

Financial Condition of City of Nagoya



Nagoya Castle Hommaru Palace
Grand Entrance & Main Hall
Open to public

Major redevelopment of the area surrounding Nagoya Station is making progress



Port of Nagoya
Boasting the nation's busiest port
in both shipping tonnage and cargo value
(photo by Nagoya port authority)



National important cultural property – Nagoya city hall

October 2016
Finance Bureau, City of Nagoya

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MRJ (photo by Mitsubishi Aircraft Corporation)

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FY2016 Nagoya City's Bond Issuance Plan

(Million Yen)

Category	FY2016 A	FY2015 B	YOY Change A-B
Government Funds	39,366	40,588	△1,222
Private Flows	176,447	178,688	△2,241
Public Bond Offerings	137,000	138,000	△1,000
(Flex quota)	(45,000)	(45,000)	-
Bonds underwritten by banks	39,447	40,688	△1,241
Total	215,813	219,276	△3,463

* This plan may change, as it is an estimate at the beginning of FY2016

FY2016 Plan for Municipal Bond Public Offerings

(Million yen)

Maturities	Issue Amount	Monthly Plan											
		Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Medium-term bonds	10,000			10,000									
10-year bonds	60,000			10,000			20,000			10,000			20,000
Ultra-long-term bonds	20,000	20yr 10,000						30y 10,000					
City resident bonds	2,000							2,000					
Flexible quota	45,000	Upsize for 20yr 5,000		7,000 5,000	Upsize for 5yr Upsize for 10yr			5yr 20,000		8,000			
Total	137,000	15,000		32,000			20,000	32,000		10,000			20,000

* Results to Sep., plans from Oct. as of the end of Sep.

* Monthly total amount does not include flexible quota from Oct.

Highlights of FY2016 Bond Issuance Plan

1. Expected amount of city bonds

The amount of city bonds to be issued in this fiscal year is expected to decrease by approx. 3.5 billion yen from the previous fiscal year, of which 1.2 billion yen from public funds and 2.3 billion yen from private funds.

2. Bond management focusing on market situations

The city continues making efforts on bond management focusing on market situations

(1) Implementation of negotiated style deals

The city continues to emphasize the importance of communication with the market utilizing negotiated style deals for mid-term, long-term(planned in June and December) and super-long-term bonds.

(2) Maintenance of flexible quota : 45 billion yen

The flexible quota for this fiscal year is 45 billion yen to continue to enable flexible and agile bond issuance in response to market environment. (Last fiscal year's limit was 45 billion yen)

(3) Proactive investor relation management

The city proactively visits investors at the time of bond issuance etc.

3. Constant new initiatives

The city will continue to consider various new initiatives in response to market needs, as shown by 10-year fixed redemption bond and a shorter period from pricing to closing in the last fiscal year.

History of Efforts on Nagoya City Bonds

FY2013

- **Expansion of flex quota**
In order to further promote the mobility and flexibility of issuance of bonds according to market environment, the flex quota was increased by 20 billion yen from the previous year to 40 billion yen.
- **Simultaneous issuance of 7-year, 10-year and 12 year bonds**
After the implementation of quantitative monetary easing, in response to drastic fluctuations of JGB's yields, duration periods were diversified and the first 3-year municipal bond was issued to respond to investors' duration needs.
- **Issuance of 6-year bond based on duration hearing**
6-year bond was issued with its duration period determined based on hearing of investors' preferred duration periods instead of fixing a duration period in advance. such method was used for the first time for municipal bonds.
- **Terms determined on the day before a month end to respond to diversification needs) 20-year-bond)**
In contrast to determinations of municipal bond issue terms concentrated between early and mid-months, a 20-year- bond was issued based by 20nil.

FY2014

- **Expansion of flex quota**
In order to further promote mobility and flexibility in issuance of bonds according to market environment, the flex quota will be increased by 20 billion yen to 60 billion yen
- **Issuance of 10-year fixed redemption bond for**
In response to investors' needs, the first 10-year fixed redemption bond was issued through market-public offering.
The bond's pricing is benchmarked for JGB, for the first time for market-publicly offered fixed redemption bonds.

FY2015

- **Maintenance of flexible quota**
The flexible limit for this fiscal year is 45 billion yen to continue to enable flexible and agile bond issuance in response to market environment.
- **Continuous issuance of 10-year fixed redemption bond**
The issuance of 10-year fixed redemption bond is continued, with pricing based on mid-swap (MS) as the benchmark in response to investors' needs
- **The minimum period between pricing date and closing date shortened from 6 to 5 business days (negotiated style deals)**
Aiming to reduce interest rate risks between pricing date and closing date for investors (excluding deals with the same redemption date as JGB).
- **10-year bond issuance from flex quota**
The first attempt to issue 10-year bond from flex quota besides quarter end months in order to meet investor demands in 10-year space.
- **Exceeded issuance amount than plan for large investor demands**
Issuing more than planned by increasing flex quota to meet investor demands for 10-year bond in December.

Issuance Amount of Municipal Bonds in FY2014/2015

Issuance Amount for FY2015

(Million yen)

Category	Amount	Monthly Plan											
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Medium-term bonds	10,000								5yr → 10,000				
10-year bonds	60,000			10,000			20,000				10,000		20,000
Super-long bonds	20,000	20yr → 10,000							20yr → 10,000				
City resident bonds	3,000			Upsize for 10yr		10yr fixed redemption bond			3,000	Upsize for 5yr Upsize for 20yr			
Flexible quota	51,000	Upsize for 20yr	5,000	8,000	12,000		10yr → 10,000		5,000 5,000	(6,000)	Upsize for 10yr		
Total	144,000		15,000	18,000	12,000		20,000	13,000	30,000	16,000			20,000

Issuance Amount for FY2014

(Million yen)

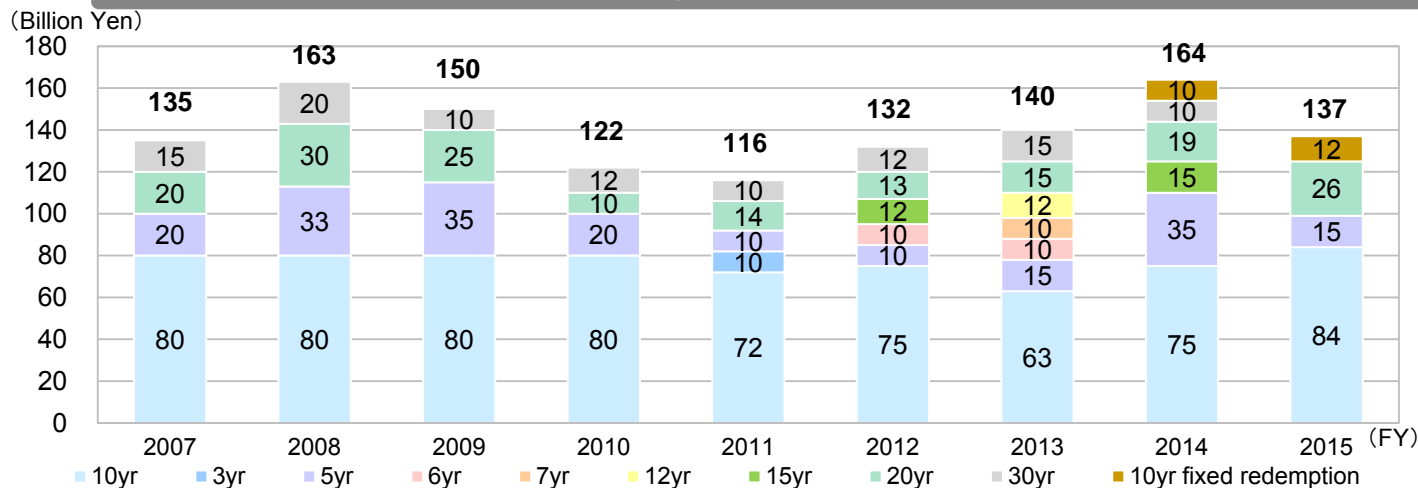
Category	Amount	Monthly Plan											
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Medium-term bonds	20,000	5yr → 10,000								5yr → 10,000			
10-year bonds	60,000			10,000			20,000				10,000		20,000
Super-long bonds	20,000	20yr → 10,000							30yr → 10,000				
City resident bonds	3,000			Upsize for 10yr		10yr fixed redemption bond			3,000				
Flexible quota	60,000	Upsize for 5yr Upsize for 20yr	5,000 5,000	10,000		10,000			15yr → 15,000	10,000 5,000	Upsize for 5yr Upsize for 10yr		
Total	163,000		30,000	20,000		10,000	20,000	13,000	15,000	35,000			20,000

* 20yr bonds in May were priced in May and issued in Jun

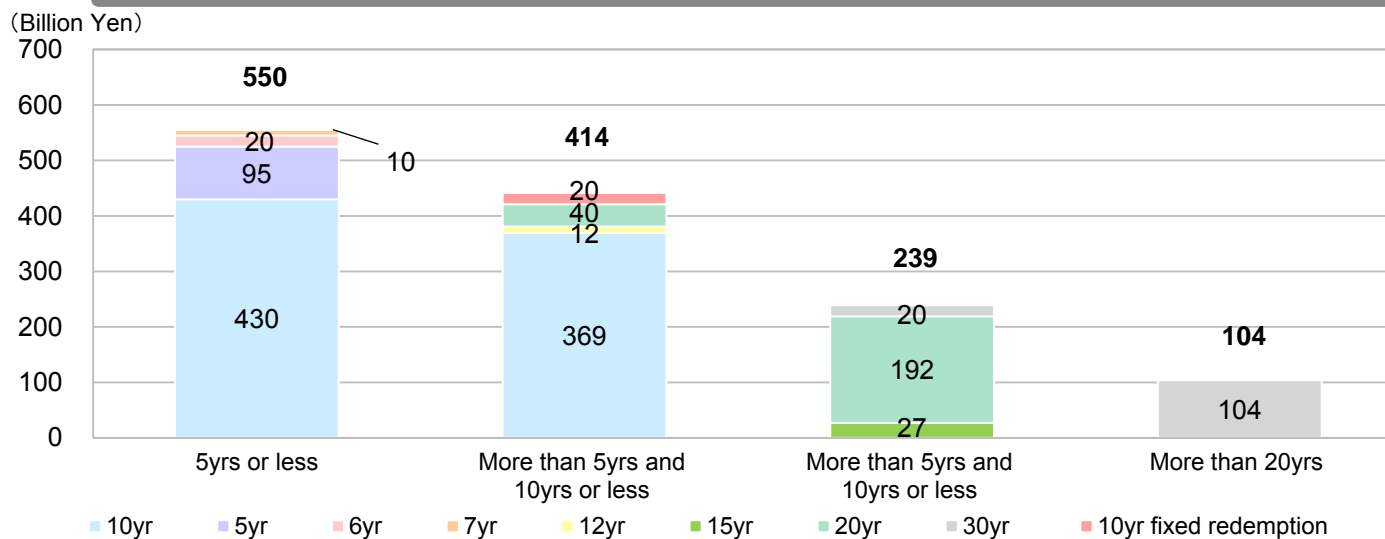
Actual Issuance of Publicly Offered Bonds

- The bonds that city offers are all negotiated style and mainly in 10yrs, together with shorter or longer tenor to fund in a balanced manner.
- Since FY2009, the city has introduced the flex quota to enable flexible responses to changing financial situations.

