



PUBLIC OFFERING JOINT-LOCAL GOVERNMENT BOND

Japan Local Government Bond Association

JLGB Asian Road Show

October 2009

CONTENTS

- I. Attractiveness
- II. Planned and Past Issuance
- III. Q&A

I . ATTRACTIVENESS

PUBLIC OFFERING JOINT-LGB

- Joint-LGB (Local Government Bond) is publicly offered joint obligations issued by 33 local government throughout Japan, based on Article 5 - 7 of the Local Finance Law.
- It was first issued in April 2003.
- Each issuer guarantees the full amount of debt payment at each issue.

Article 5 - 7 (Joint Issuance of Local Government Bonds), Local Finance Law

- When local debts are raised by issuing bonds two or more local public bodies may, on approval of their respective assemblies, issue bonds jointly. Such local public bodies shall be collectively responsible for the redemption of the local debts and the interest payment.

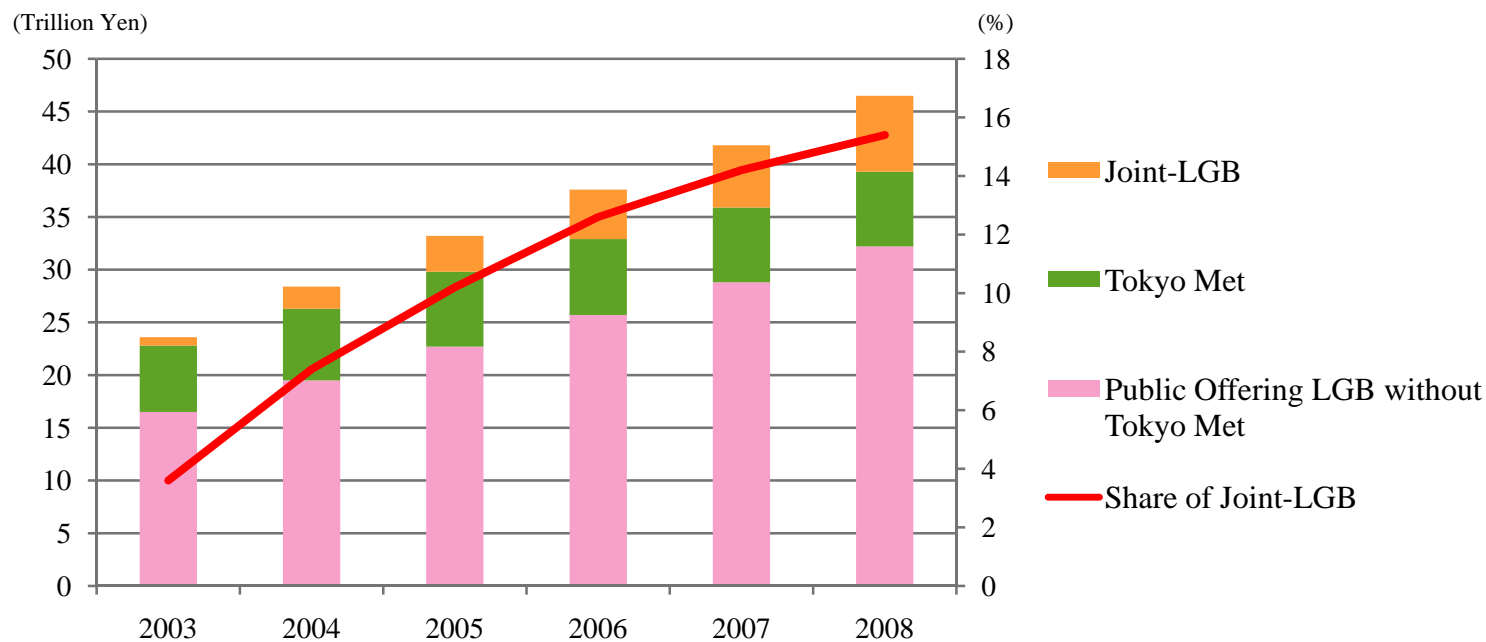
ISSUE OUTLINE OF JOINT-LGB

Issuance Terms	
FY2009 Total Issuance	Total of ¥1.39 trillion (about ¥120 billion issued every month)*one of the largest size among Japanese non-JGB bonds
Redemption method/Maturity	Bullet redemption/10 years
Amount of Minimum Unit	100,000 yen
Issue Date	25 th of every month
Coupon	Fixed (rate differs based on issuance month)
Coupon Payment	25 February and 25 August, irrespective of issuance month
Announcement of issuance terms	Two business days following auction of 10yrs JGB
Terms Announcement Date	Three months prior to issuance month
Planned Funding Amount For Issuer	By one week prior to announcement of issuance terms

BENCHMARK BOND: HIGH LIQUIDITY

- Total outstanding of Public Offering joint-LGB will be nearly ¥8.5 trillion (FY2009).
- Public offering joint-LGB becomes one of the leading benchmark bonds among non-JGB bonds. More local governments plan to become the public offering joint-LGB issuers, so the outstanding will keep accumulating.
- Joint-LGB will increase its presence in the bond market more in the future.

