



Tokyo Metropolitan Government



Bureau of Finance, September 13rd, 2013



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- Unless otherwise noted, figures in this material until FY2011 indicate settlement amounts, figures for FY2012 are final budget amounts, and figures for FY2013 are original budget amounts. The fiscal year commences on 1st April and ends 31st March.
- On 17th May 2013, TMG published a supplementary budget proposal for FY 2013 in the amount of ¥34,126 million. This supplemental budget proposal remains subject to the approval and possible amendment by its assembly.
- 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

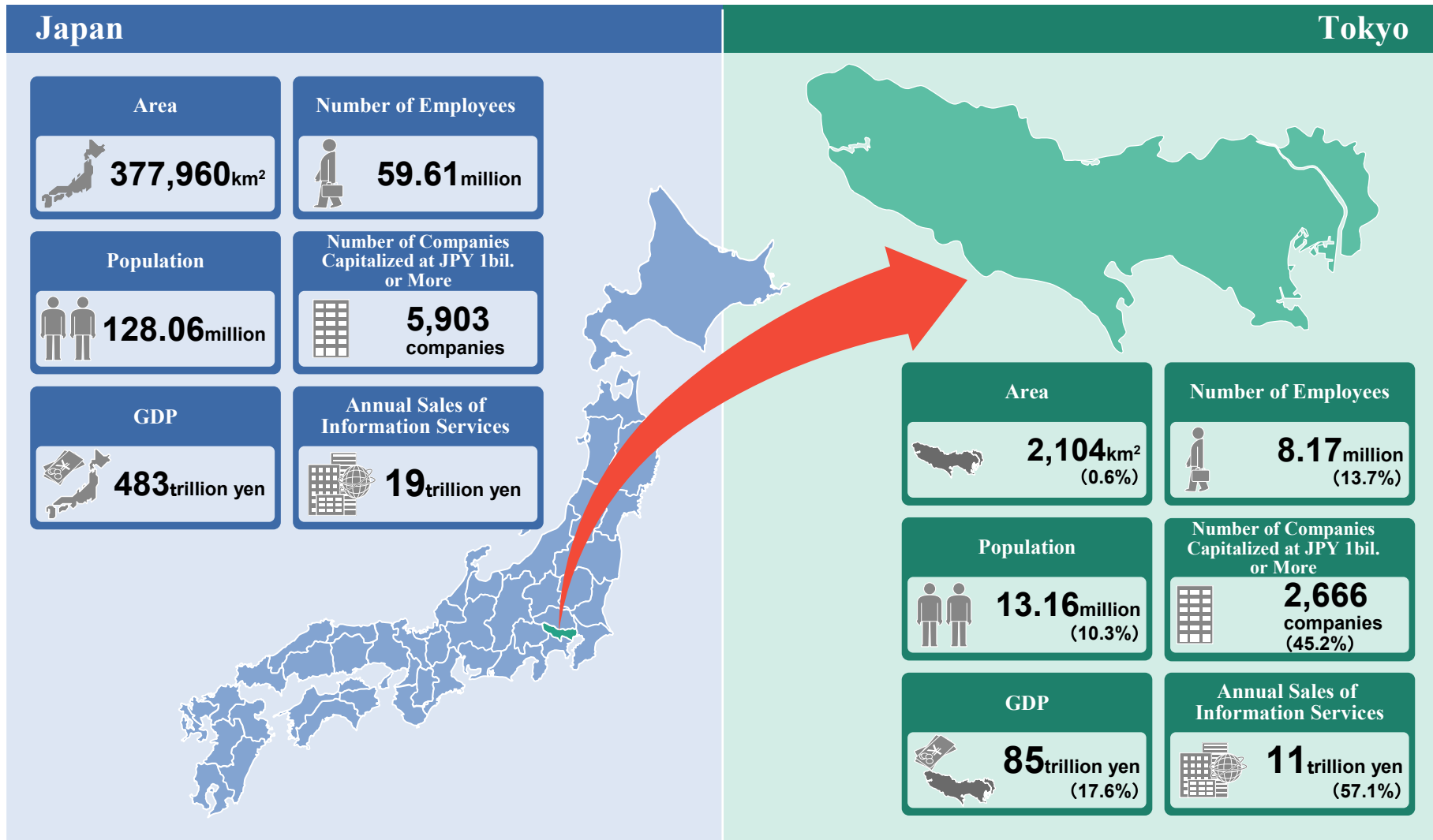
- Solid financial profile
 - Largest financial scale in the world's cities
 - Financial independence with high independent revenue ratio and low mandatory fixed expenses
 - A financial management philosophy of low debt dependence