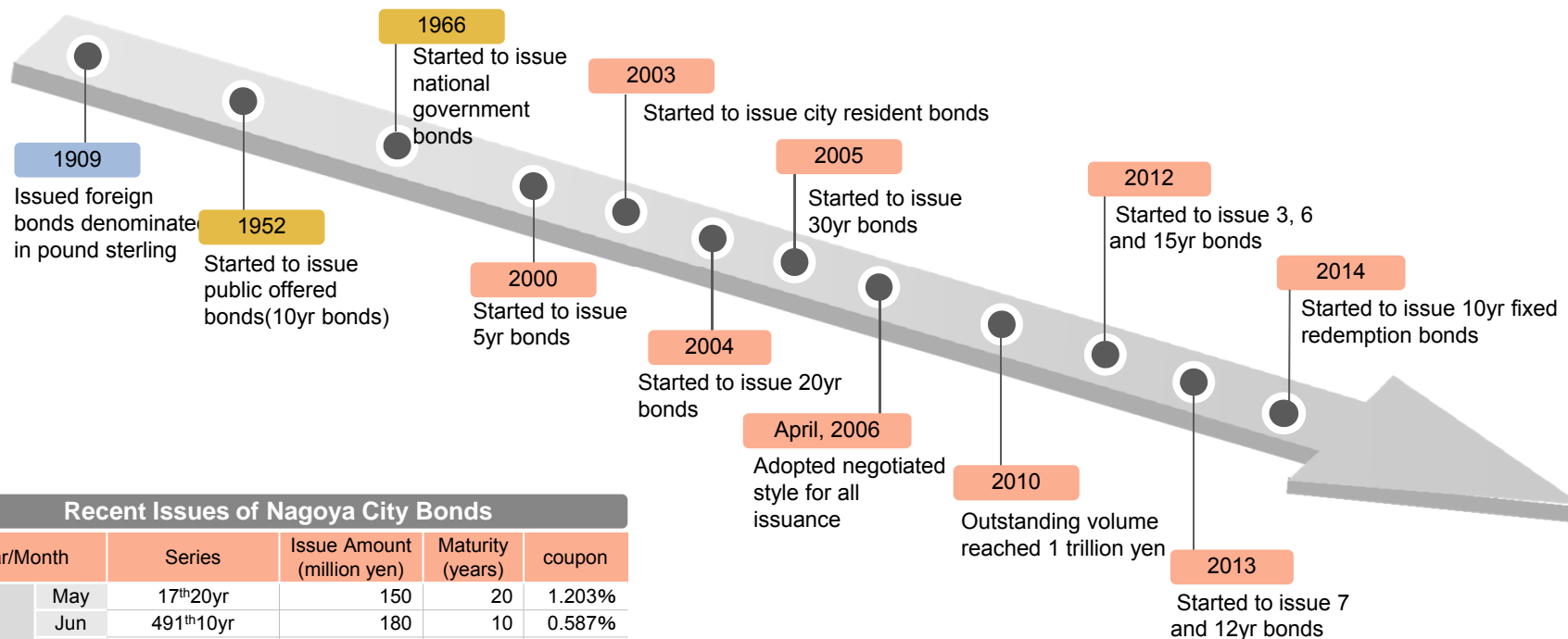
Amount of Publicly Offered Bonds since FY2007



Outstanding Amount by Maturity as of the End of FY2015



Postwar History of Nagoya City Bonds



Recent Issues of Nagoya City Bonds					
Year/Month	Series	Issue Amount (million yen)	Maturity (years)	coupon	
FY2015	May	17 th 20yr	150	20	1.203%
	Jun	491 th 10yr	180	10	0.587%
	Jul	2 nd 10yr fixed redemption	120	10	0.275%
	Sep	492 th 10yr	200	10	0.485%
	Oct	493 th 10yr	100	10	0.491%
		13 th city resident	30	5	0.12 %
	Nov	22 nd 5yr	150	5	0.101%
	Dec	18 th 20yr	150	20	1.139%
FY2016	Mar	494 th 10yr	160	10	0.464%
	Apr	495 th 10yr	200	10	0.110%
	Jun	19 th 20yr	150	20	0.323%
		23 rd 5yr	170	5	0.005%
	Sep	496 th 10yr	150	10	0.070%
	Oct	497 th 10yr	200	10	0.110%
24 th 5yr		200	5	0.001%	
	12 th 30yr	100	30	0.610%	

- Nagoya started to issue publicly offered bonds in 1952. Nagoya city bonds have a longer postwar history than national government bonds
- Before the war in 1909, Nagoya issued foreign bonds denominated in pound sterling
- Nagoya has diversified maturities since 2000

Rating

- Nagoya has obtained a rating from Moody's Investors Service Inc.(currently Moody's Japan K.K.) since Nov 7, 2007.
- Along with the downgrading of Japan government's rating from Aa3 to A1 on December , 2014, the Nagoya City's and other municipalities' rating were also changed to A1.

Rating by Moody's

A1

(Stable) = Same as Japanese Government Bond

Basis of rating

- The Nagoya City's strong tax revenue base supported by affluent regional company
- Nagoya City's strong liquidity
- The central government's robust involvement in local fiscal management and solid intuition framework including the fiscal coordination system

Profile of Nagoya

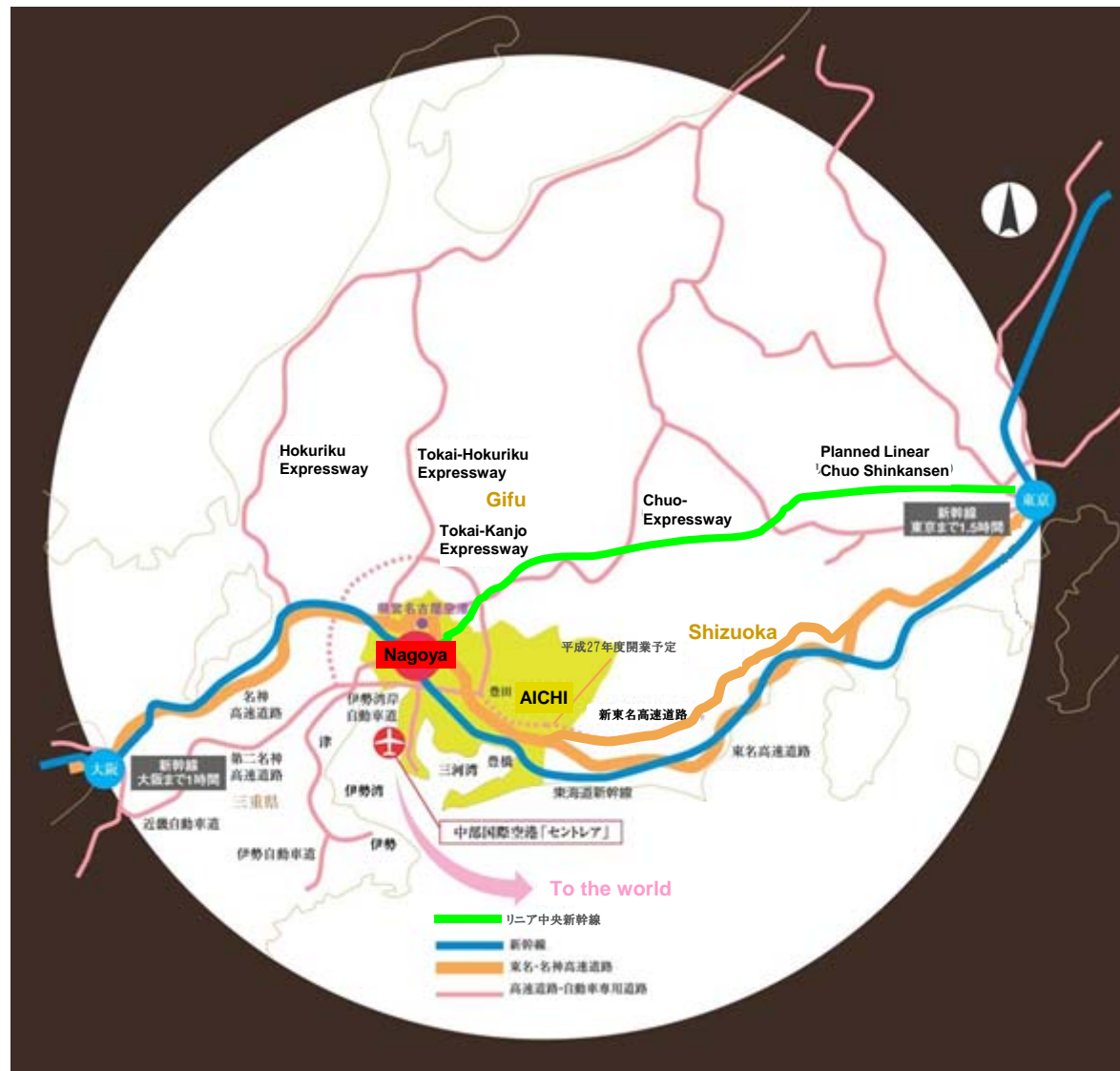
Nagoya Overview	
Area	326.45km ² (April 1, 2016)
Average temperature	16.6°C (Average in 2015)
Precipitation	1,803.0mm (Total in 2015)
Population	2,296,014 (Oct 1, 2015) *preliminary census
Households	1,057,936 (Oct 1, 2015) *preliminary census
Daytime population	2,569,376 (Oct 1, 2010)
Business establishments	125,884 (July 1, 2014)
Employed individuals	1,498,995 (July 1, 2014)



Do you know the mark 八 ?

The above-shown symbol, with the Japanese numeral 8 in a circle, was designated as City of Nagoya's city emblem in 1907. This symbol is believed to have originally been a distinguishing mark used by Owari Branch of Tokugawa Family—"numeral eight in a circle" mark.

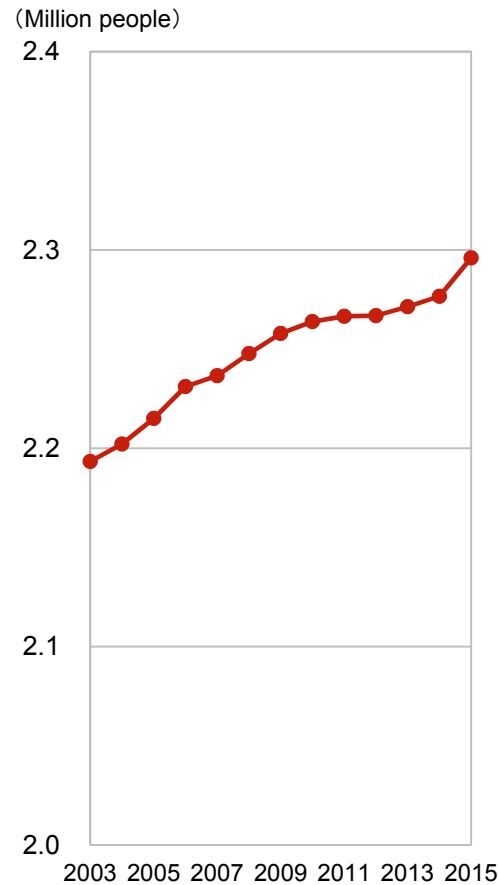
A distinguishing mark generally refers to a mark that distinguishes a family or a group from others. The numeral eight in a circle mark was Owari Brach's unofficial crest used on its servants' lanterns, as rank-and-file members' family crests, by logistics corps, etc. (The Branch's official family crest was designed with leaves of asarum caulescens, a kind of wild ginger.)



