, widow welfare fund	6	4	2	2	0	0	
(Sp) Welfare pension fund for the disabled	7	7	0	0	0	1	
(Sp) Nihon Convention Center international exhibits	48	48	0	0	200	7	
(Sp) Small business facilities fund	47	17	30	30	39	0	
(Sp) SME promotion fund	1,726	1,726	0	0	0	863	
(Sp) Agricultural improvement fund	10	2	7	7	2	0	
(Sp) Forestry management fund	4	4	0	0	30	3	
(Sp) Forestry/logging industry improvement fund	1	0	1	1	0	0	
(Sp) Coastal improvement fishing fund	4	1	3	3	0	0	
(Sp) Public land acquisition projects	45	45	0	0	90	2	
(Sp) Scholarship fund	6	3	2	2	0	0	
Ordinary accounts	14,543	14,451	92	52	23,407	110	

※ Net totals for general accounts and above accounts do not match perfectly due to carryovers and transfers between accounts.



## (10) Overview of FY07 General and Special Accounts ②

### 2. Overview of Public Enterprise Accounts

(100 million yen, %)

	Overall Revenue	Overall Expense	<Non-PEL> Balance	Net Profit (Real Balance)	Municipal Bonds Outstanding	Transfers from other Accounts	<PEL> NPL's	<PEL> Aggregate losses	Remarks
(Sp) Publicly managed racing	84	81	3	3	0	0	-	-	
(Sp) Harbor maintenance	23	23	0	0	75	6	-	-	
(Sp) Downstream sewage projects	330	320	10	7	707	45	-	-	
(Sp) Land zoning projects	22	22	0	0	234	5	-	-	
(Sp) Waterworks	738	642	-	96	2,223	0	0	0	PEL
(Sp) Land reclamation	4,343	2,276	-	2,067	707	0	0	0	PEL
(Sp) Industrial-use water projects	129	117	-	12	477	0	0	0	PEL
(Sp) Hospital projects	357	372	-	▲ 14	290	88	0	259	PEL

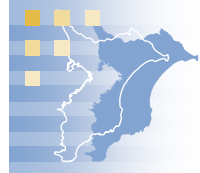
※ PEL refers to public enterprises under the Local Government Public Enterprise Law.

※ NPLs and Aggregate losses expressed as positive numbers.

### 3. Related Administrative Groups

(100 million yen, %)

	Overall Revenue	Overall Expense	<Non-PEL> Balance	Net Profit (Real Balance)	Municipal Bonds Outstanding	Transfers from other Accounts	<PEL> NPL's
Chiba Prefecture Horseracing Association	403	404	▲ 1	▲ 1	0	8/13	-
Kimitsu Regional Water Supply Authority	65	60	-	5	248	27.9%~44.4%	-
Kita Chiba Regional Water Supply Authority	131	100	-	32	559	42.7%	-

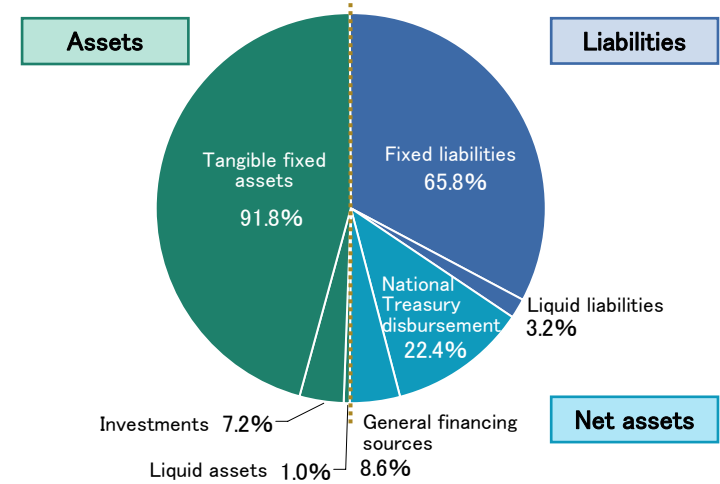


# (11) FY07 Balance Sheet ①

## Ordinary Account Balance Sheet

(JPY 100 million yen)

Category		End-FY07	End-FY06	Difference	Change
Assets	Tangible fixed assets	40,005	40,487	- 482	- 1.2%
	Investments, etc.	3,134	3,163	- 29	- 0.9%
	Liquid assets	450	426	24	5.6%
	<b>Total</b>	<b>43,589</b>	<b>44,076</b>	<b>- 487</b>	<b>- 1.1%</b>
Liabilities	Fixed liabilities	28,685	28,265	420	1.5%
	Liquid liabilities	1,403	1,425	- 22	- 1.5%
	<b>Total</b>	<b>30,088</b>	<b>29,690</b>	<b>398</b>	<b>1.3%</b>
Net assets	From national coffers	9,750	9,824	- 74	- 0.8%
	General source, etc.	3,751	4,563	- 812	- 17.8%
	<b>Total</b>	<b>13,501</b>	<b>14,386</b>	<b>- 885</b>	<b>- 6.2%</b>
<b>Total liabilities, net assets</b>		<b>43,589</b>	<b>44,076</b>	<b>- 487</b>	<b>- 1.1%</b>
Net asset structure ratio		31%	33%		



Assets declined due to depreciation, as investment-related costs were curtailed

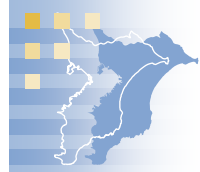
Increase in temporary fiscal measure bonds transferred from local tax allocations resulted in increase in liabilities

Least assets, liabilities nationwide

※ Nationwide average is simple average of 44 prefectures with balance sheets (MIC method).