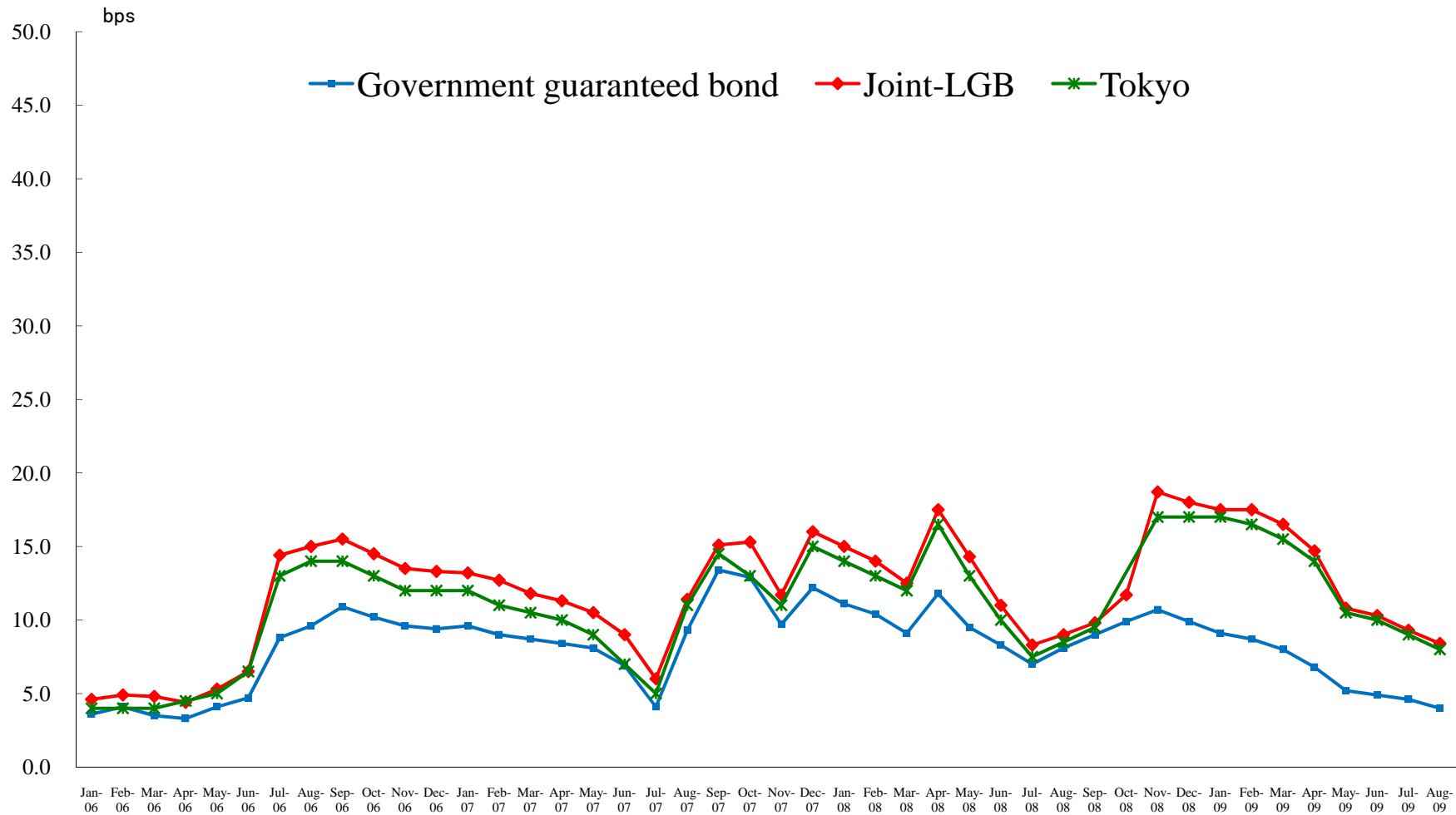
< Outstanding of LGBs and Joint-LGB's share in the Public Offering LGB >