- 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



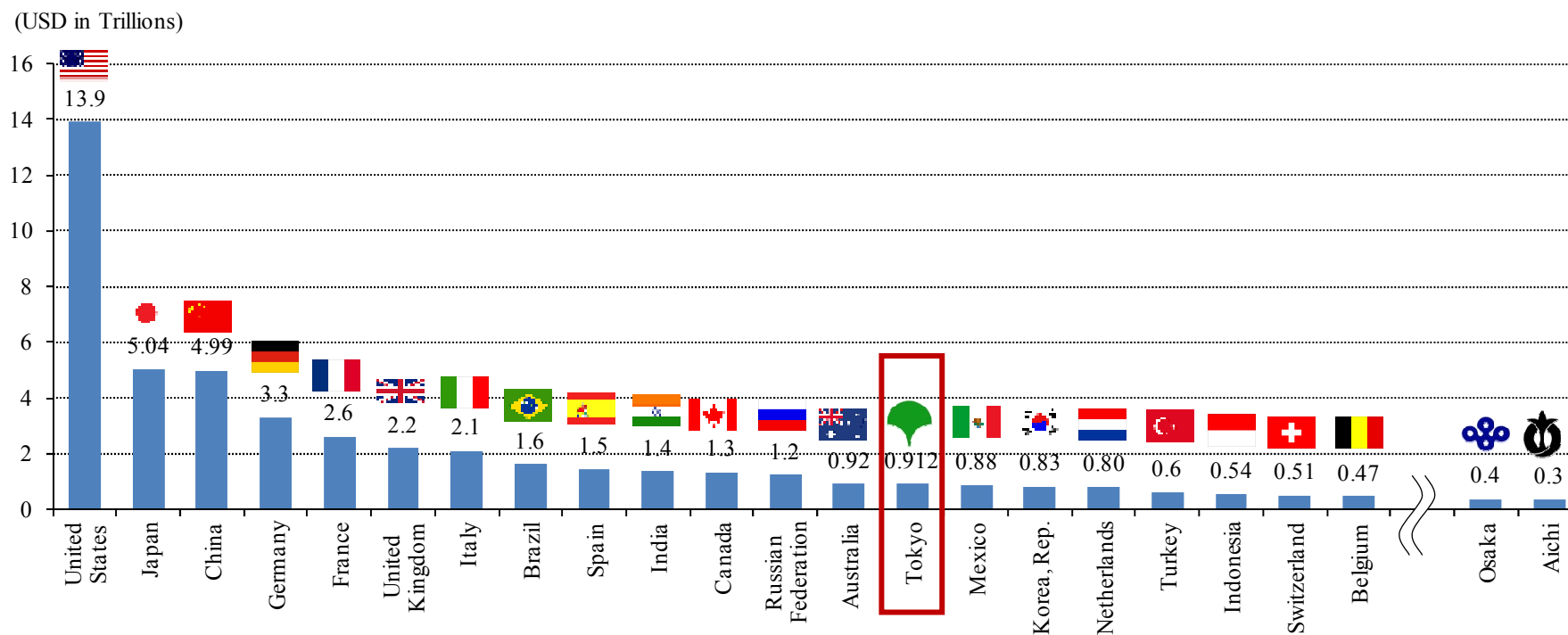
Sources: 2012 Statistical reports on the land area by prefecture and municipalities in Japan by Geospatial Information Authority of Japan 2005, 2010 Population Census, and 2012 Economic Census for Business Activity by the Statistics Bureau, Ministry of Internal Affairs and Communications FY2009 Annual 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

Tokyo's Financial Scale



- The size of Tokyo's economy compares well with the GDPs of some of OECD nations such as Australia
- Tokyo is the largest economy by GDP among Japanese prefectures

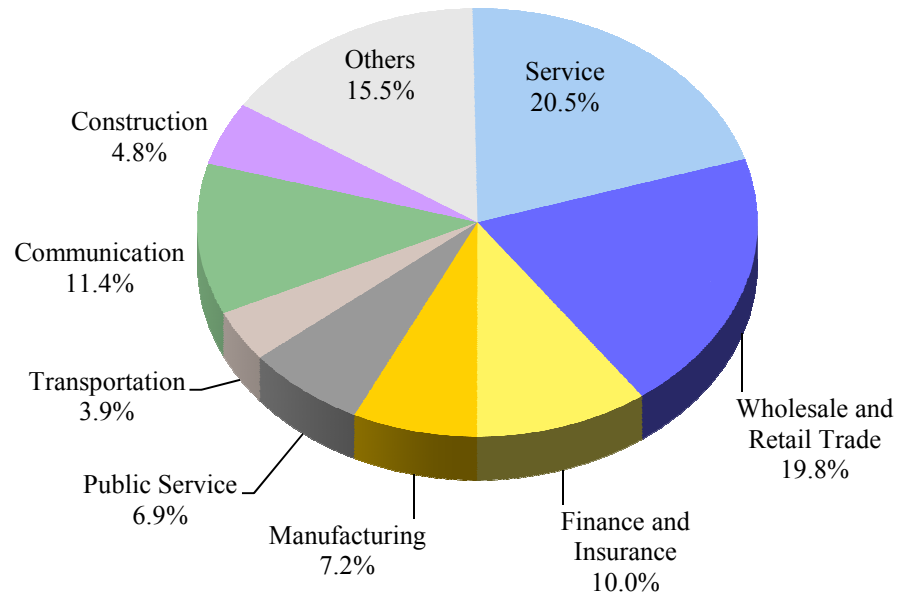
Nominal GDP (US\$) of Tokyo and Top 20 Countries in 2009



Note: The GDP of Tokyo is on the fiscal year accounting basis (from April 2009 to March 2010), and converted at the rate of USD 1.00=JPY 93.47 (the rate in March 31, 2010).
 Sources: World Bank national accounts data (URL: http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?order=wbapi_data_value_2009+wbapi_data_value&sort=desc)
 2005, 2010 Population Census, by the Statistics Bureau, Ministry of Internal Affairs and Communications