Population Dynamics of Nagoya City

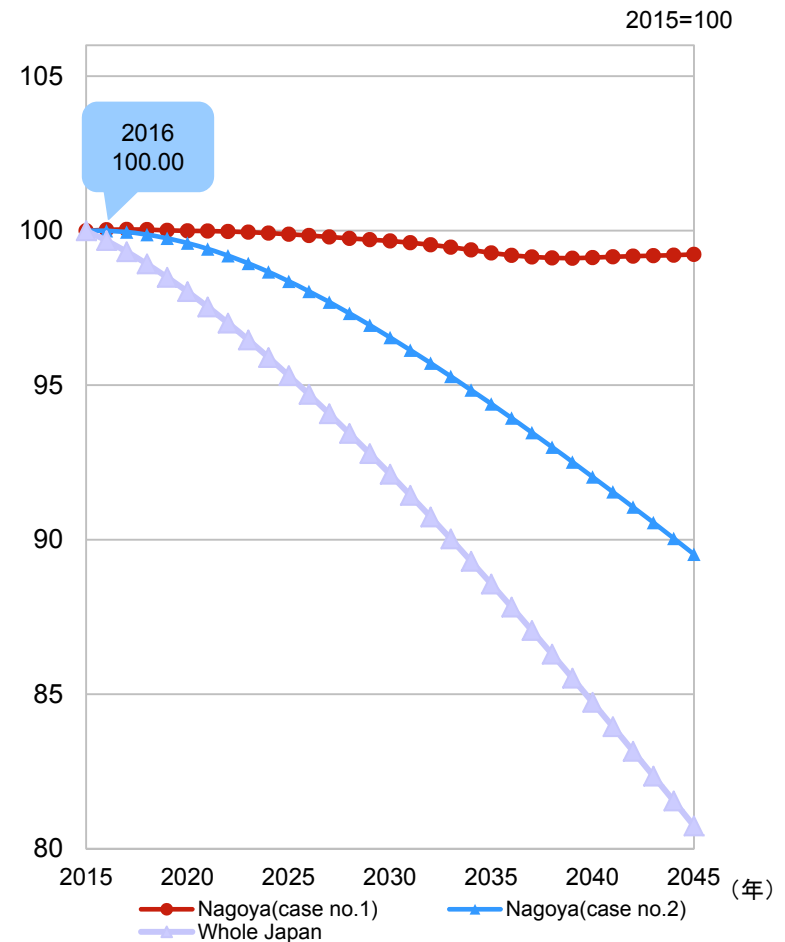
- Nagoya has a population of 2,296,014 as of October 2015, which is the third largest among the ordinance-designated cities. This number was recorded as historical high, after 18 consecutive years' growth since 1997.
- Nagoya (case no.1) has the similar scale of population even in the future (considering that population outflow will be peaked out in 2020 with Japan central government's effort to balance out population overconcentration in Tokyo to other prefectures).
- Nagoya (case no.2) shows that the population would be peaked out in 2016 then decrease gradually, which is more moderate than Japan as a whole.

Population Shift for Nagoya City



*as of October 1 each year
Preliminary census for 2015

Projected Population



*Nagoya's numbers are estimates by Nagoya City
National numbers are based on National Institute of Population and Social Security Research, "Population Projection for Japan by Municipality (estimates in January 2012)"

Nagoya's Transportation Network

- Transportation network surrounding Nagoya City is highly developed as a gateway to Nagoya Metropolitan Area ; the port of Nagoya as the maritime gateway to the Chubu region and the Chubu International Airport at approx.30 minutes train ride from Nagoya Station
- When Linear Chuo Shinkansen Line starts operating, the travel time between Tokyo and Nagoya will only be 40 minutes from the current 100 minutes. Furthermore, New Tomei Expressway and its Moriyama smart interchange (IC) are scheduled to be opened, which will contribute to further enhancement of Nagoya's transportation network



Port of Nagoya

Located in the center of the Pacific side of the Japanese archipelago, the port of Nagoya has been developed as an integrated port equipped with logistics, production, disaster prevention, exchanges and transportation functions. The total weight of the cargos was approx. 197.98 mil. tons in 2015, the largest in Japan for 14 consecutive years since 2003. The port supports the industry and citizens in the Chubu region where global manufacturing industries, including automotive, machine tool and aerospace industries, are concentrated.



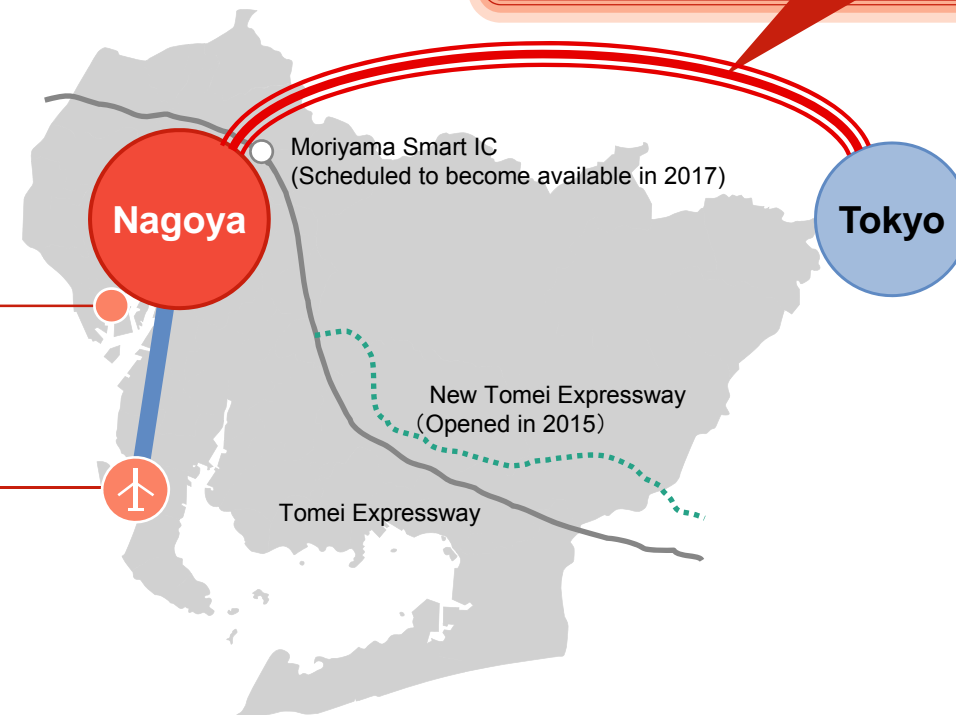
©Central Japan Railway Company. All rights reserved.

The operation of the Linear Chuo Shinkansen Line (between Tokyo and Nagoya), which is to be started in 2027, will enable travelling between the two cities in approx.40 minutes.



Chubu International Airport (Centrair)

International flights:
353 flights/week ; 40 cities
Domestic flights:
81 flights/day; 18 cities
As of June 1, 2016

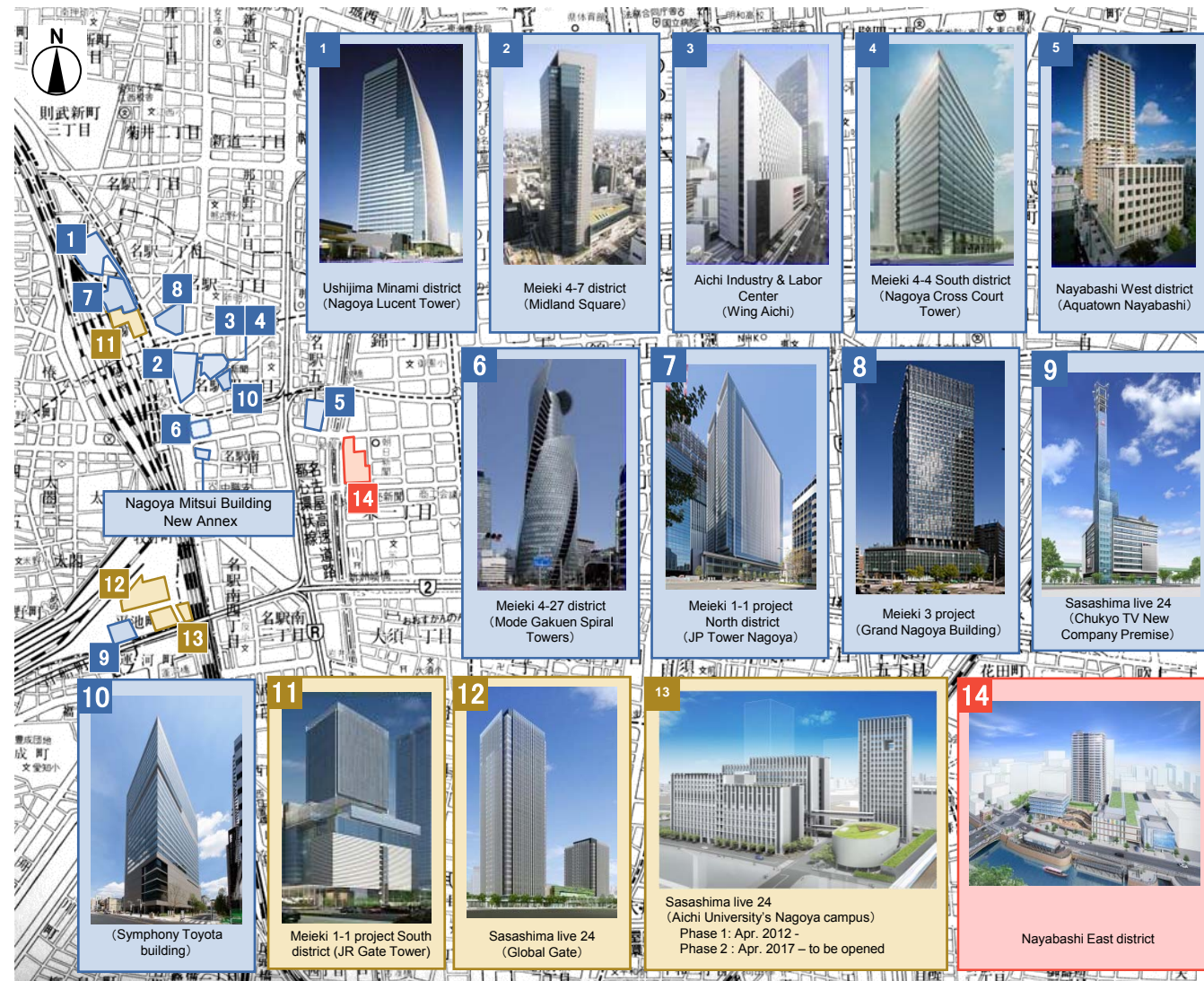


Redevelopment of Area Adjacent to Nagoya Station

Overview

Major redevelopment of the area surrounding Nagoya station that will be a terminal for Linear Chuo Shinkansen upon its opening is making progress and being accelerated—including Midtown Square and Nagoya Lucent Tower.

Furthermore, the area surrounding Nagoya station and Sakae area have been designated as an urgent urban renewal area as an especially effective area for reinforcing the city's international competitiveness.



Keys

- Completed
- To be completed in FY2016
- To be completed in FY2017

0 500m

Aiming to Develop a Super Terminal Nagoya!

The operation of Linear Chuo Shinkansen between Tokyo and Nagoya is scheduled to be started in 2027 and its Nagoya City terminal station will be located underground beneath Nagoya Station, which will further enhance Nagoya Station's locational advantages and convenience.

The municipality government of Nagoya has compiled "Urban Development Initiatives for the Area Surrounding Nagoya Station," which indicate goals of and approaches towards collaborative urban development to be shared with various entities including railway operators.