33 ISSUERS

Prefectures		Designated Cities	
Hokkaido	Aichi	Sapporo	Fukuoka
Miyagi	Kyoto	Sendai	
Fukushima	Osaka	Chiba	
Ibaraki	Hyogo	Kawasaki	
Saitama	Okayama	Niigata	
Chiba	Hiroshima	Shizuoka	
Kanagawa	Tokushima	Kyoto	
Niigata	Kumamoto	Osaka	
Nagano	Oita	Kobe	
Gifu	Kagoshima	Hiroshima	
Shizuoka		Kita-Kyushu	
Total	21	Total	12

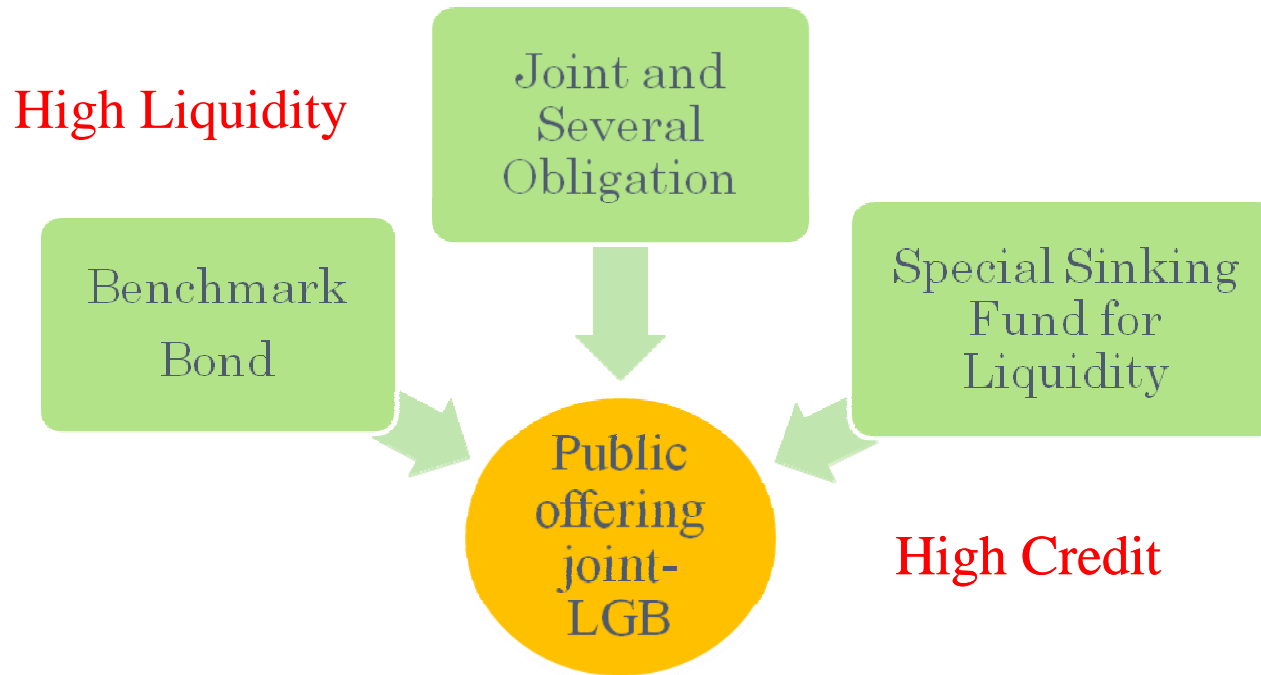
SPREAD OVER JGB



※Issuance Yield(Jan06-Aug09)

Source: Japan Local Government Bond Association

CHARACTERISTIC OF JOINT-LGB



Article 5-7 of the
Local Finance Law

➤ Public offering Joint-LGB is joint and several obligation based on Article 5-7 of the Local Finance Law.

Article 432 of the
Civil Law

➤ Each joint debtor is responsible for redemption of the entire amount.

SPECIAL SINKING FUND FOR LIQUIDITY

- To fully ensure timely payment of principal and interest without delay in the event of unforeseen emergency, a joint fund for enhancing liquidity is established from a portion of each issuer's sinking fund deposited with the commissioned bank separate to the joint liability.
- The 33 issuers in total set aside an amount equivalent to 10% of the higher monthly principal/interest payment of either February or August during that fiscal year.