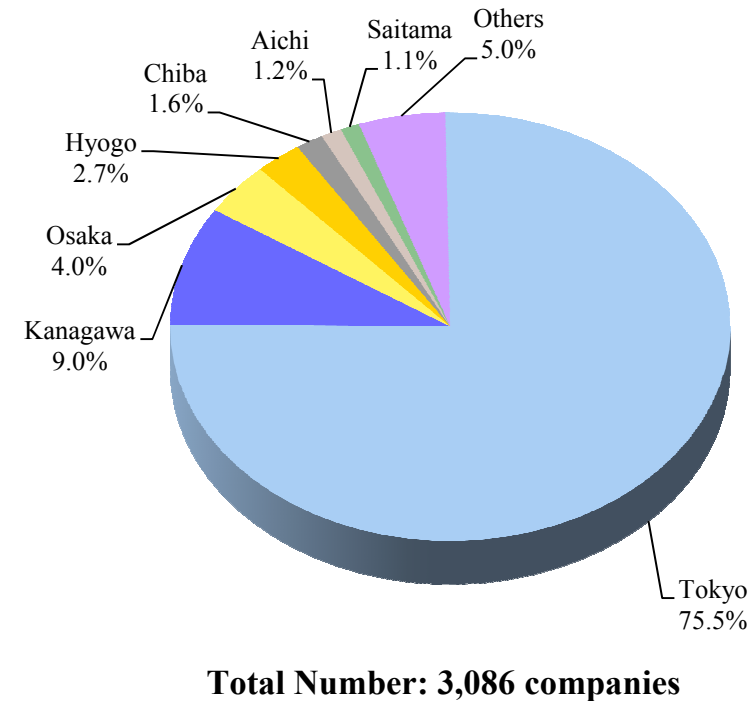


Composition of Tokyo's Economy



Source: Annual statistical Report on Prefectural Accounts: FY2010 by Bureau of General Affairs, Tokyo Metropolitan Government

Foreign Companies registered in Japan



Source: 2012 Toyo Keizai Inc, Foreign Company List



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

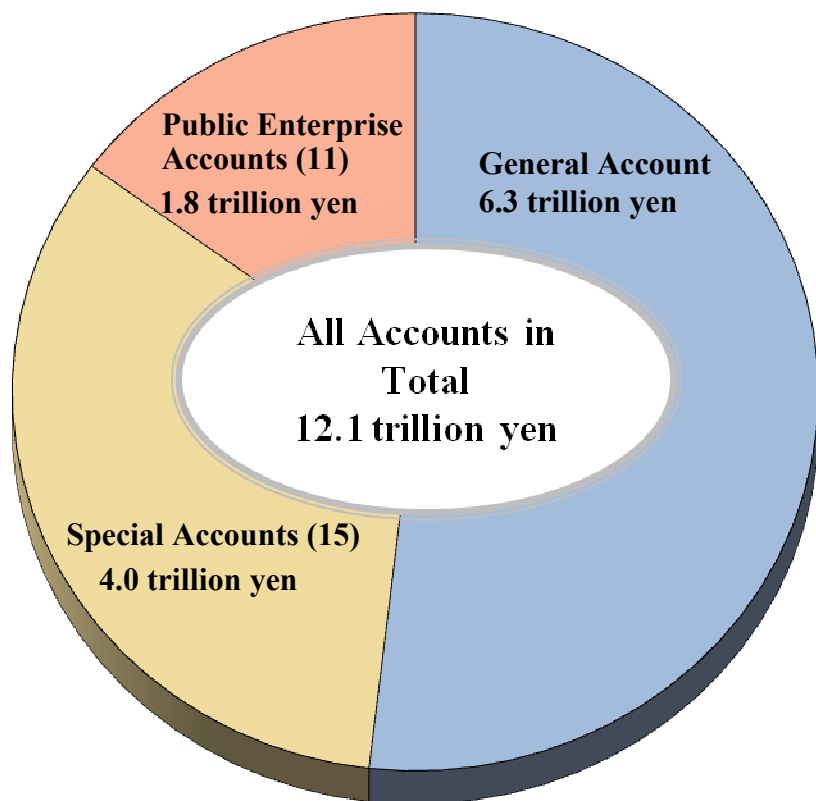
(4) A Financial Management Philosophy of Low Debt Dependence

(5) Preparedness for Future Obligations

(1) Large Financial Scale



**Financial Scale of TMG
(FY2013 Original Budget)**



**Comparison of TMG's Financial Scale
(FY2013 Original Budget)**

(trillion yen)

| | |
|-----------------------|-------------|
| Japan | 92.6 |
| Japanese local gov'ts | 81.9 |
| Indonesia | 14.2 |
| TMG | 12.1 |
| Sweden | 11.3 |

Forex rate is based on Bloomberg L.P. as of January 15, 2013

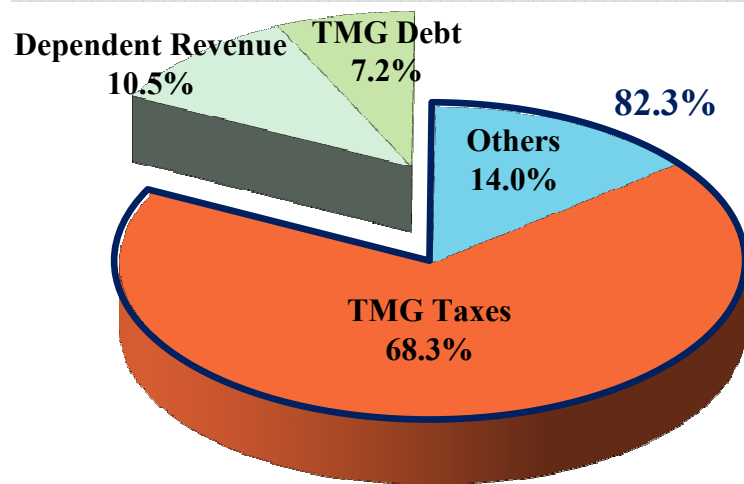
Forex rate for Sweden and Indonesia is based on the rate in each of its respective fiscal year 2012.