## Per Capita Balance Sheet

	Assets		Liabilities	
	Chiba Prefecture	Nationwide avg	Chiba Prefecture	Nationwide avg
FY05	746,000	1,769,000	475,000	845,000
FY06	728,000	1,761,000	490,000	863,000
FY07	716,000	-	494,000	-



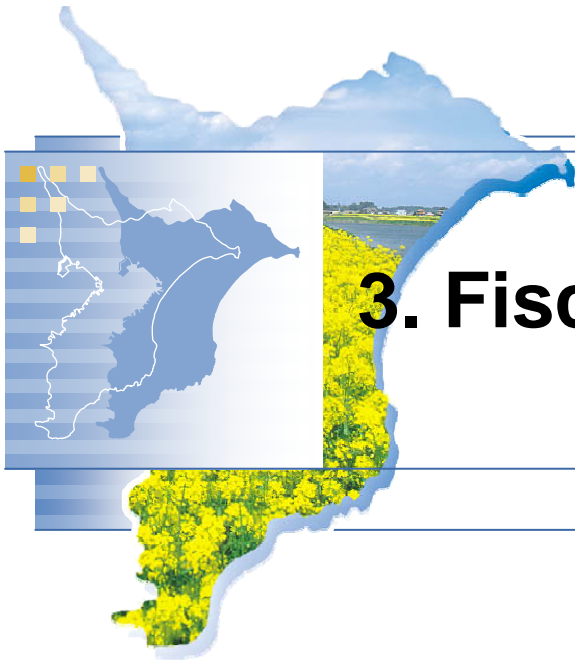
## (11) FY07 Balance Sheet ②

Consolidated balance sheet (as of March 31, 2008)

(100 mil yen)

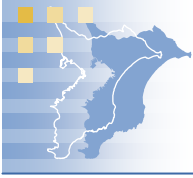
Category	Chiba Prefecture				Special local public entities	Three local public corporations	Semi-public sectors	Net total	
	Ordinary account	Public enterprises	Other accts.	Total					
Assets	Tangible fixed assets	40,005	13,211	5,670	58,886	661	171	151	59,868
	Investments, etc.	3,134	1,971	56	4,282	197	921	555	5,249
	Liquid assets	450	1,355	14	1,819	58	537	179	2,577
	Deferred account	0	10	0	10	0	0	0	10
	Total	43,589	16,547	5,739	64,996	916	1,629	886	67,705
Liabilities	Fixed liabilities	28,685	6,286	970	35,321	24	1,375	381	36,720
	Liquid liabilities	1,403	631	74	2,108	14	44	85	2,234
	Total	30,088	6,917	1,044	37,428	38	1,418	466	38,954
Total Liabilities and Asset/ Liability Difference		43,589	16,547	5,739	64,996	916	1,629	886	67,705

※ Net total excludes duplication among accounts.



### 3. Fiscal Outlook and Reform Efforts





## (1) Fiscal Outlook ②

### (3) Special issuance of local bonds

(JPY bn)

	2008 (initial budget)	2009	2010	2011	2012
For administrative/fiscal reform, retirement allowances ⑥	45	45	45	45	45
Borrowing from land creation project account ⑦	17				

### (4) Fiscal shortfall

(JPY bn)

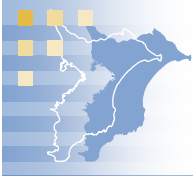
	2008 (initial budget)	2009	2010	2011	2012
Fiscal shortfall (③+④-⑤+⑥+⑦)	-14.5	- 17.3	- 16.7	- 15.4	- 13.6

※Amount of revenue procured ④, expenditures cut ⑤ in FY08 already reflected in budget, so not included in calculation.

In order to address fiscal shortfall, Chiba Prefecture will

- Gauge local administrative/fiscal demand, and seek early recovery of local tax allocations level from national government.
- Continue significant fiscal, administrative reforms on prefectural level

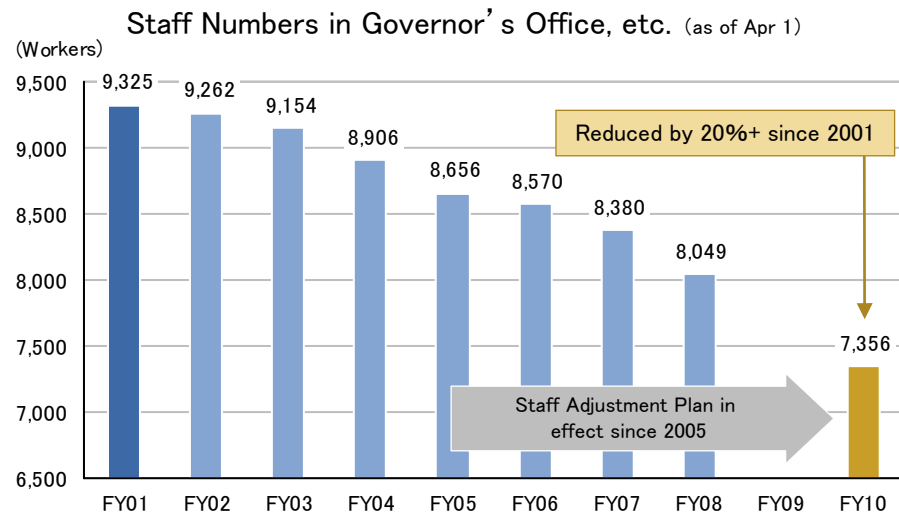




## (2) Administrative and fiscal reform efforts ①

### Reducing staff

- Diligent review of activities, projects and examination of effective organizational structure, Chiba Pref. is actively adjusting staff management.
- Reduction target of General Administrative Office (-15.1% between 2005-2010) is third-biggest in Japan.



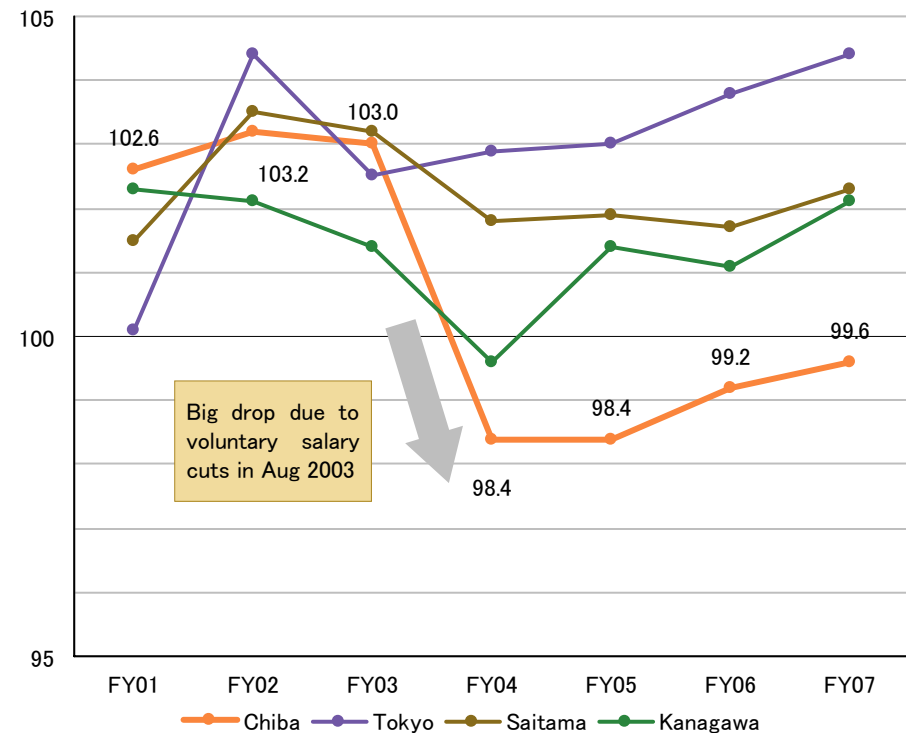
Net Reduction in General Admin Dept Staff (Apr 2005 - Apr 2010)