II . PLANNED AND PAST ISSUANCE

II Planned and Past Issuance

PLANNED ISSUANCE FY2009

Unit : Billion of Yen

Issuer	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Total amount	115	120	115	115	115	115	115	120	115	115	115	115	1,390
Hokkaido	5	5	5	5	5	5	5	5	5	5	5	5	60
Miyagi	-	-	6	6	6	-	6	6	6	-	6	6	48
Fukushima	6	5	-	-	-	3	3	3	-	-	-	-	20
Ibaraki	-	-	-	-	6	6	-	7	6	-	6	6	37
Saitama	5	5	5	5	-	5	5	5	5	5	-	5	50
Chiba	5	8	4	4	4	4	5	3	4	4	4	5	54
Kanagawa	10	10	10	10	-	-	10	-	10	-	-	-	60
Niigata	-	5	6	6	6	6	6	6	6	6	1	6	60
Nagano	6	6	6	6	6	6	6	6	4	4	4	-	60
Gifu	-	3	-	3	-	4	-	3	-	3	-	4	20
Shizuoka	5	5	5	5	5	5	5	5	5	5	5	5	60
Aichi	2	10	8	7	2	3	8	-	2	9	-	9	60
Kyoto	5	5	5	5	5	5	5	5	5	5	5	5	60
Osaka	5	5	5	5	5	5	5	5	5	5	5	5	60
Hyogo	5	5	5	5	5	5	5	5	5	5	5	5	60
Okayama	-	-	-	-	-	5	-	-	-	5	-	-	10
Hiroshima	10	-	10	-	10	-	10	-	10	-	10	-	60
Tokushima	-	-	-	-	-	-	-	5	-	-	-	5	10
Kumamoto	5	-	5	-	5	-	-	5	5	-	5	-	30
Oita	-	-	-	5	5	-	-	-	-	5	5	-	20
Kagoshima	-	-	-	-	8	8	-	8	9	9	9	9	60
Sapporo (City)	10	-	-	-	-	-	-	10	-	-	10	-	30
Sendai (City)	5	5	3	3	3	3	5	5	5	3	3	3	46
Chiba (City)	5	8	5	5	5	5	5	-	2	-	-	-	40
Kawasaki (City)	5	5	-	-	5	-	-	-	5	-	5	5	30
Niigata (City)	-	-	-	-	4	3	-	-	-	-	3	-	10
Shizuoka (City)	-	-	-	3	-	3	-	3	-	3	-	3	15
Kyoto (City)	5	5	5	5	5	5	5	5	5	5	5	5	60
Osaka (City)	2	10	8	6	2	4	8	-	2	9	-	9	60
Kobe (City)	3	3	4	3	3	4	3	3	4	3	3	4	40
Hiroshima (City)	-	7	-	7	-	7	-	7	-	6	-	6	40
Kita-Kyushu (City)	-	-	5	-	5	-	5	5	-	5	5	-	30
Fukuoka (City)	6	-	-	6	-	6	-	-	-	6	6	-	30

II Planned and Past Issuance

PAST ISSUANCE

FY2006

Month	Issuance (Billion)	Coupon	Issue Price	Subscription yield	T-Spread
April	111	1.8%	99.25	1.889%	4.7
May	111	2.0%	99.55	2.054%	5.3
June	109	1.9%	99.75	1.929%	6.5
July	111	2.1%	99.75	2.130%	14.6
Aug	110	2.0%	99.40	2.072%	15.5
Sep	111	1.8%	99.50	1.859%	15.5
Oct	111	1.8%	99.35	1.877%	14.6
Nov	109	1.8%	99.30	1.883%	13.6
Dec	109	1.7%	99.30	1.782%	13.3
Jan	110	1.8%	99.35	1.877%	13.2
Feb	111	1.8%	99.45	1.865%	12.6
Mar	111	1.7%	99.60	1.746%	11.8

FY2007

Month	Issuance (Billion)	Coupon	Issue Price	Subscription yield	T-Spread
April	100	1.8%	99.90	1.811%	11.3
May	100	1.7%	99.25	1.788%	10.2
June	100	1.9%	99.80	1.923%	9.0
July	104	1.9%	99.45	1.965%	6.1
Aug	102	1.8%	99.30	1.883%	11.4
Sep	100	1.7%	99.30	1.782%	15.1
Oct	100	1.85%	100.00	1.850%	15.3
Nov	105	1.72%	99.98	1.722%	11.7
Dec	100	1.65%	100.00	1.650%	16.0
Jan	100	1.59%	99.92	1.599%	15.1
Feb	103	1.57%	100.00	1.570%	13.9
Mar	100	1.49%	99.94	1.496%	12.5