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



- Independent revenue (*) ratio is considerably high at 82.3%. 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 revenue in FY2013 is budgeted to be 4.3 trillion yen, increased by 3.2% from its bottom in FY2011

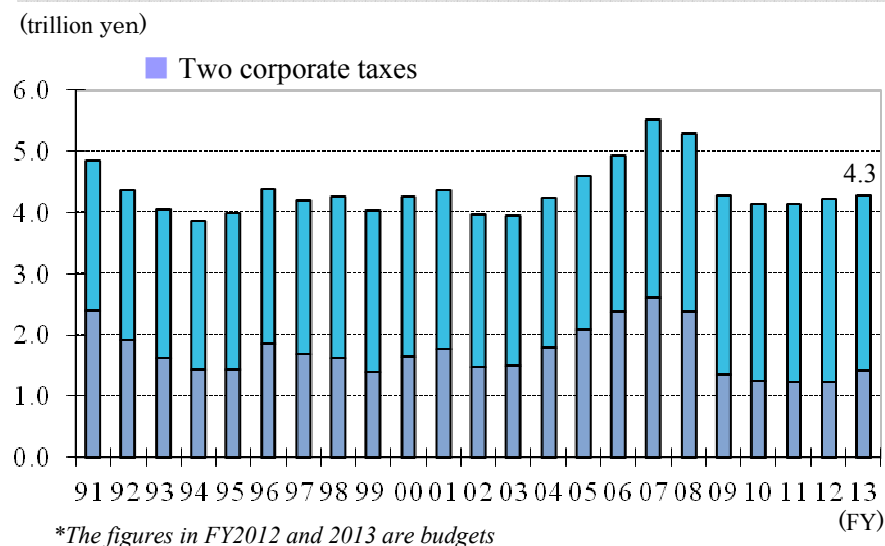
**Breakdown of the TMG's Revenues
(FY2013 General Account Original Budget)**



**Independent Revenue Ratio (= Local Taxes + Others)
82.3% (cf. all local gov't 48.1%)**

**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.*

Trends in TMG Tax Revenue

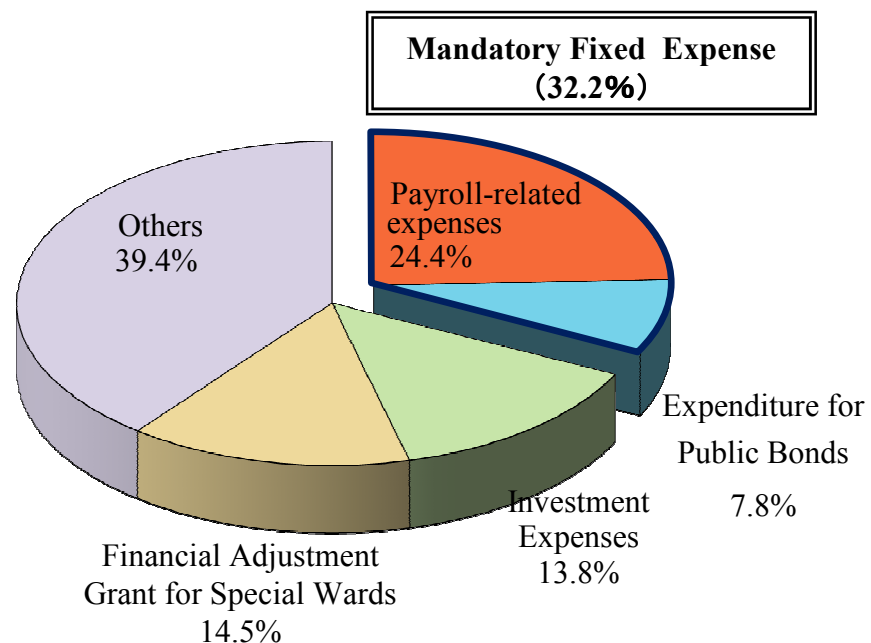


(2) Financial Independence with High Independent Revenue Ratio and Low Mandatory Fixed Expenses



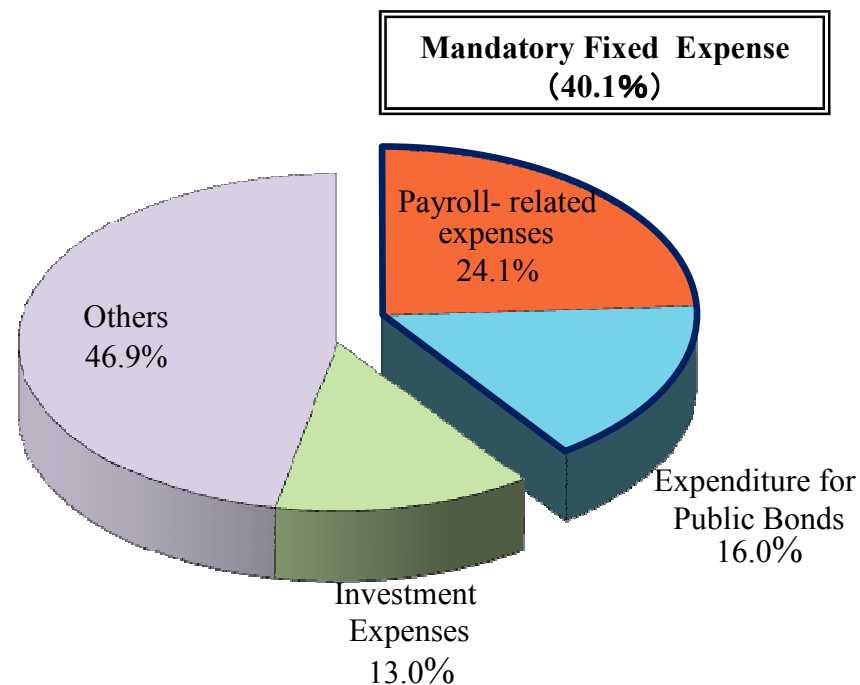
- TMG's mandatory fixed expense ratio is lower than that of other Japanese local governments
- TMG posts "Financial Adjustment Grant for Special Wards" based on Local Autonomy Act