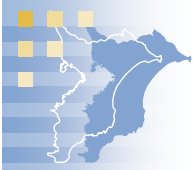
①Hiroshima	16.0%	④Iwate	14.5%
②Aomori	15.2%	⑤Kochi	14.1%
③Chiba	15.1%	⑥Kanagawa	13.5%

### Cutting salaries

- Voluntary salary cuts, salary structure reforms, and retirement allowance reviews have been conducted for seven years, and this has resulted in a big drop in salary level.
- As a result, the Laspeyres Index has fallen to 99.6 in FY07 from 103.2 in FY02, well below levels in nearby prefectures.

The Laspeyres Index



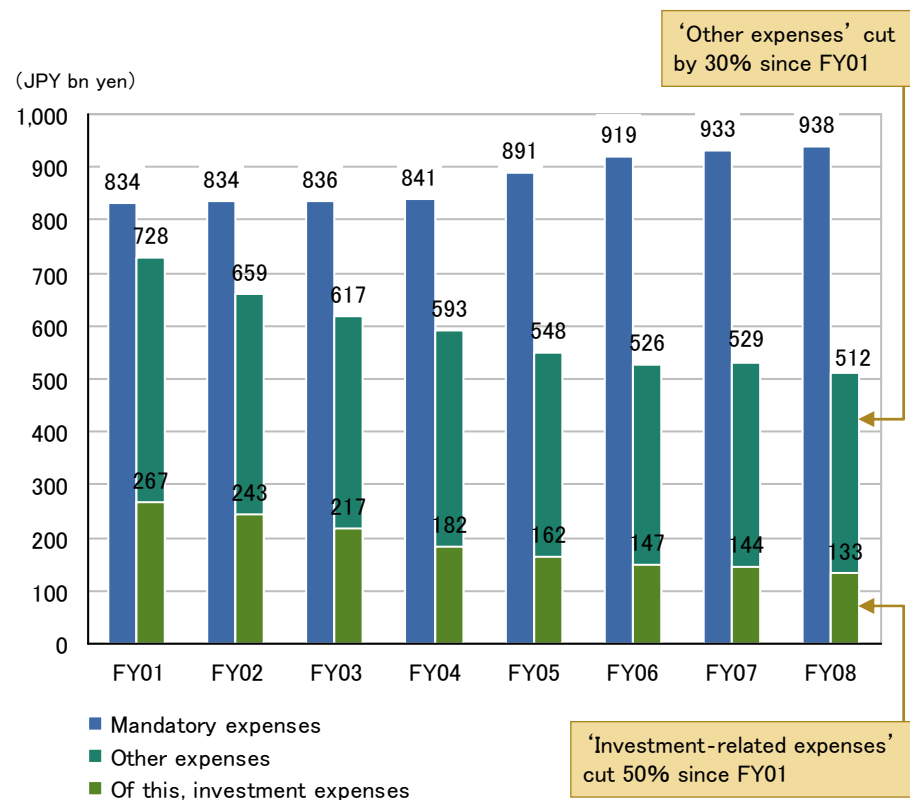


## (2) Administrative and fiscal reform efforts ②

### Controlling expenses

■ Despite rising mandatory expenses, vigorous efforts to cut expenditures have resulted in reducing non-mandatory expenses by approximately 30% over seven years.

Mandatory Expenses and Other Expenses



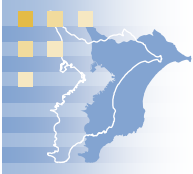
### Reducing expenses

Reducing investment-related expenses (FY01→FY08)	JPY-134.6bn
Reducing payments to public enterprises (FY01→FY07)	JPY-31.1bn
Launching designated manager system	JPY-2.5bn
Abolition, transfer of facilities	JPY-2.5bn
Abolishing mutual aid society subsidies	JPY-0.6bn

### Withdrawal from projects

- Matsudo Bicycle Racetrack (returned to Matsudo City)
- Chiba Urban Monorail (terminated joint project)
- Blood Serum Laboratory (terminated)
- Land creation projects (suspended new projects)

※ Initial budgets. June supplementary budgets for 2001, 2005. Includes written-down reserves for 2006-08.