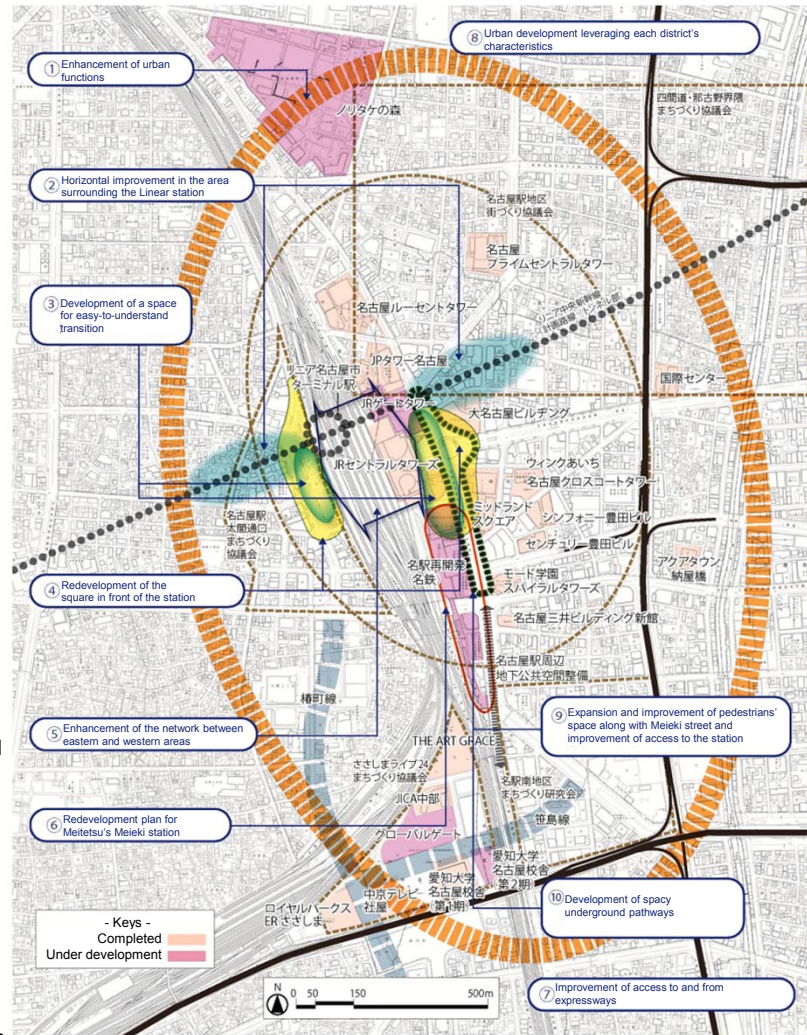
The city's targeted vision

Globally-recognized super terminal Nagoya:
A city filled with attractiveness and vitality and equipped with world-class terminal stations

Urban development basic policies

- Aiming to develop a front base for the zone playing international and geographically broad roles;
- Developing world-class terminal stations that are universally easy to use;
- Developing linking metropolitan areas with a variety of attractiveness; and
- Government and private-sector working together to implement initiatives steadily towards the commencement of the operation of the Linear Shinkansen

Major projects and Schedule



	FY2014 (Previous period)	FY2020 (Later period)	FY2027 (The parties)
① Enhancement of urban functions	Examination of the incentive	The private reproduction development in the city reproduction special district	<ul style="list-style-type: none"> Nagoya city Central government, Aichi pref. Developer
② Horizontal improvement in the area surrounding the Linear station	Examination of the improvement contests	Necessary procedures	<ul style="list-style-type: none"> Nagoya city Central government, Aichi pref. Railway operators Developer
	Acquisition etc. of station area	Building transfer land improvement building improvement	
③ Development of a space for easy-to-understand Transition	Examination of the improvement contests	Planning of improvement, Necessary procedures	<ul style="list-style-type: none"> Nagoya city Central government, Aichi pref. Railway operators Underground street company
④ Redevelopment of the square in front of the station	Examination of the improvement contests	Planning of improvement, Necessary procedures	<ul style="list-style-type: none"> Nagoya city Railway operators Underground street company Transportation facilities manager
⑤ Enhancement of the network between eastern and western areas	(new east and west passageway)		<ul style="list-style-type: none"> Nagoya city Railway operators
	Planning and examination of the improvement contests	Necessary procedures	
⑥ Redevelopment plan for Meitetsu's Meieki station	(effective practical use of existing passageway)		<ul style="list-style-type: none"> Nagoya city Railway operators
	Examination of the improvement contests	Planning of improvement, Necessary procedures	
⑦ Improvement of access to and from expressways	(Redevelopment of the railway station and bus terminal)		<ul style="list-style-type: none"> Nagoya city Railway operators Developer
	Planning and examination of the improvement contests	Necessary procedures	
⑧ Urban development leveraging each district's characteristics	Examination of the improvement contests	Planning of improvement, Necessary procedures	<ul style="list-style-type: none"> Nagoya city Central government, Aichi pref. Expressway public corporation
	Improvement of Tubakimachi-line and Sasashima-line	Planning and improvement of the Sasashima-line (south district of Nagoya station)	
⑨ Expansion and improvement of pedestrians' space along with Meieki street and improvement of access to the station	Organizing of city development creating vision for the future and consensus building, practice of area management etc.		<ul style="list-style-type: none"> Nagoya city Urban development organization
	Carry out every district		
⑩ Development of spacy underground pathways	Examination of the improvement contests	Planning of improvement, Necessary procedures	<ul style="list-style-type: none"> Nagoya city Railway operators Underground street company Transportation facilities manager Urban development organization
	Design and improvement		
⑩ Development of spacy underground pathways	Examination of the improvement contests	Planning of improvement, Necessary procedures	<ul style="list-style-type: none"> Nagoya city Underground street company Developer
	Design and improvement		

After the starting operation of Linear Chuo Shinkansen

Special Zone Comprising Asia's No.1 Aerospace Industry Cluster

In December 2011, Aichi Prefecture including the city of Nagoya and Gifu Prefecture were designated as an international strategic zone, specifically Special Zone to Create Asia's Number One Aerospace Industry Cluster.

The Special Zone was expanded in October 2013 to include Mie prefecture and in June 2014 Nagano and Shizuoka prefectures, with the aim to mobilize all resources of the Chubu region and thereby to make the next leap forward to develop one of the three global bases for the aerospace industries in the region along with U.S.' Seattle and France's Toulouse.

Summary

- Purpose:
To create Asia's largest and most effective aerospace industry cluster
- Nominal goals (2013→2020)
 - Production amount in aerospace industry:
871bil. yen → **1,180bil. yen**
 - Production amount in aircraft / aircraft parts
576bil. yen → **820bil. yen**
 - Employees in Chubu region's aerospace industry
18,600 → **25,000**
 - Aerospace-related export amount from Chubu region:
351bil. yen → **680bil. yen**
 - New and added aerospace-related factories built in Aichi, Gifu and Mie areas :
40 in 5years from FY2016 to FY2020



Loading Boeing 787 components to a specialized transport aircraft (Boeing 747 "Dream Lifter")

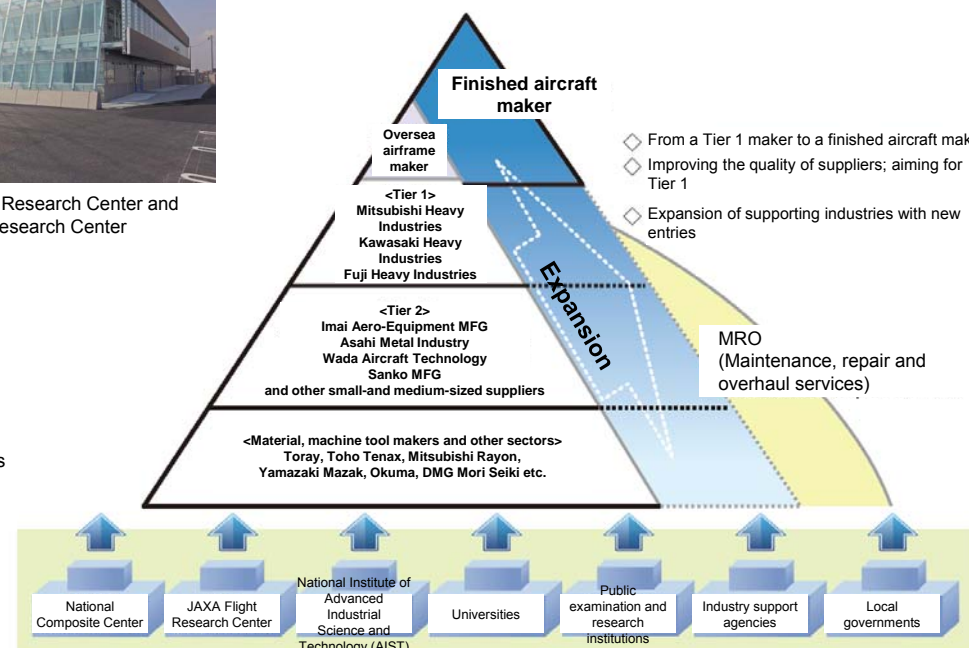


Provided by MRJ and Mitsubishi Aircraft Corporation



Aichi Prefecture's Flight Research Center and JAXA's Nagoya Flight Research Center

<Example of new facilities leading to further advanced clusters>



The Aerospace Industry Cluster's future vision (for commercial aircrafts)

Port of Nagoya With Japan's Largest Cargo Volume; and Initiatives to Develop a Center for Manufacturing and Cultural Exchanges-opening of Theme Park LEGOLAND®Japan

Port of Nagoya

Opened in 1907, Port of Nagoya has been a maritime gateway to support the manufacturing industry and people's livelihood in the Chubu Region. Today the Port has developed into an international port equipped with comprehensive functions, connected with 160 countries and territories and dealing with Japan's largest cargo volume etc.

Port of Nagoya is Japan's largest port in the following categories: (2014 actual values)

Category	Data	2 nd largest	3 rd largest
Cargo volume	197.98 mn. tons	Chiba	Yokohama
Export value	11,471.7 bn. yen	Yokohama	Tokyo
Trade surplus value	6,072.9bn. yen	Yokohama	Kobe
Units of automobiles exported	1,358,357 units	Mikawa	Yokohama



(Photo by Nagoya Port Authority)

Center for manufacturing and cultural exchanges

The city of Nagoya has formulated a plan to develop a center for manufacturing and cultural exchanges at Port of Nagoya's Kinjo Pier where people will conduct various exchanges with focuses on "manufacturing" and "industrial technologies."

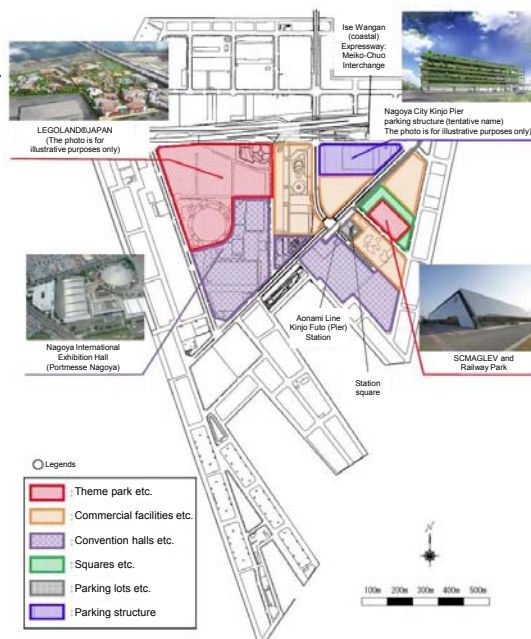
So far, it has developed such facilities as Manufacturing and Cultural Exchange Plaza and also held a tree planting festival and various trialsessions. Currently it is discussing various initiatives based on proposals from the private-sector, with a focus on the development of a theme park.

■ SCMAGLEV and Railway Park:

JR-Central's railway museum opened in March 2011 – introducing advances in high speed railway technologies including JR-Central's buleet trains, the Shinkansen



(Photo by Central Japan Railway Company (JR-Central))



■ LEGOLAND® Japan

LEGOLAND® operates theme parks worldwide—6 parks in 5 countries today—with LEGO bricks as their focus. They offer children—mainly from infants to elementary school pupils—and their family members interactive and intellectual education- and experience-oriented coasters and attractions and shows. LEGOLAND®JAPAN is scheduled to be opened in FY2017, which is expected to make Nagoya a tourist destination for both Japanese and foreign travelers.