**Breakdown of TMG's Expenditure
(FY2013 General Account Original 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
(FY2013 Local Government Financial Plan)**



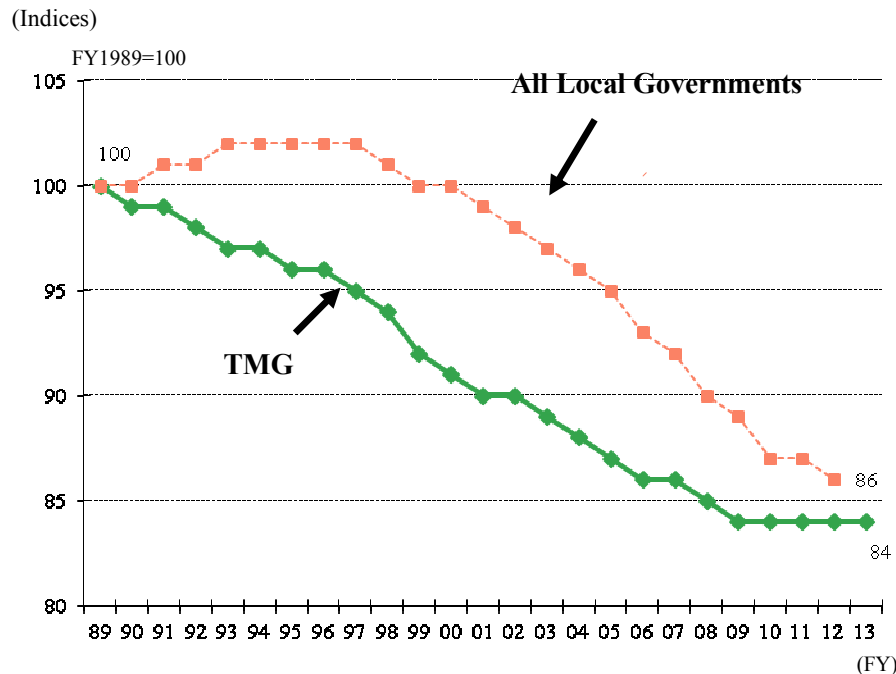
Source: "Finance of Tokyo Metropolitan Government" April 2013

(3) Ongoing Efforts to complete Administrative and Financial Reform



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

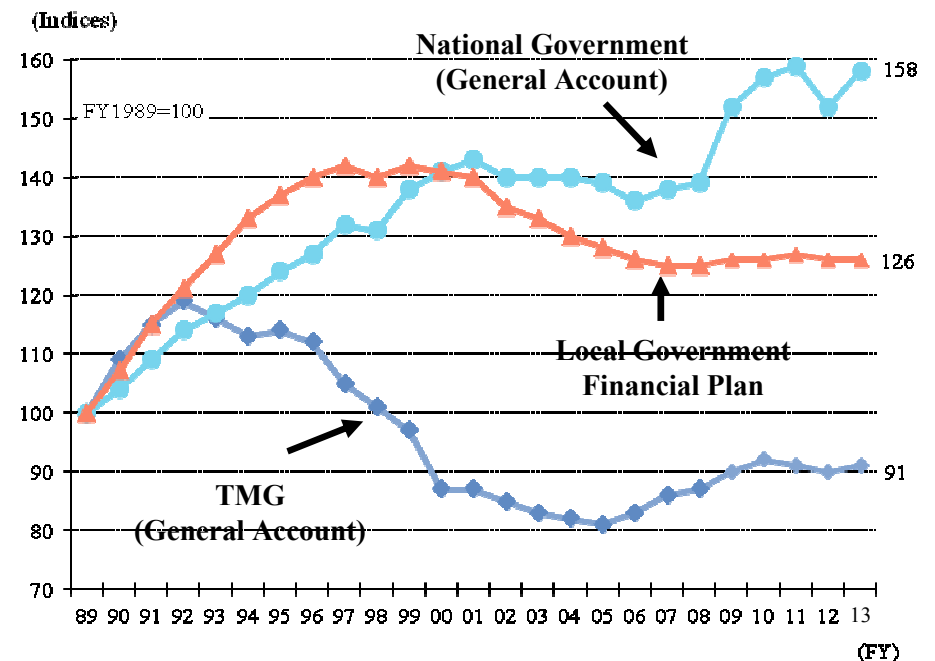
Trends in the Number of Staff



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.

Source: Overview of local government staff management survey results in 2012, Ministry of Internal Affairs and Communications. Overview of the number of staffs in FY2013, Tokyo Metropolitan Government

Trends in General Expenditure



Based on the original budget draft.

Source: The comparisons in the original budget of FY2013 among TMG, local government, and national government, Tokyo Metropolitan Government