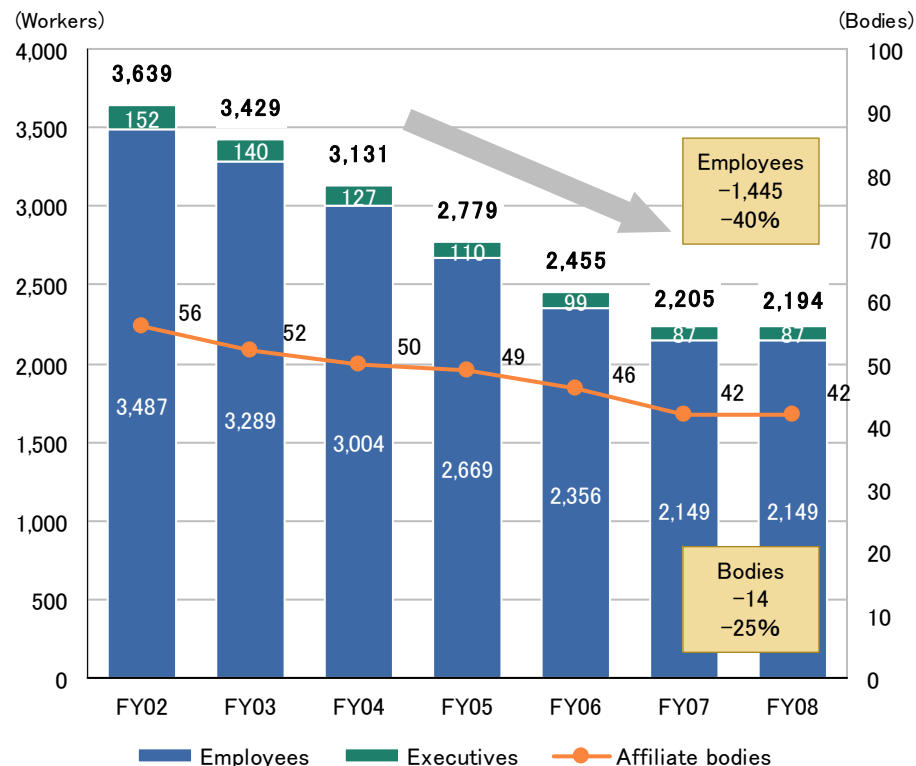


## (2) Administrative and fiscal reform efforts ③

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

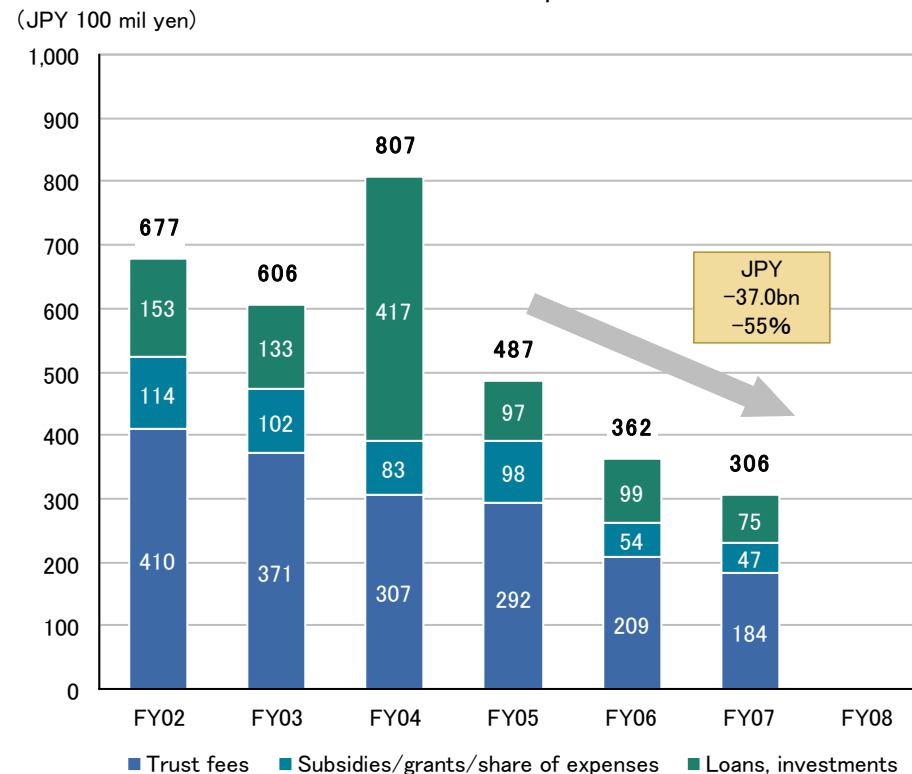
- Affiliated bodies (incl. public enterprises) have been suspending or merging operations, in line with measures drafted in FY02.
- The number of affiliated bodies has dropped by 14 (-25%), officials/employees by 1,403 (-39%), and fiscal expenditures by JPY31.4bn (-46%).

Affiliate Bodies, Workers

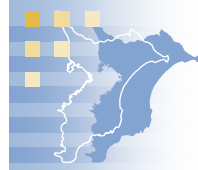


※ Totals are in **bold**  
 ※ Number of enterprises as of April 1. Number of officers and employees as of July 1.

Chiba Fiscal Expenditures



※ Totals are in **bold**  
 ※ Figures are final budget



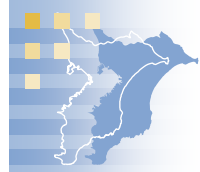
## (3) Third Sector Results and Prefecture Financial Support

FY07

(100 million yen)

	Ordinary Profit /Loss	Capital/ Net Assets	Prefecture Financial Support Conditions					Loss Compensation
			Investment	Subsidy	Outstanding Loans	Guaranteed Debt	Loss Compensation	
1	Narita Airport Area Joint Development Project	-3	35	2	0			
2	Keiyo Rinkai Line Co., Ltd.	-0	41	6				
3	Toyo Rapid Railway Co., Ltd.	-5	-499	92	1	65		
4	Isumi Rail Co., Ltd.	-1	2	1				
5	Metropolitan Intercity Railway Company	-19	1,625	131		649		
6	Narita Rapid Railway Access Co.	-2	179	44	51			
7	Chiba Historical Materials Research Foundation	0	3	3	0			
8	Chiba Private School Educators Fund	-3	32	9	5			
9	Chiba Private School Promotion Association	0	15	6	0			
10	Chiba Firefighters Association	-0	1	1	0			
11	Chiba Health Fund	-0	6	3	0			
12	Chiba Federation of Senior Clubs	0	1	0	0			
13	Chiba Environmental Health Industry Guidance Center	-0	1	0	0			
14	Chiba Animal Protection	-0	3	1				
15	Chiba Prefectural Environment Foundation	-1	3	0	0			
16	Environmental Fund for Imbanuma	-0	6	3				
17	Youth Net Chiba	0	0	0	1			
18	Chiba Prefectural Cultural Promotion Foundation	0	6	3	0			
19	New Philharmony Orchestra Chiba	0	0	0	0			
20	Chiba Industry Advancement Center	0	14	5	8	44		
21	Makuhari Messe	4	56	10				
22	Kazusa DNA Research Institute	0	49	38	16			
23	Kazura ARC	-2	-32	35		11		9
24	Chiba Convention Bureau and International Center	0	23	13	1			
25	Chiba Prefecture Tourist Association	1	4	0		3		
26	Katsuura Undersea Park Center	0	6	0				
27	Chiba Data Center	0	1	0				
28	Chiba Agricultural Price Subsidy Corp	0	0	0	1			
29	Chiba Gardening Plastic Processing Co	0	2	0				
30	Chiba Greenery Promotion Committee	0	2	1	0			
31	Chiba Fishery Recovery Fund	9	196	74				
32	Chiba Marine Life Recovery Corp	1	6	4	1	2		1
33	Chiba Community Development Corp	5	77	0		4		58
34	Chiba Land Development Corp	3	104	0	0	19	127	
35	Chiba Prefectural Construction Technology Center	-0	8	2				
36	Chiba Roads Corporation	1	162	151	0		261	
37	Chiba Prefectural Sewerage Corporation	0	5	2				
38	Chiba Housing Supply Corporation	5	-54	0	7	318		
39	Keiyo Urban Supply	0	4	4				
40	Chiba Education Fund	0	17	0	2			
41	Chiba Physical Education Association	0	0	0	0			
42	Chiba Gang Prevention Citizens' Committee	0	7	4	0			
Total				647	97	1,115	388	68
							457	