(Photo by Marlin Entertainments)

The Restoration of Nagoya Castle Hommaru Palace

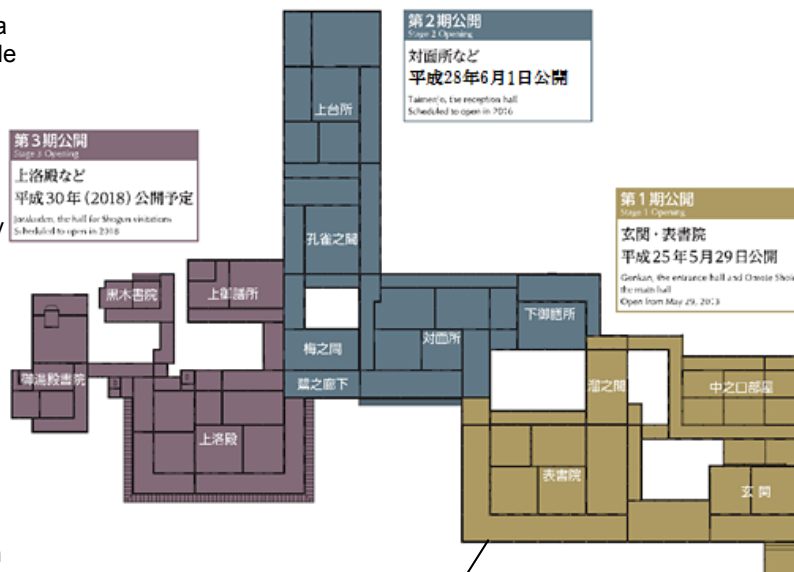
Nagoya Castle's main building used to have a Honmaru (main) Palace in addition to its castle tower. This Honmaru Palace was said to be one of the two best structures built with the traditional Samurai style of Japanese architecture along with Ninomaru Palace of Kyoto's Nijo Castle that is a masterpiece of modern Japan's castle architecture and today is designated as a National Treasure. Honmaru Palace was designated as the first National Treasure of castle architecture but was burned down in 1945 during the war.

The city of Nagoya has been rebuilding Honmaru Palace as a historic and cultural symbol of Nagoya to hand down the importance of the skills and the heart of manufacturing and of natural environment to the succeeding generations. The Place is scheduled to be open to the public in three phases—and in its entirety by 2018. For the first phase, its entrance and front drawing room has been opened to the public since May 29, 2013, which received a million visitors by May 10, 2014.

For the second phase, its meeting room and other areas will be made open to the public from June 1, 2016.

Outline of the anastolysis

- Architecture: wooden, flat building of the shoin zukuri style with a shingle roof
- Total area: approx. 3,100m²
- Construction period: 2008 to 2017
 - Phase1: Entrance and front drawing room
 - Phase 2: Reception and main kitchen
 - Phase3: Jorakuden (a drawing room), Kuroki (blackwood) drawing room, etc.



North-eastern side of the front drawing room Ichinoma



Nagoya Castle's restored Hommaru Palace and its entrance and carriage porch before they were burned down during the war



Nagoya Castle's restored Hommaru Palace and its entrance and carriage porch



Nagoya City Hall Main Building Designated as a Nationally Important Cultural Heritage

Nagoya City Hall main building that was completed in 1933 was, on December 10, 2014, designated as a Nationally Designated Important Heritage (structure) concurrently with the Aichi Prefectural Government Office main building. Such designation of active government buildings had been unprecedented as well as of any government structures built in the early Showa Era.

Nagoya City Hall main building designated as a Nationally Important Cultural Heritage



Nagoya City Hall main building was constructed as a project commemorating the ascendance of Showa Emperor to the throne and has been used as a central facility of the city government for over 80 years since 1933. Uniquely designed with specialty tiles on its exterior walls and traditional interior furnishing, the building is highly recognized as an iconic early Showa-style government structure that incorporate Japanese tastes into Western architectural styles. In December 2014, it was designated as a Nationally Important Cultural Heritage concurrently with the neighboring Aichi Prefectural Government Office main building.

Highlights



■ Central Hall
Pillars and stair rails are made from high quality marble Kozakura from Yamaguchi Prefecture, excess marble used for the Diet Building. The Diet Building and the City Hall main building are believed to be the only government structures that use Kozakura marble.

The Central Hall is as high as approx. 20 meters with open ceiling. Over the ground floor are a beautiful combination of arch-shaped beams. A view from upper floors show stairs around the open ceiling space that look like an illusionist picture.



■ North Hallway
The hallway on the north side of the building is as long as approx. 100 meters. Such a long hallway is so rare and well-known that it is used for movie and TV drama filming.

Exterior appearance



Ceremony Hall



Guest room



City Assembly Chamber



Central Hallway



Other characteristics

The main building is uniquely designed both in interior furnishing and exterior appearance that is intended to be in harmony with the view of Nagoya Castle

*Tour of Nagoya City Hall main building

Nagoya City Hall main building is open to the public on weekdays when the city government office is open—except the office spaces, Ceremony Hall, Guest Room and City Assembly Chamber. Please note that, given it is an active office building visited by many citizens and business people, any actions that could disturb office duties and/or other visitors are prohibited. Other points of attention posted on the City's website at the URL below should be observed. Otherwise it would be our pleasure if you could enjoy visiting the main building when you are in our neighborhood (Maps of highlights of the building are distributed at the entrance).
City of Nagoya's official website, "About Nagoya City Hall main building": <http://www.city.nagoya.jp/somu/page/0000062076.html>

Characteristics of Nagoya Economic Zone

Nagoya ranked as one of the three major metropolitan areas in the nation

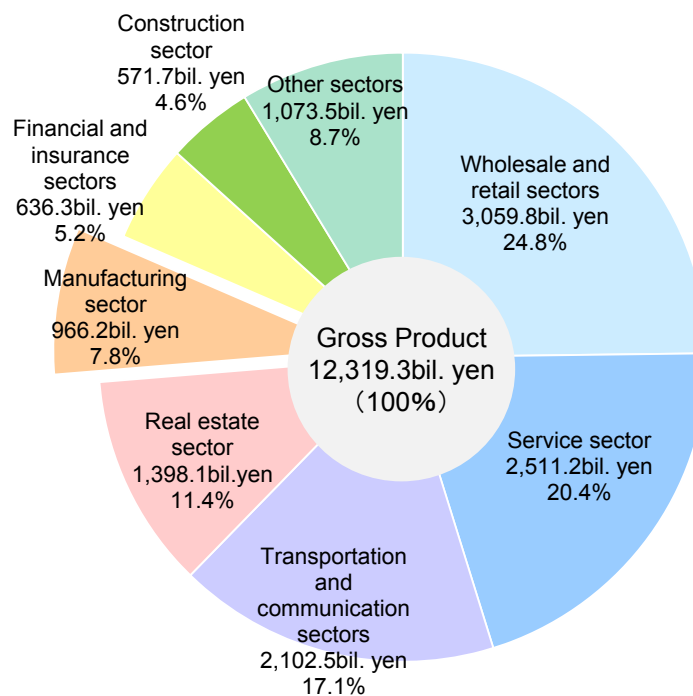
Category	Nationwide	Nagoya area		Tokyo area		Osaka area	
			% nationwide		% nationwide		% nationwide
Population (CY2015) (Thousand people)	127,110	11,332	8.9%	36,126	28.4%	18,351	14.4%
Area GDP (FY2013) (billion yen)	546,730.1	54,623.5	10.0%	174,579.1	31.9%	74,214.2	13.6%
Private establishments (CY2014) (Establishments)	5,541,634	502,541	9.1%	1,397,347	25.2%	804,632	14.5%
Employees (CY2014) (Thousand people)	57,428	5,447	9.5%	17,369	30.2%	8,299	14.5%
Value of shipments of manufactured goods etc. (CY2014) (Billion yen)	305,140.0	59,475.2	19.5%	52,145.5	17.1%	38,129.6	12.5%
Wholesaler of yearly sales (CY2014) (Billion yen)	356,651.6	32,368.3	9.1%	174,946.9	49.1%	50,248.0	14.1%
Retailing of yearly industry (CY2014) (Billion yen)	122,176.7	10,955.0	9.0%	34,805.7	28.5%	16,978.9	13.9%
Annual income service industry (CY2014) (Billion yen)	211,397.6	14,912.0	7.1%	94,501.1	44.7%	24,435.5	11.6%
The export value (CY2015) (Billion yen)	75,613.9	16,367.9	21.6%	26,147.4	34.6%	15,582.7	20.6%
The import value (CY2015) (Billion yen)	78,405.5	9,058.2	11.6%	36,203.6	46.2%	14,803.2	18.9%

- The Nagoya metro area is notable for its high concentration of manufacturing. The region's shipment of manufactured goods is the highest among the three major metro areas.

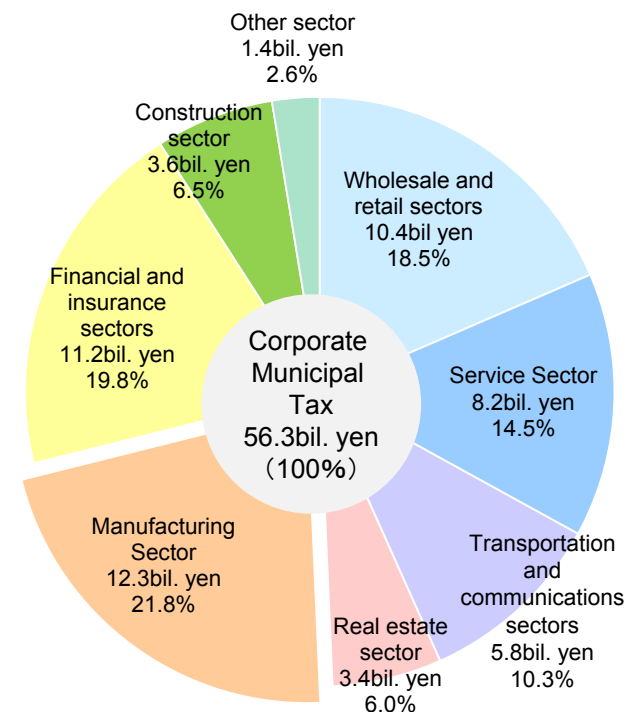
Economic Snapshot of Nagoya City

- Nominal gross production in Nagoya is largely comprised of commercial sectors wholesale, retail and services. Manufacturing industries including automotive sector comprises 7.8%.
- Manufacturing industries comprise 21.8% of the corporate inhabitant taxes (assessed in the relevant year), indicating a higher percentage than that of the city's gross production.
- Manufacturing industries are largely comprised of chemical engineering, industrial machinery and automotive component sectors. In FY2014, the automobile-related sectors' performance continued to be strong with ripple effects on other sectors.