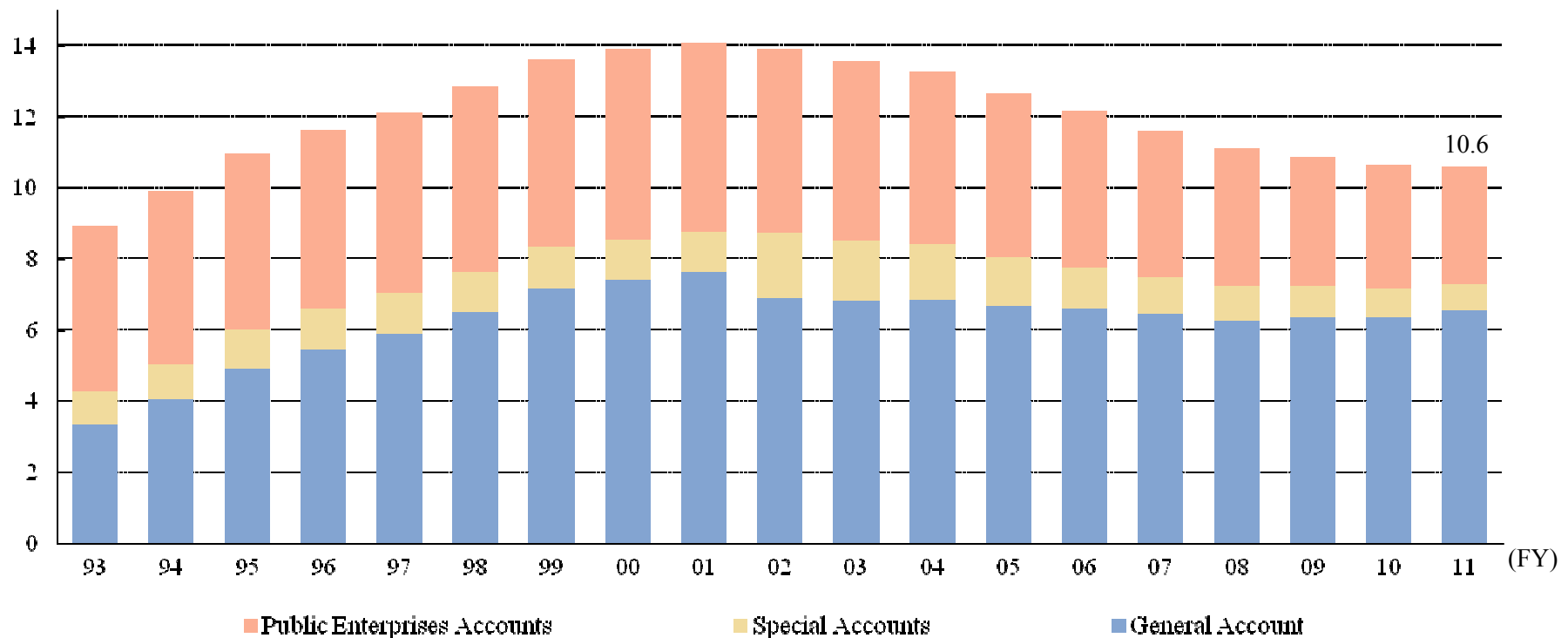
(4) A Financial Management Philosophy of Low Debt Dependence



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

Trends in TMG Debt Outstanding (All Accounts)

(trillion yen)

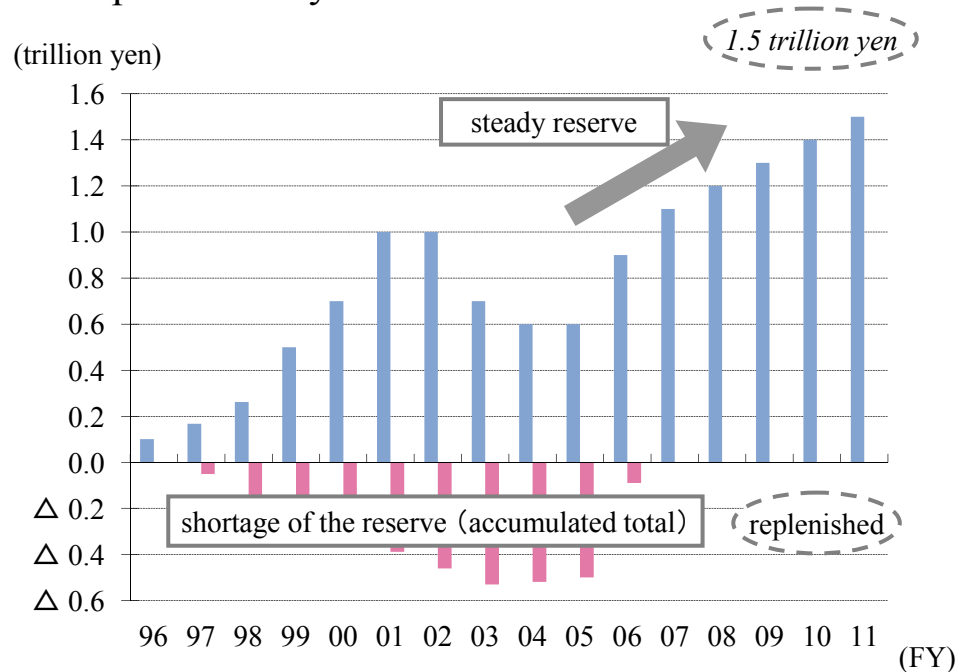


(5) Preparedness for Future Obligations



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 | 1 | 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.

The 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.

The 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.

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 Results | FY2006 Results | FY2007 Results | FY2008 Results | FY2009 Results | FY2010 Results | FY2011 Results |
| 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 (110.0) |
| 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 (19.4) |
| 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 (0.47) |
| The ratio of "real deficit within the General Account" to "standard financial scale". | | | - | - | - | - | - |
| The ratio of "all account-based real deficit" to the "standard financial scale". | | | - | - | - | - | - |
| 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 (13.9) |
| 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 (217.5) |
| 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



Plan for FY2013 Public Offering

| | 2013 | | | | | | | | | | 2014 | | | FY2013 Total |
|---|------|------------|--------------|-----------------------------------|-----|-----|-----|-----|-----|-----|------|-----|-------|-----------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | | |
| 10-year bond (Monthly issues) | 40 | 70 | 40 | About 40-60 billion yen each time | | | | | | | | | 570 | |
| Middle-term bond (3, 5, 7yr) | | | | About 20 billion yen each time | | | | | | | | | 40 | |
| Super long-term bond (20, 30yr) | | 20yr 30 | | About 20 billion yen each time | | | | | | | | | 70 | |
| Tokyo Revitalization Bond (Retail 3-year bond) | | | | About 20 billion yen, once a year | | | | | | | | | 20 | |
| International bond | | | 5yr 101.6 | | | | | | | | | | 101.6 | |
| Flex Term* | | | | About 50 billion yen | | | | | | | | | 50 | |