※ Chiba Prefecture has a financial stake of at least 25% or is providing financial support to the organizations listed above.  
Private firms that do not produce profit/loss statements are recorded as Change in Assets in the Ordinary Profit/Loss column.



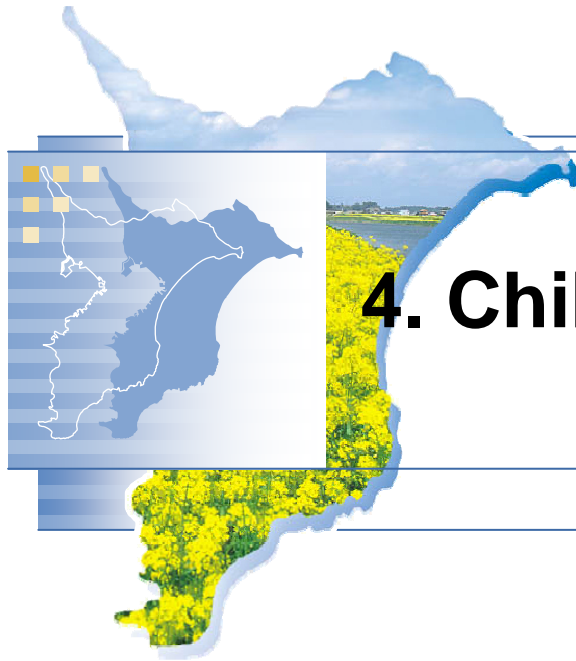
## (4) Local Quasi-Corporation Results

### Local Quasi-Corporation Conditions

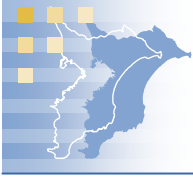
(100 million yen)

			Chiba Pref Land Development Pub Corp		Chiba Pref Roads Pub Corp		Chiba Pref Housing Supply Pub Corp	
			FY06	FY07	FY06	FY07	FY06	FY07
Chiba Prefecture Investment (million yen)			10	10	15,561	15,096	10	10
Chiba Prefecture Contribution pro Rata			100%	100%	88%	85%	100%	100%
Balance Sheet	Assets		357.0	318.7	898.1	851.8	471.8	458.8
		Liquid	336.9	297.1	15.8	17.4	213.4	222.9
		Fixed	20.1	21.6	882.3	834.4	258.4	235.9
	Liabilities		256.2	215.1	732.4	690.2	530.1	513.1
		Current	28.1	18.2	6.7	6.0	22.0	19.6
		Fixed	228.1	196.9	281.8	264.8	508.1	493.5
		Allowances, others	0.0	0.0	443.9	419.4	0.0	0.0
	Capital		100.8	103.6	165.7	161.5	-58.3	-54.3
		Capital	0.1	0.1	177.0	172.4	0.1	0.1
		Surplus funds, others	100.7	103.5	-11.4	-10.8	-58.4	-54.4
Liabilities/Capital Total			357.0	318.7	898.1	851.8	471.8	458.8
Profit/Loss Statement	Operating Revenue		84.7	84.0	63.7	57.3	91.9	84.6
	Operating Expense		97.3	78.6	55.1	48.8	82.9	77.6
	General & Admin Expense		2.3	2.3	5.5	5.5	2.0	1.8
	Operating Profit		- 14.9	3.0	3.1	3.0	7.0	5.3
	Non-operating Profit		0.2	0.3	0.1	0.1	1.3	1.8
	Non-operating Expense		0.5	0.5	2.7	2.6	3.3	2.5
	Ordinary Profit		- 15.1	2.8	0.5	0.6	5.0	4.5
	Special Profit		0.1	0.0	0.0	0.0	0.6	0.1
	Special Loss		79.7	0.0	0.0	0.0	0.2	0.6
	Net Profit of Current Term		- 94.7	2.8	0.5	0.6	5.3	4.0

Profit calculated as 230 million yen for land lot selling business, 154 million yen for rental management business and 144 million yen for other businesses.