Gross Product for Nagoya City (FY2013)



Corporate Municipal Tax by Sector (FY2015)



Economic Size of Nagoya

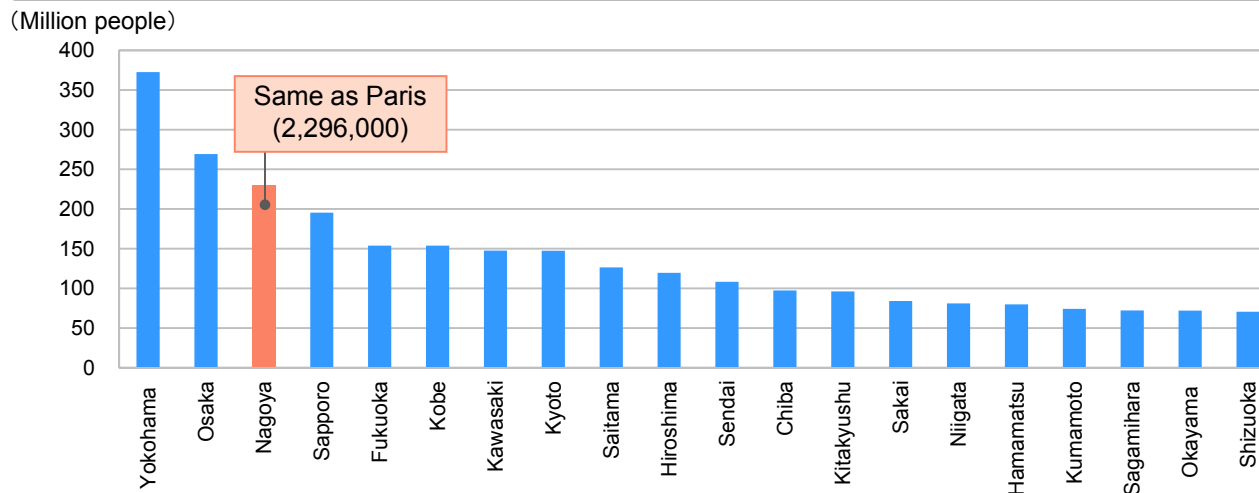
■ Population

- As of Oct 2015, the population of Nagoya was over 2,296 thousand, up 1.42% from 2010
- The population has increased for 19 years in a row from 2,151,000 in October 1996, a total increase of approximately 145,000
- Daytime population is 2,569,000 (National Census for FY2012), the ratio of daytime to nighttime population is 113.5%, suggesting a significant population inflow from surrounding area

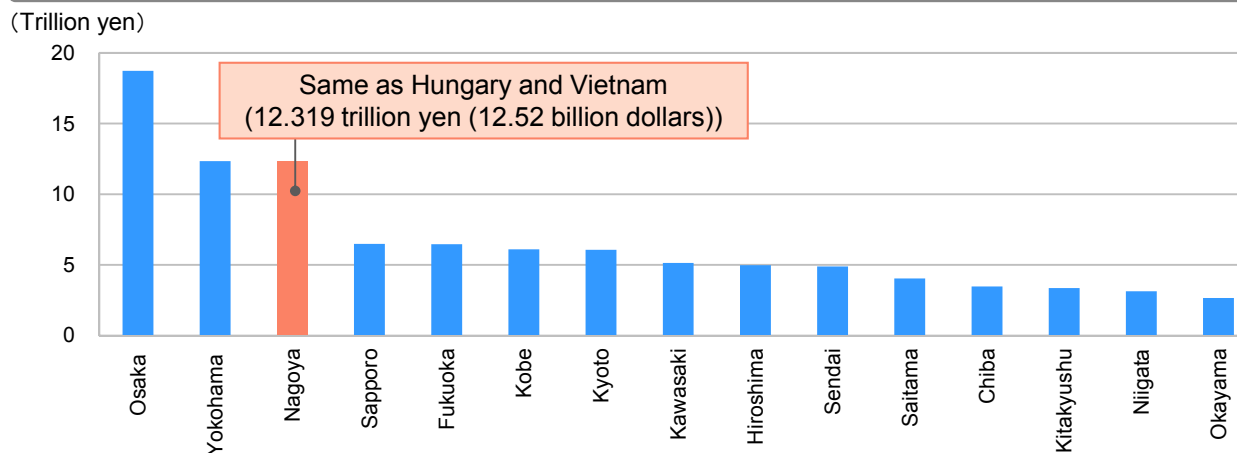
■ Gross product

- The gross product of Nagoya in FY2013 was the third largest among ordinance-designated cities after Osaka and Yokohama. The gross product of Nagoya accounts for approximately 2.5% of Japan's GDP.

Population of Major Cities (Oct 2015)



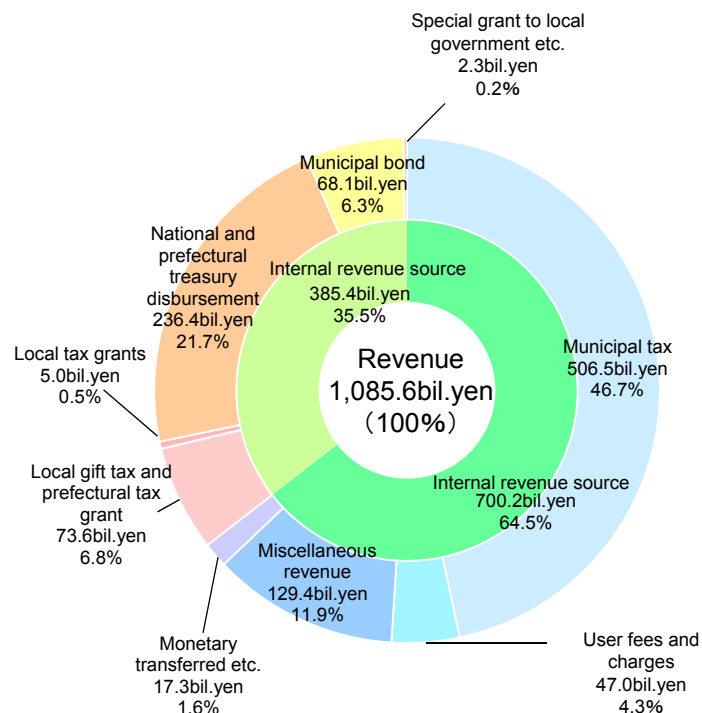
Gross Product (FY 2013)



※Cities not mentioned in the above graphs have not provided data for FY2013

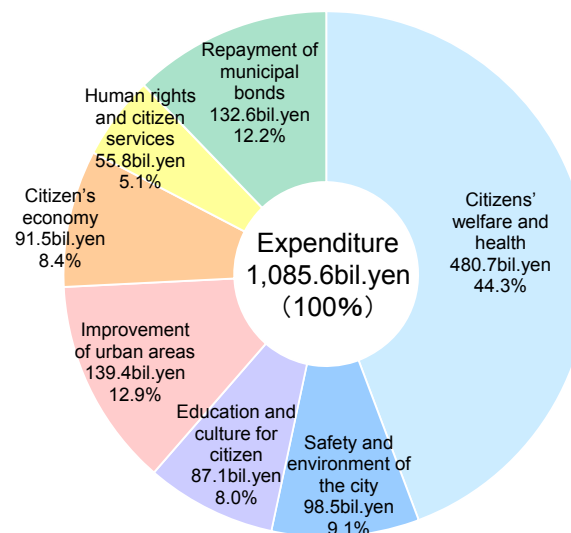
Overview of General Account for FY2016

Budget Revenue

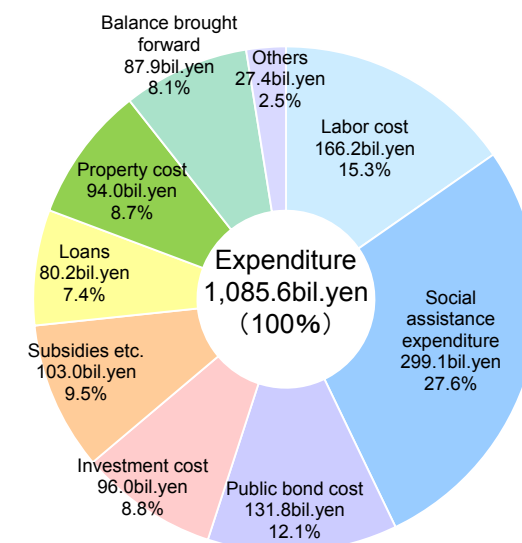


Budget Expenditure

By Usage



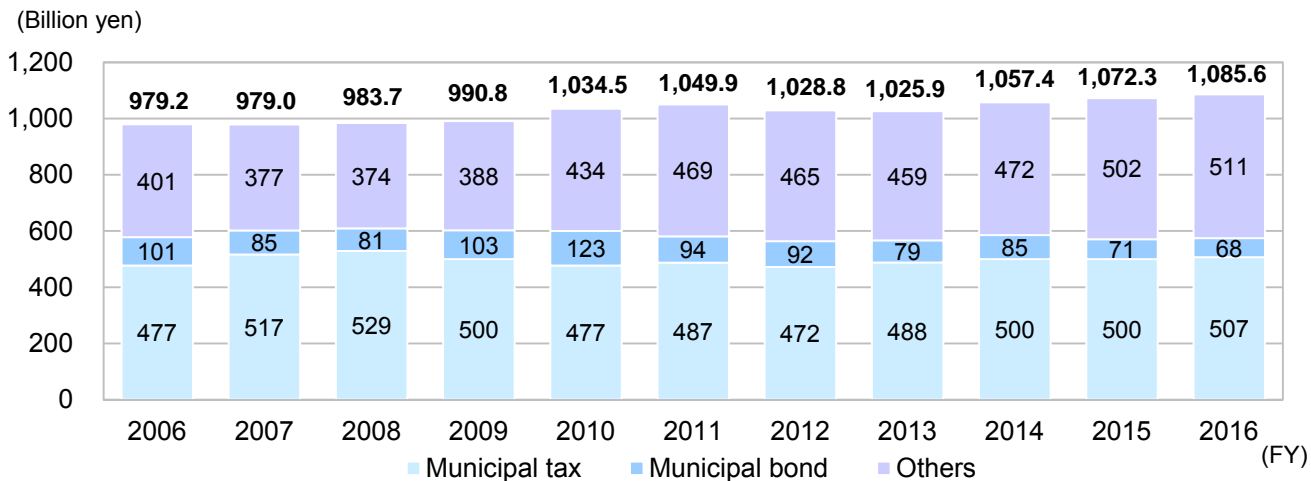
By Type



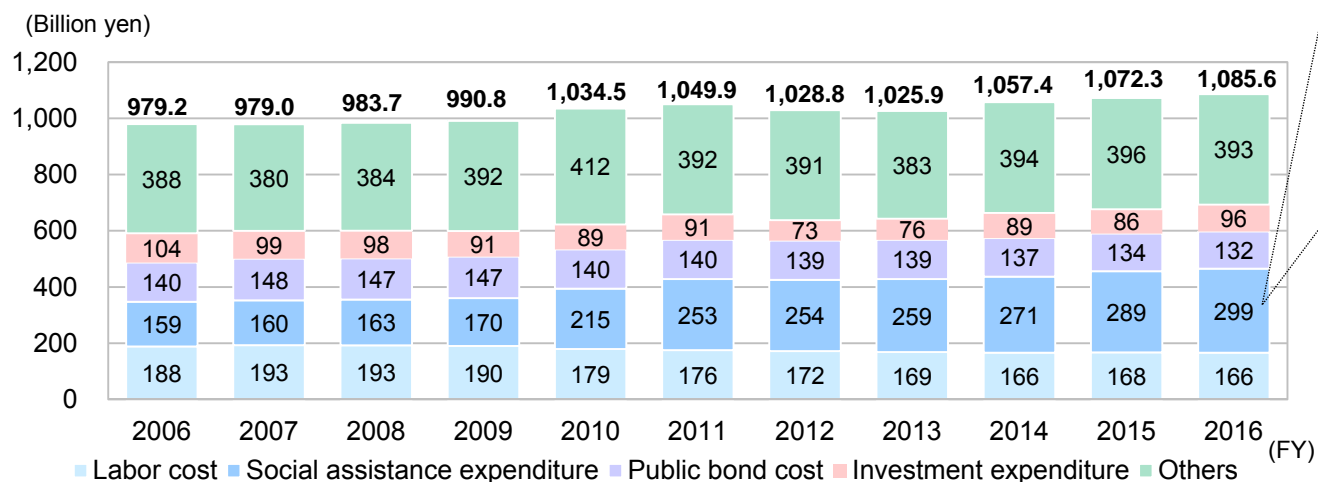
- The general account budget increased 13.3 billion yen or 1.2% from the previous year to 1,085.6 billion yen.
- The City's tax revenue in FY2016 increased 6.4 billion yen from the previous fiscal year despite of a decrease in corporate tax due to the fact that the part of the tax was allocated to national government. Revenue growth from individual tax and real property tax contributed to the net increase of the tax revenue.
- The ratio of the City's independent revenue sources to its total revenue is 64.5%, which is the highest among Japan's 12 ordinance-designated cities
- In terms of expenditure, mandatory expenses – personnel, social assistance and government debt expenses – stays the same as 55.0% as previous year of the total expenditure.