Total 850 billion yen

- This plan is subject to change
- This plan is as of July 1st, 2013
- * The term is not set in advance to secure flexibility in bond issuance in response to the investor's demand

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

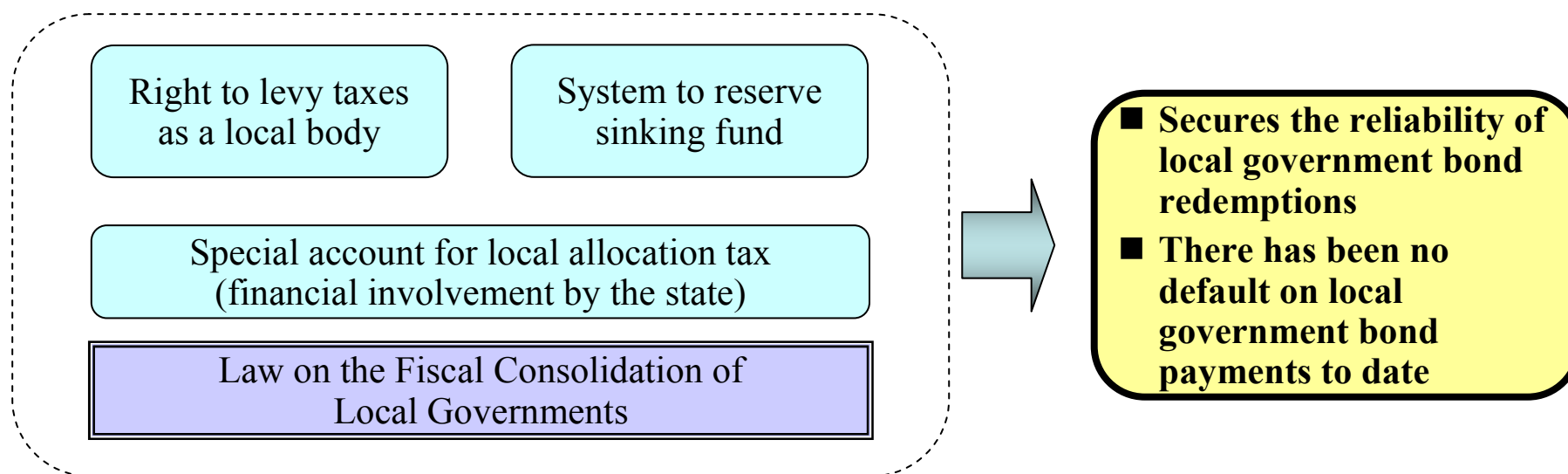
| Category | Issue Date | Issue Amount | Maturity | Coupon Rate | Credit Ratings |
|--------------------|--------------|---------------|----------|-------------|----------------|
| No. 17 Euro-Dollar | June 6, 2013 | USD 1,000 mil | 5yr | 1.625% | AA- (S&P) |
| No. 16 Euro-Dollar | June 8, 2012 | USD 880 mil | 5yrs | 1.750% | AA- (S&P) |
| No. 15 Euro-Dollar | Jan 27, 2012 | USD 650 mil | 5yrs | 1.875% | AA- (S&P) |
| No. 6 Euro-Euro | Jan 31, 2008 | EUR 318 mil | 27yrs | 4.900% | - |
| No. 5 Euro-Euro | Jun 21, 2006 | EUR 344 mil | 27yrs | 4.700% | - |
| No. 4 Euro-Euro | Nov 29, 2005 | EUR 150 mil | 30yrs | 4.270% | - |
| No. 3 Euro-Euro | Jun 2, 2005 | EUR 294 mil | 27yrs | 4.260% | - |
| No. 2 Euro-Euro | Nov 8, 2004 | EUR 160 mil | 30yrs | 5.070% | - |

Yield to Investors : Annual Yield

Safety of Local Government Bonds



- 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

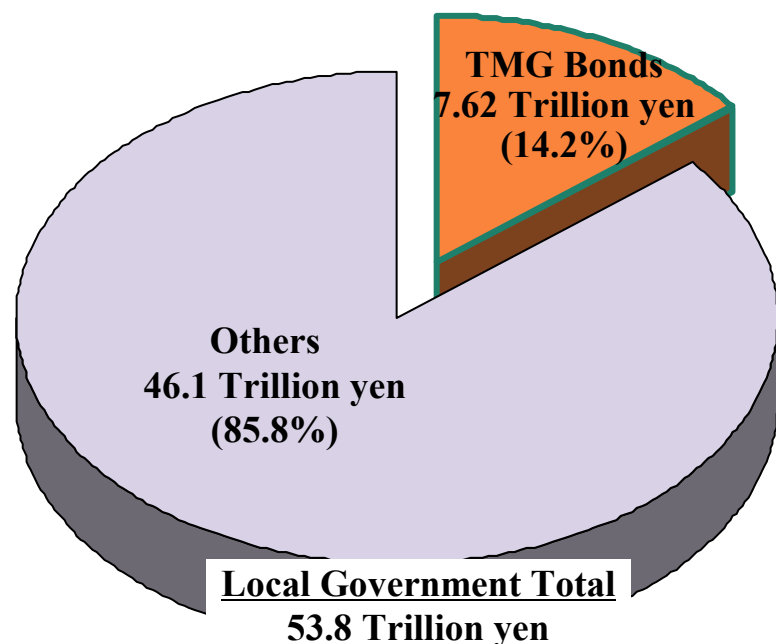


Liquidity and Stability of TMG Bonds



- 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 2012)



Excluding retail targeted bonds and international bonds.