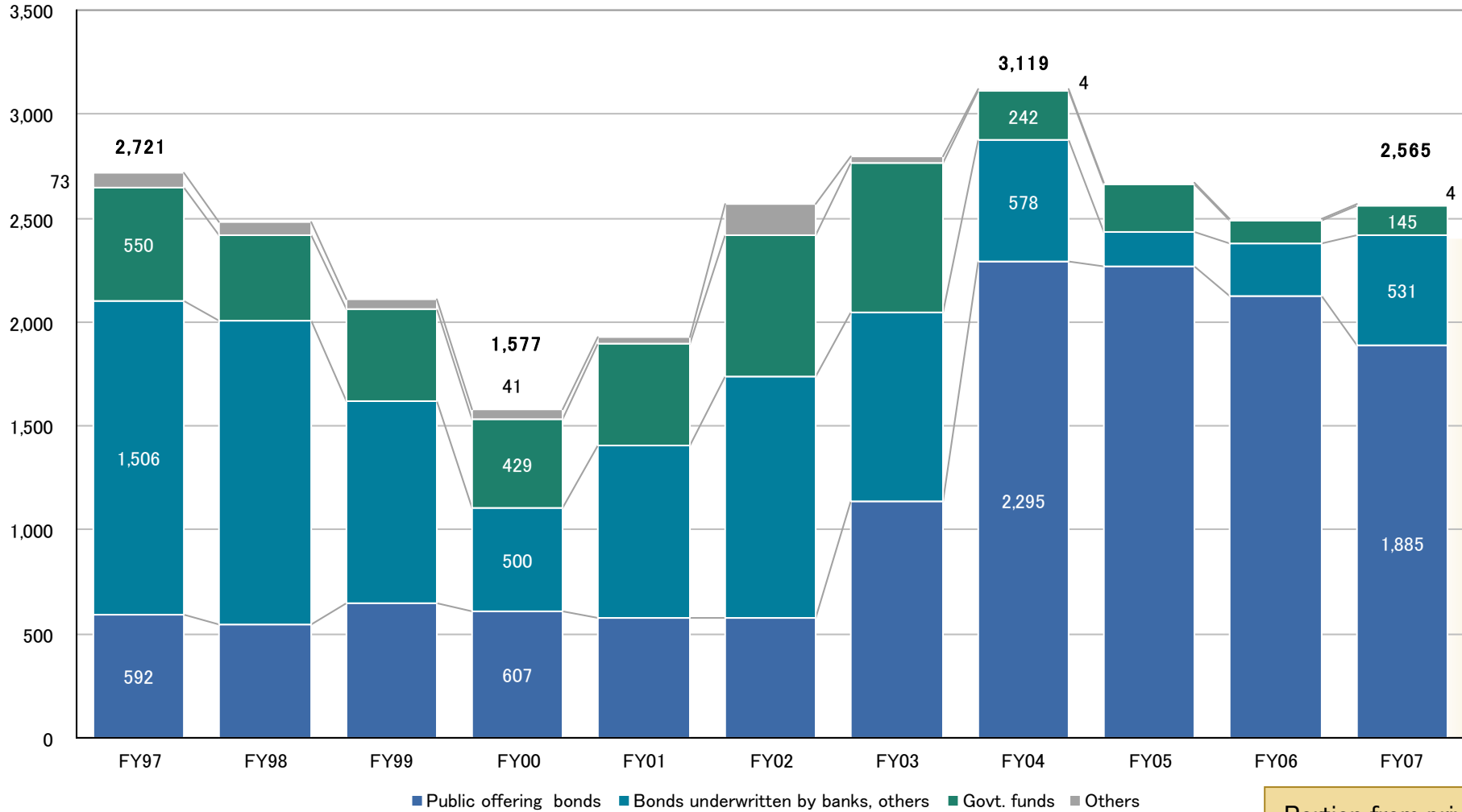


## 4. Chiba Prefectural Bonds



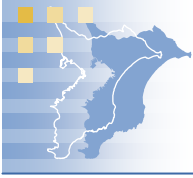
# (1) Prefectural bonds issuance by funds (general account)

(JPY 100 mil yen)



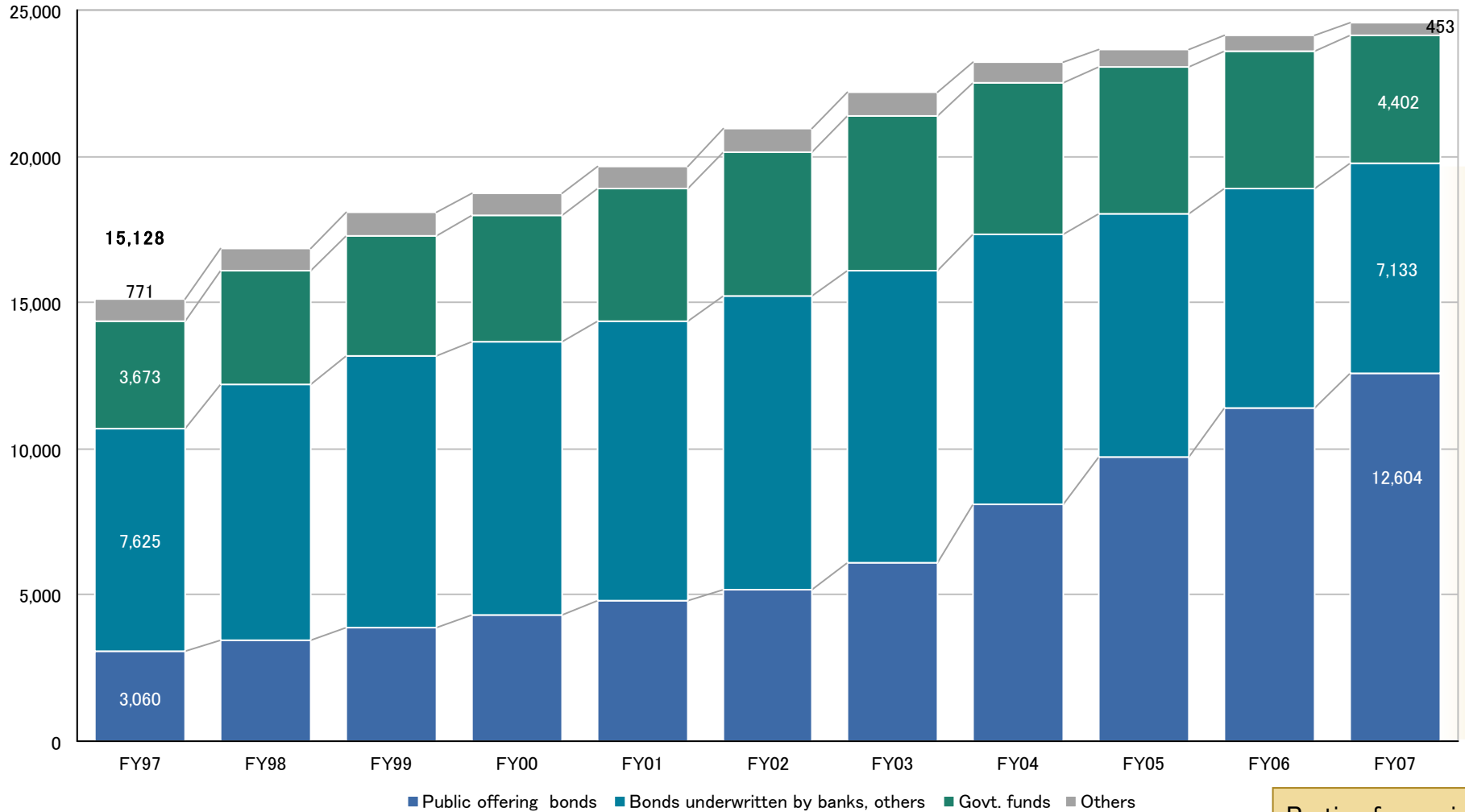
Portion from private funds exceeds 90%.