General Account

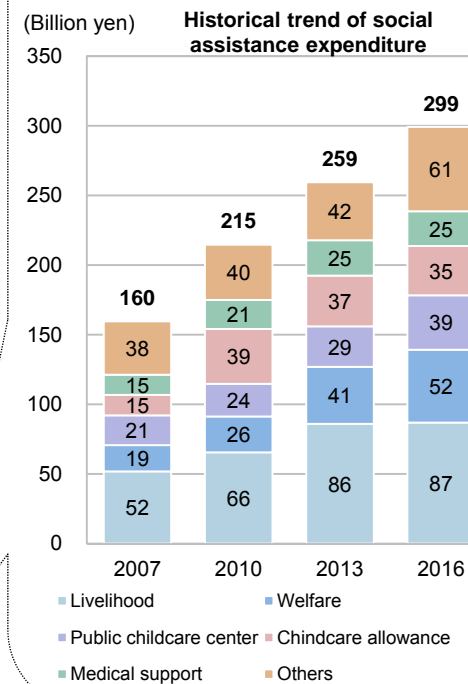
Budget revenue



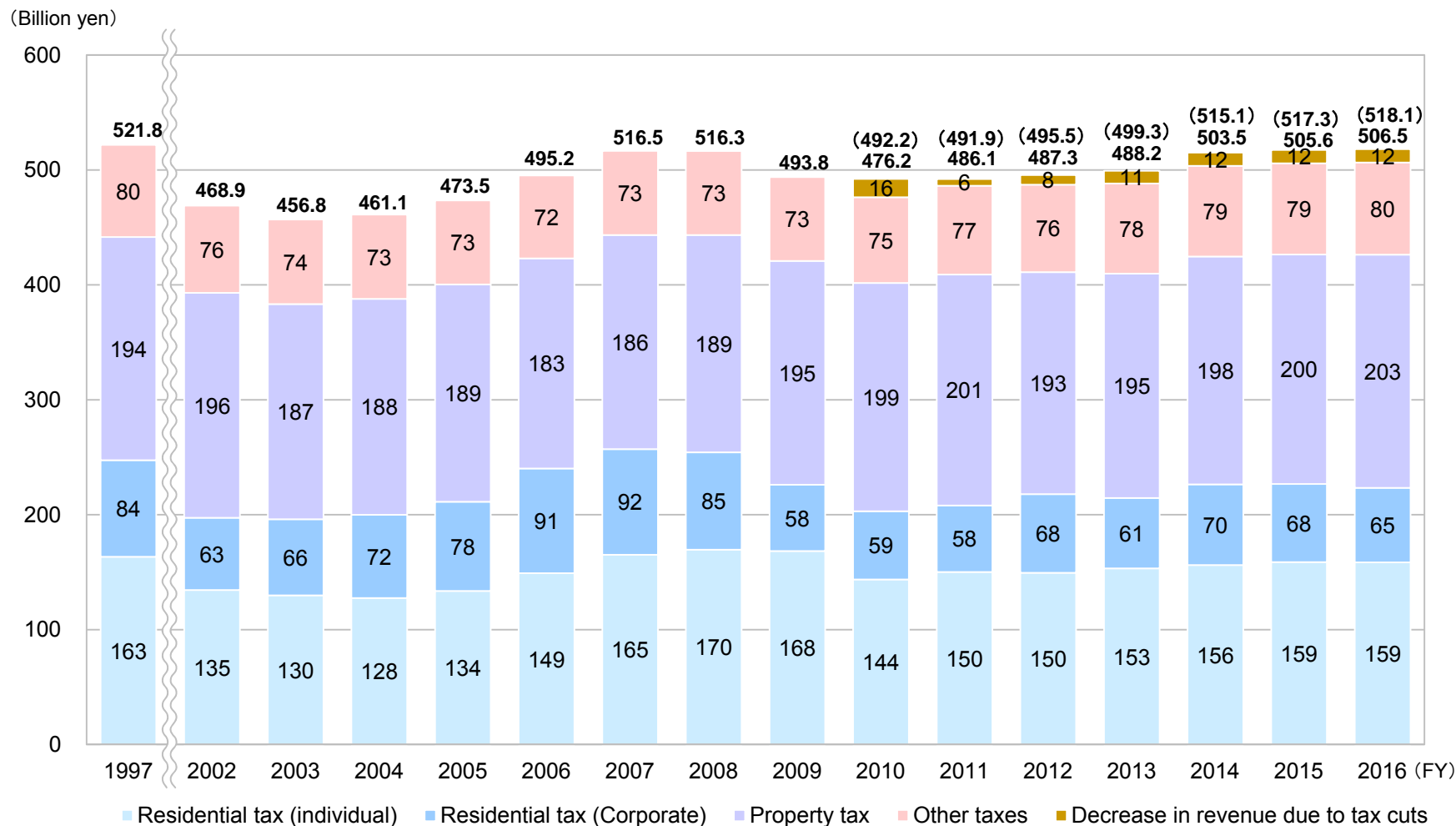
Budget expenditure



Under social assistance expenditure, the budget scale of family public assistance has been flat while the support for welfare and child-rearing families related projects have increased



Municipal Tax Revenue



※The Figure used for tax grants is the settled amount up to FY2015, and the initial budget for FY2016.

※Totals inside parenthesis include decreases in tax revenue due to tax cuts.

※The indicated values are rounded off to the indicated numbers and may not match the annual totals.

Overview of 5% Residential Tax Cut (From FY2012 Onward)

1. Purpose of the Tax Cut

To support the lives of the citizens and revitalize the local economy as well as its future potential with respect to current economic conditions.

2. Tax Rate After the Tax Cut

- ① Residential Tax (individual)
 (Per capita) Before tax cut 3,000yen→2,800yen
 (By income) Before tax cut 6% →5.7%
- ② Residential Tax (corporate)
 (Per capita) Before tax cut 50,000yen – 3million yen
 → 47,500~2.85million yen
 (By corporate tax) Before tax cut 14.7%→ 13.965%
 12.3%→ 11.685%
- After Oct 1, 2014
- Before tax cut 12.1%→11.495%
 9.7%→ 9.215%

3. Application

- ① Residential Tax (individual)
 From FY2012 (Applied starting in June)
- ② Residential Tax (corporate)
 From the fiscal year ending after April 1, 2012

4. Others

- Supplementary statement provided that an examination shall be conducted within 3 years from the enforcement of the ordinance (April 1, 2012).
 →The findings of the examination were reported to the City Assembly in November 2014.

5. Effects of the Tax Cut (Billion yen)

FY2012 Results

Category		Per capita basis	Per income/corporate tax
Tax cut	8.3	0.6	7.7
Residential tax (individual)	6.9	0.2	6.7
Residential tax (corporate)	1.4	0.4	1.0

FY2013 Results

Category		Per capita basis	Per income/corporate tax
Tax cut	11.1	0.8	10.3
Residential tax (individual)	7.9	0.2	7.7
Residential tax (corporate)	3.2	0.6	2.6

FY2014 Results

Category		Per capita basis	Per income/corporate tax
Tax cut	11.6	0.8	10.8
Residential tax (individual)	7.9	0.2	7.7
Residential tax (corporate)	3.7	0.6	3.1

FY2015 Results

Category		Per capita basis	Per income/corporate tax
Tax cut	11.7	0.8	10.9
Residential tax (individual)	8.2	0.2	8.0
Residential tax (corporate)	3.5	0.6	2.9

FY2016 Budget

Category		Per capita basis	Per income/corporate tax
Tax cut	11.6	0.8	10.8
Residential tax (individual)	8.2	0.2	8.0
Residential tax (corporate)	3.4	0.6	2.8

Overview of 10% Residential Tax Cut (From FY2010 Onward)

1. Purpose of the Tax Cut

To support civil life and to revitalize the local economy in response to current economic conditions.

2. Tax Rate After the Tax Cut

① Residential Tax (individual)

(Per capita) Before tax cut 3,000yen→2,700yen

(By income) Before tax cut 6%→5.4%

② Residential Tax (Corporate)

(Per capita) Before tax cut 50,000 - 3million yen
→45,000 - 2.7million yen

(By corporate tax) Before tax cut 14.7%→13.23%
12.3%→11.07%

3. Application

① Residential Tax (individual)

For FY 2012 (Applied starting in June)

② Residential Tax (corporate)

For the fiscal year between April 1, 2010 and March 31, 2011

4. Effects of the Tax Cut (Billion yen)

FY2010 Results

Category		Per capita basis	Per income/corporate tax
Tax Cut	16.0	1.0	15.0
Residential tax (individual)	13.5	0.3	13.2
Residential tax (corporate)	2.5	0.7	1.8

FY2011 Results

Category		Per capita basis	Per income/corporate tax
Tax Cut	5.8	0.4	5.4
Residential tax (individual)	1.9	0.04	1.9
Residential tax (corporate)	3.9	0.4	3.5

Total

Category		Per capita basis	Per income/corporate tax
Tax Cut	21.8	1.4	20.4
Residential tax (individual)	15.4	0.3	15.1
Residential tax (corporate)	6.4	1.1	5.3

Future Fiscal Management

Policy

- While giving consideration to fair burdens among generations, systematic fiscal management will be conducted so that no excessive burden is handed down to the future generations.

Setting of rules

- Municipal bonds' roles include securing fairness of burdens among generations for construction of facilities etc. that provide benefits over time, leveling of fiscal expenditure, temporary fiscal supplement for shortage in tax revenue. On the other hand, given repayment for municipal bonds is a public bond cost and places a financial burden, certain rules were formulated regarding outstanding municipal bond amount.
- Furthermore, a targeted amount to be accumulated for the financial adjustment fund was set, from the perspective of securing fiscal elasticity between fiscal years.

(Formulated in Sep. 2010)

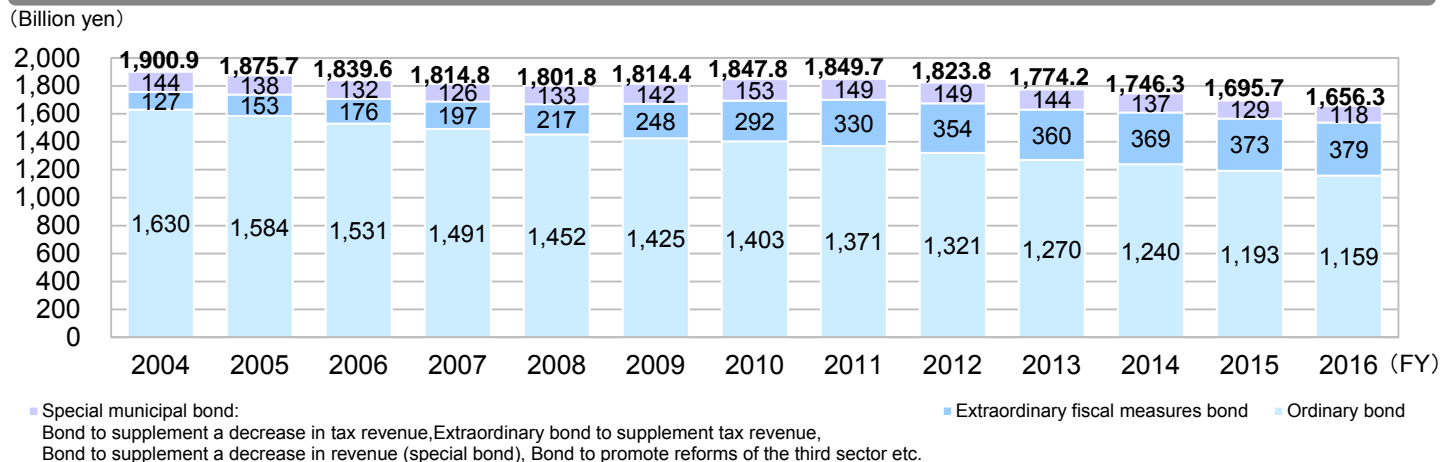
Details of the rules

Details of the rules	FY2015 Results	FY2016 Budget
Current outstanding amount of general account municipal bonds shall not exceed the peak amount in the past (1,900.9bill. yen/end of FY2004). (Refer to page 27.)	1,695.7 bill. yen	1,656.3 bill. yen
A surplus of each fiscal year's primary balance shall be maintained (Refer to page 28).	A surplus of 84.9 bill. yen	A surplus of 63.7 bill. yen
Future burden ration shall not exceed 250% (Refer to p. 31).	(FY2014 results) (153.9%)	(FY2015 results) (147.4%)
Real public bond cost ratio shall not exceed 18% (Refer to p. 31).	(FY2014 results) (13.0%)	(FY2015 results) (12.7%)
Balance of the financial adjustment fund shall aim to achieve 10 bill. yen.	10.9 bill. yen	14.1 bill. yen