Note: The figures are subject to change.

Source: Advance announcement of municipal bond #438, May 2013 edition

TMG’s Independent Revenue Sources (FY 2013 General Account Original Budget)

82.3%

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%.)

Initiatives in Marketing - Obtaining a Credit Rating



■ 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**



■ Strengths of TMG in the opinion of Standard & Poor's*

- “Robust local tax base as Japan's capital, providing strong, independent sources of revenue”
- “Record of fiscal reform, notably the streamlining of expenditures to improve budgetary performance”
- “Strong liquidity”

■ Liquidity*

- “Standard & Poor's views TMG's liquidity as very strong. We estimate that as of March 31, 2012, its free cash and liquid assets were about 4x annual debt service costs, showing that TMG's internal liquidity is sufficient to withstand uncertainties related to revenues.”

** Source: Standard & Poor's report. Title: "RatingsDirect, Tokyo Metropolitan Government" Oct. 2nd 2012*



IV. Topics



TMG formulated a new development plan, Tokyo Vision 2020 in December 2011, which continues to steadily promote the measures of “Tokyo’s Big Change – The 10-year plan –” introduced in 2006. This plan aims to clarify the metropolitan government’s future vision of Tokyo and the direction of policies to be implemented; have Tokyo overcome the damages of the 2011 earthquake and tsunami and continue to develop.

2013 Action Program for Tokyo Vision 2020

- **Period** : 3 years (FY2013-FY2015)
- **Project** : 22 policies and 363 projects
- **Total cost** : Approx. 2.7 trillion yen
(780 bln yen for FY2013)

- For the coming 3 years, projects which need to be newly addressed and will need to be accelerated are set as the “key projects” for each of eight goals in this action program, to enhance the policies.

The Key Projects for Eight Goals

| | | | |
|---|--|---|---|
| Goal 1: Disaster Management | Preparation for disasters such as an earthquake directly under North Tokyo Bay and Tokyo | Goal 5: Industrial Power and the Allure of the City | Provision with business support raising industrial power centering on Tokyo |
| Goal 2: Energy | Promotion of power energy reform | Goal 6: Measures to Low Birthrate and Aging Population | Realization of a highly livable Tokyo for all |
| Goal 3: Water & Greenery | Creation of the city surrounded by water and greenery | Goal 7: Development of Human Resources and Employment | Education system reform and Provision of employment support |
| Goal 4: Transportation Network | Promotion of Metro network reform and further Internationalization of Haneda Airport | Goal 8: Sports | Realization of “Sports City Tokyo” |



The Eight Goals of Tokyo Vision 2020

1 Achieve a sophisticated disaster-resistant city and demonstrate Tokyo's safety to the world

- 1 Complete seismic retrofitting of buildings alongside emergency transport roads; Accelerate seismic retrofitting using Tokyo's unique system of displaying a mark of seismic resistance; Finish construction of major city planned roads in districts with close-set wooden houses at high-risk (7,000 ha); Establish Disaster-Management Neighborhood Units; Enact ordinances concerning stranded people; etc.

2 Create a low-carbon society with a highly efficient, independent and distributed energy system

- 2 Build high-efficiency natural gas-fired power plants with a 1-million kW capacity; Introduce 500,000 kW of power through co-generation systems; Introduce 900,000 kW of photovoltaic power to detached homes; Leading projects for realization of a smart city; etc.

3 Restore Tokyo to a beautiful city surrounded by water and greenery

- 3 Create 1,000 ha of new greenery and double roadside trees to 1 million trees by 2016; Newly develop 433 ha of city parks; Renewal of 50,000 large trees along emergency transport roads; Building a network of water and greenery; Development of the Sumida River Renaissance project leveraging the Tokyo Sky Tree; etc.

4 Connect land, air, and sea to raise Tokyo's international competitiveness

- 4 Complete 92% of the three loop roads (completion of the Tokyo Outer Loop Road); Nearly complete backbone trunk roads such as ward ring roads, Tama north-south roads, etc.; Expand daytime international slots at Haneda Airport; Establish the Keihin ports position as Asia's hub port; etc.

5 Put Tokyo on a new track to growth by raising industrial power and the allure of the city

- 5 Attract foreign companies to Tokyo using the comprehensive special zone system and establish Tokyo's position as the site for Asian Headquarters; Cultivate industries with growth potential and promote the use of the high technologies of SMEs; etc.

6 Build and show the world an urban model for a society with a low birthrate and aging population

- 6 Create child daycare services to accommodate 70,000 more children; Establish Tokyo's unique senior job center; Build networks to look after senior citizens in all municipalities of Tokyo; Increase the employment of disabled persons by 30,000; Increase NICU beds to 320 by the end of FY 2014; etc.

7 Raise globally competent individuals by creating a society where anyone can strive for high goals

- 7 Propose concrete reform from the broad perspectives of the Educational Renaissance: Tokyo Round Table Conference; Support study abroad by a total of 10,000 young people under the project, "Let Your Child Experience the World"; Provide detailed support for the employment of young people and non-full time workers; etc.

8 Create a society where everyone can enjoy sports and provide children with dreams

- 8 Successfully win the bid and host the 2020 Summer Olympic and Paralympic games; Develop top-level athletes and realize an environment in which anyone can enjoy sports for as long as they wish, etc.

Tokyo 2020 has received the honour to host
the 2020 Olympic and Paralympic Games!



Thank you for your support!



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