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



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

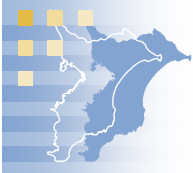
(JPY 100 mil yen)



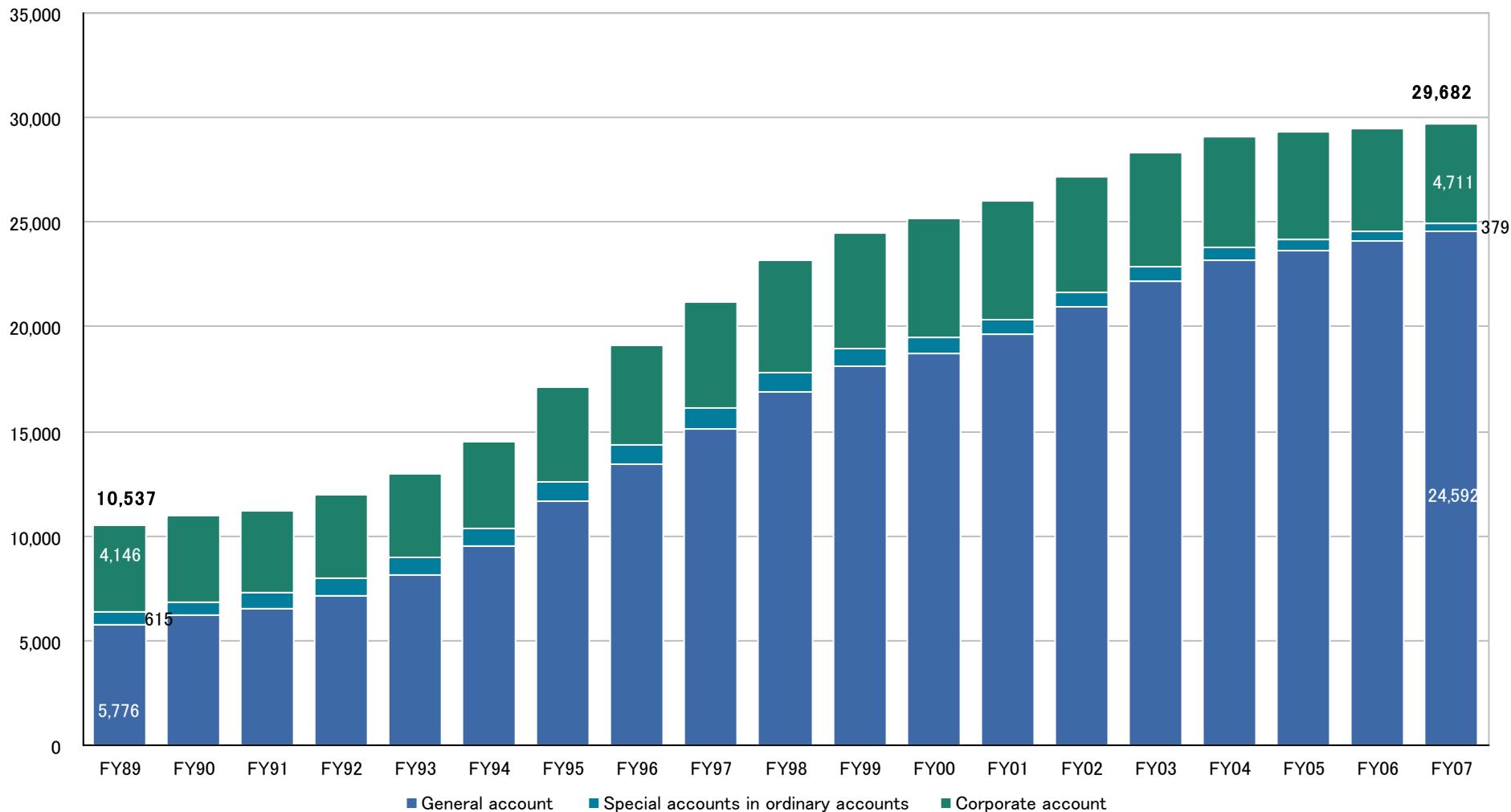
Portion from private funds roughly 80%

※ Totals are in **bold**.

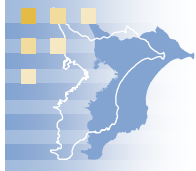




### (3) Prefectural bonds outstanding by account



※ Totals are in **bold**.



## (4) FY09 Public Offering Bond Issuance Plan

### Public Subscription Bond Issuance Plan

(100 million yen)

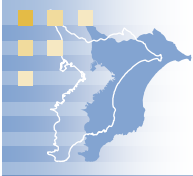
Classification		Maturity	Issuance Amount	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Chiba Prefectural Bonds	Nationwide Public Subscription Bond	20 or 30 -year	600	300	300										
		10-year	2,000	200	200	200	200		200	200	200	200	200	200	
		5-year	600					200				200			200
Joint-issuance Public Subscription Bond		10-year	540	50	80	40	40	40	40	50	30	40	40	40	50
Total			3,740	550	280	240	240	240	240	250	230	440	240	240	250

※ There may be changes to the above Issuance Plan.

Joint-issuance public subscription bonds are issued jointly by 33 local public entities.