II Planned and Past Issuance

PAST ISSUANCE

FY2008

Month	Issuance (Billion)	Coupon	Issue Price	Subscription yield	T-Spread
April	105	1.55%	99.95	1.555%	17.5
May	100	1.74%	100.00	1.740%	14.1
June	100	1.88%	99.98	1.882%	11.0
July	100	1.78%	99.95	1.785%	8.1
Aug	105	1.62%	99.97	1.623%	8.9
Sep	105	1.55%	99.95	1.555%	9.8
Oct	100	1.50%	99.98	1.502%	11.5
Nov	105	1.69%	100.00	1.690%	18.5
Dec	100	1.56%	99.99	1.561%	18.0
Jan	105	1.42%	100.00	1.420%	17.5
Feb	105	1.51%	99.93	1.518%	17.3
Mar	100	1.46%	100.00	1.460%	16.5

FY2009

Month	Issuance (Billion)	Coupon	Issue Price	Subscription yield	T-Spread
April	115	1.59%	99.95	1.595%	15.0
May	120	1.57%	100.00	1.570%	11.8
June	115	1.64%	99.95	1.645%	10.3
July	115	1.40%	99.95	1.405%	10.0
Aug	115	1.54%	100.00	1.540%	10.6
Sep	115	1.39%	100.00	1.390%	8.0
Oct					
Nov					
Dec					
Jan					
Feb					
Mar					

III. Q&A

III Q&A

Q1) WHY DO 33 PREFECTURES AND DESIGNATED CITIES ISSUE JOINT-LGB?

A1)

- Joint-LGB will increase liquidity due to their large-scale issuances and ensure favorable terms (fiscal scale, population, economic strength, etc) from collaboration between large-scale local government issuers. The goal is to offer products with superior marketability and ensure stable fund procurement.
- Also, jointly-issued local government bonds are expected to be the benchmark for local government bonds. They are expected to contribute to the growth of the local government bond market.

III Q&A

Q2) WHAT IS THE JOINT OBLIGATION BOND SYSTEM?

A2)

- Joint-LGBs were created under Article 5-7 of the Local Government Finance Law, and are issued under joint obligation methods. Each joint debtor bears responsibility for repayment in full of each debt (Article 432 of the Civil Law): the 33 issuers of joint local government bonds are responsible for the full issuance value. This system ensures extremely strong credit regarding bond redemptions.

III Q&A

Q3) HOW DO SPECIAL SINKING FUNDS FOR LIQUIDITY WORK?

A3)

- The funds are meant to protect repayment resources. For example, (1) in case of a system breakdown caused by unforeseen disaster, issuers may use funds to make full repayment, or (2) commissioned banks, given the authority by law to receive principle and interest on behalf of bondholders to protect their rights, may offset deposits liabilities with liabilities related to principal/interest repayments.

III Q&A

Q4) AREN'T CREDIT ASSESSMENT DIFFICULT FOR ISSUERS THAT CHANGES THEIR FUND PROCUREMENT METHODS EACH TIME?

A4)

- While the issuers procuring funds do change with each issuance, the issuance is always made under the joint obligation methods. So regardless of whether an certain issuer is involved in fund procurement or not, each and every issuer is responsible for repayment of the issuance amount. Therefore, joint local government bonds can be regarded as having the same credit quality each time.

FOR FURTHER INFORMATION

Japan Local Government Bond Association Website:

<http://www.chihousai.or.jp/english>

JAPAN LOCAL GOVERNMENT BOND ASSOCIATION

- ▶ President's Message
- ▶ About the Japan Local Government Bond Association
- ▶ Local Public Finance System in Japan
- ▶ Overview of Local Government Bonds in Japan
- ▶ Investor Relations
- ▶ Data
- ▶ Links

- ▶ President's Message
- ▶ About the Japan Local Government Bond Association
- ▶ Local Public Finance System in Japan
- ▶ Overview of Local government bonds in Japan
- ▶ Investor Relations
- ▶ Data
- ▶ Links

[Japanese Site](#) | [Terms of Use](#) | [SiteMap](#)

Copyright (C) 2006 JAPAN LOCAL GOVERNMENT BOND ASSOCIATION. All Rights Reserved.

Please contact us:

Japan Local Government Bond Association

Tel: +81-(0)3-5211-5291

Fax: +81-(0)3-5211-5294

Email: info@chihousai.or.jp

Address: 8F, Zenkoku Choson Giin Kaikan, 25 Ichibancho, Chiyoda-ku, Tokyo, 102-0082, Japan

DISCLAIMER

This is the presentation material made by Japan Local Government Bond Association in use of a seminar in Asia October 2009.

The purpose of this material is to explain the public offering Joint-LGB to investors who are interested in LGBs, and not to offer the sale or solicit of purchase of any specific bonds.

Japan Local Government Bond Association assumes no responsibility for any action taken based on the information contained herein.