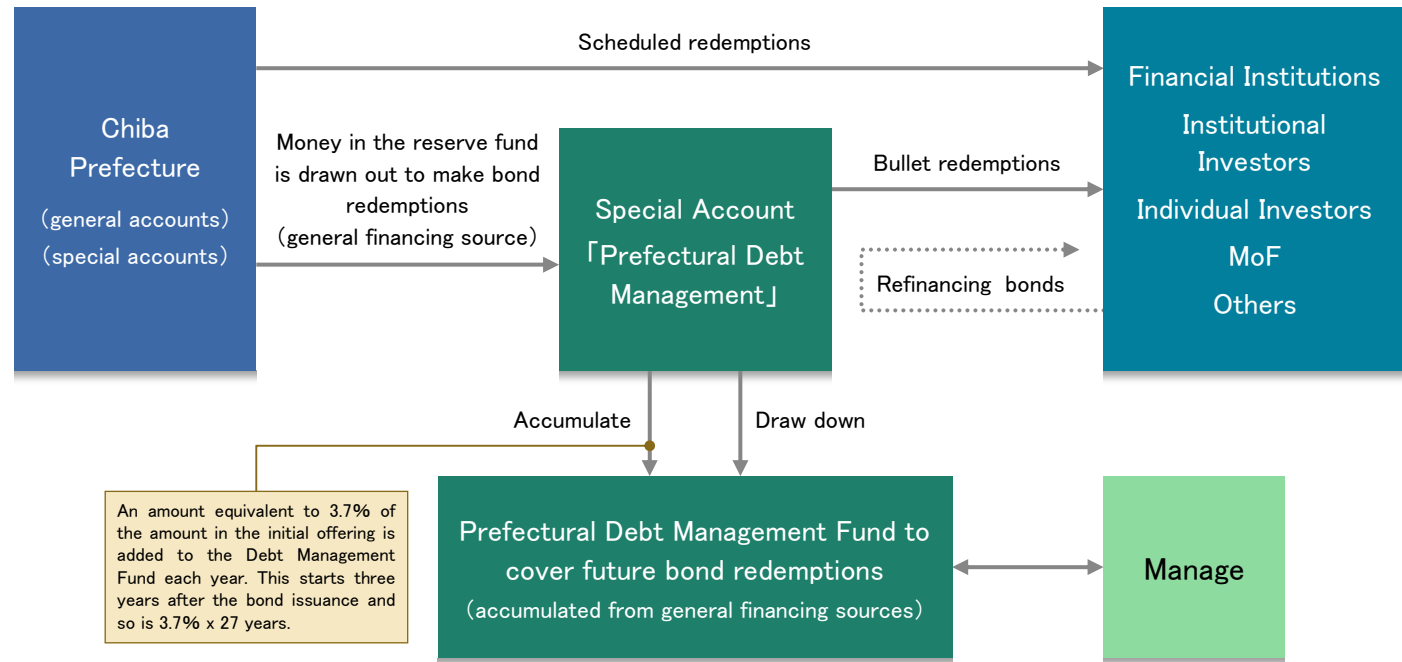
The figures in the above table are only for Chiba Prefecture.

- The use of multiple maturities is encouraged for the sake of stable fund procurement.
  - Nationwide public subscription bonds (5-year) have been issued since FY03.
  - A super long-term bond (20-year) has been offered since FY05
- This FY there has been averaging for the issuance of 10-year JGB.



## (5) Prefectural bond redemption

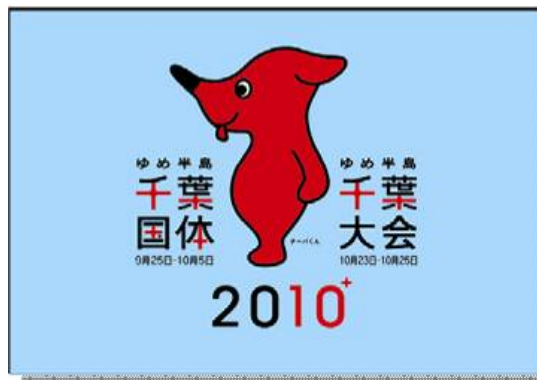
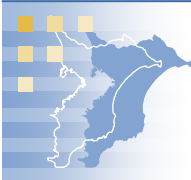
■ In order to have comprehensive management of the redemption of its bonds, Chiba Prefecture has established the Prefectural Debt Management Special Account and the Prefectural Debt Management Fund.



※ Scheduled Repayment Amount  
Fiscal Loan Fund, government finance corporation fund, former Reserve Fund of Postal Life Insurance, former Postal Savings Fund.

※ Lump-sum Redemption at Maturity  
Public subscription bonds issued since September 1992  
Bonds underwritten by banks and issued by the securities method from October 1999

- Lump-sum redemptions of prefectural bonds are covered by draw downs from the Prefectural Debt Management Fund + refinancing bonds. (Draw down amounts are 10-year: 25.9%, 20-year: 37%, 30-year: 37.1%)
- From FY98 Chiba Prefecture did away with advanced redemption (callable bond) conditions and so advanced redemptions are not being carried out.
- Chiba prefectural bonds are debts backed by local taxes and tax allocation grants. Their BIS risk weight is 0%, the same as for JGBs and government-guaranteed bonds.



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ゆめ半島千葉大会のマスコットキャラクターです  
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- Chiba Prefecture, General Affairs Department, Finance Division, Second Budget Office
- Tel : 043(223)2074 Fax : 043(224)3884
- Address : 1-1 Ichiba-cho, Chuo-ku, Chiba City, Chiba Prefecture 260-8667 JAPAN

Chiba Prefecture homepage	<a href="http://pref.chiba.lg.jp/">http://pref.chiba.lg.jp/</a>
● Fiscal Overview	<a href="http://pref.chiba.lg.jp/syozoku/a_zaisei/kessan/index.html">http://pref.chiba.lg.jp/syozoku/a_zaisei/kessan/index.html</a>
● Fiscal Soundness Assessments	<a href="http://pref.chiba.lg.jp/syozoku/a_zaisei/hiritu/hiritu.html">http://pref.chiba.lg.jp/syozoku/a_zaisei/hiritu/hiritu.html</a>
● Prefectural bonds	<a href="http://pref.chiba.lg.jp/syozoku/a_zaisei/kensai/index.html">http://pref.chiba.lg.jp/syozoku/a_zaisei/kensai/index.html</a>
● Admin. & Fiscal Reform	<a href="http://pref.chiba.lg.jp/syozoku/a_soumu/gyokaku/index-j.html">http://pref.chiba.lg.jp/syozoku/a_soumu/gyokaku/index-j.html</a>

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