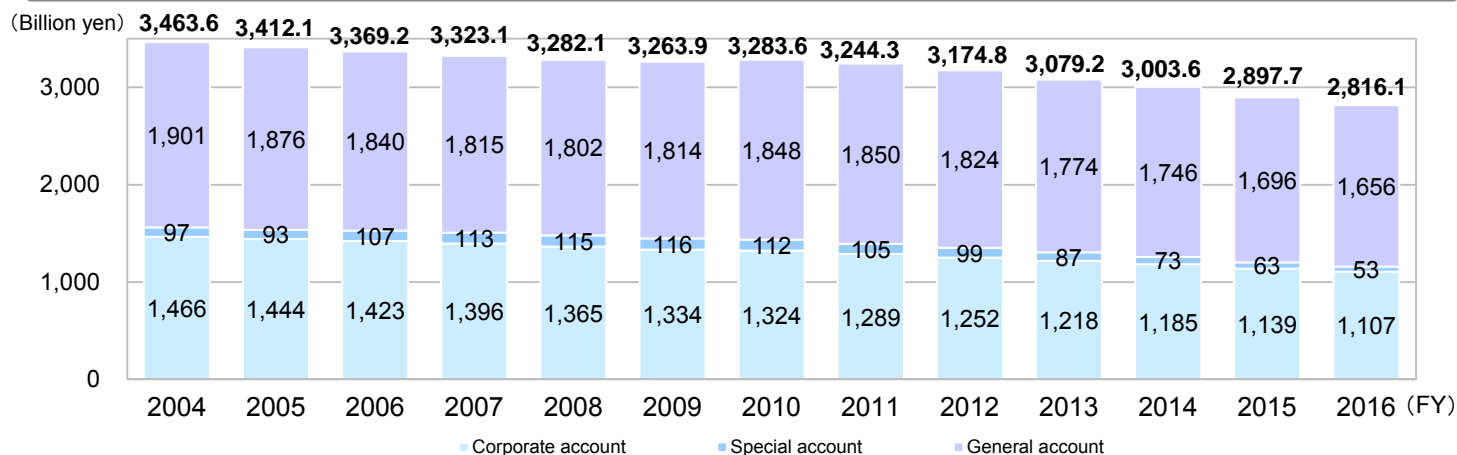
Outstanding Municipal Bonds

- As a result of the reduction in municipal bond issue amount based on a decrease in investment expenditure, outstanding general account municipal bonds decreased in FY2005 for the first time after FY1959.
- From FY2009 to FY2011, the outstanding bonds increased for three consecutive years (general account) due to an increase in issuance of special municipal bonds including extraordinary financial measures bonds.
- The balance decreased consecutively from FY2012 and is expected to decrease further in FY2016 (general account).
- In the total account, too, the outstanding amount has continued to decrease since FY2011 and recorded below 3 trillion yen for the first time in 17 years, since 1998.

General Account



Total Accounts



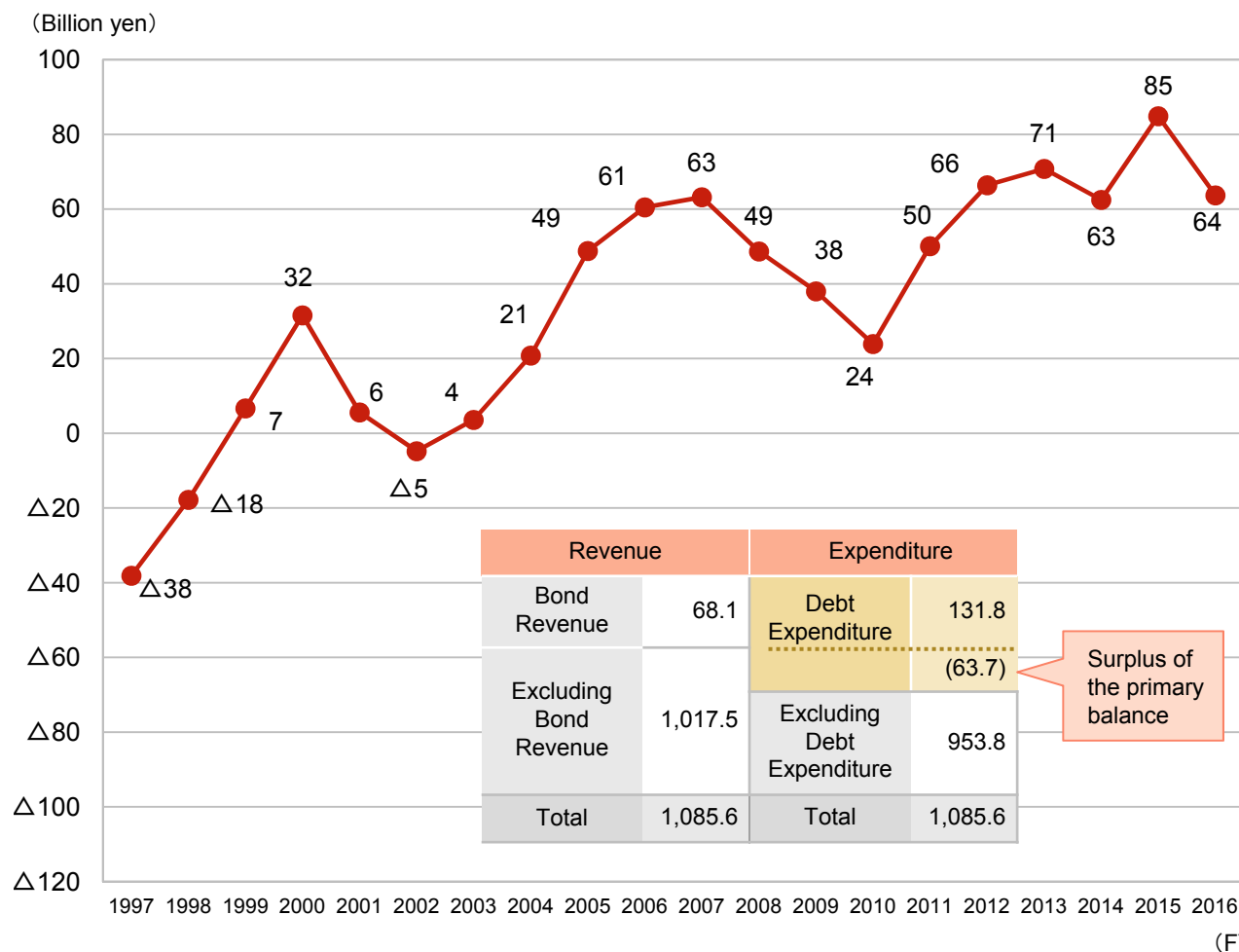
*Settlement amounts until FY2015 and estimated amount in FY2016

*Expenditure for the city university has been settled in general account since FY2006 based on its transformation into an independent administrative institution. For a comparison purpose, the balance includes the expenditure for the city university in and before FY2005 in general account expenditure.

*The indicated values are rounded off to the indicated numbers and may not match the annual totals.

Primary Balance of General Account

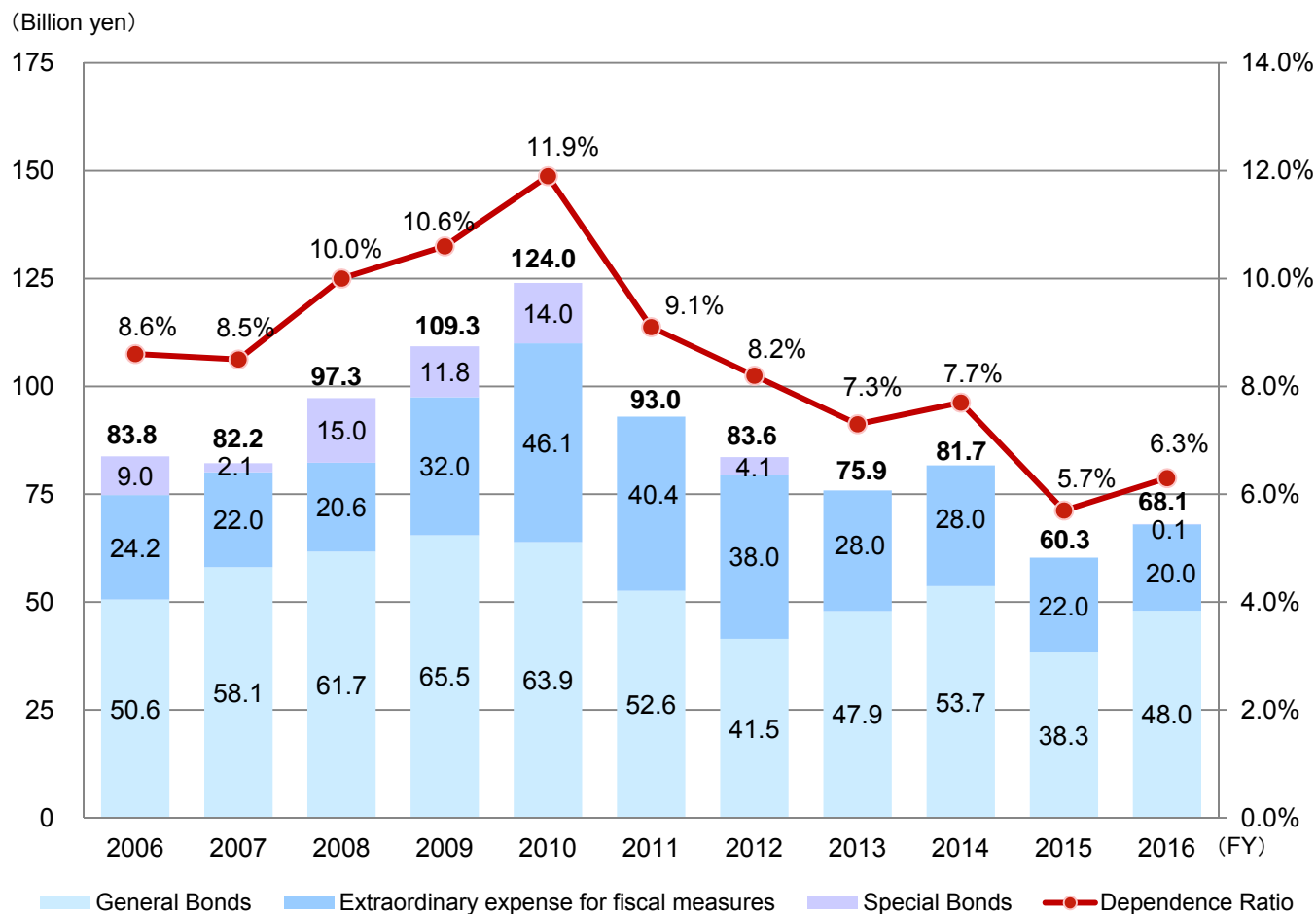
- The primary balance indicates the relationship between benefits and burdens among generations and is calculated by the formula (Revenue- Bond revenue) - (Expenditure-Debt Expenditure).
- The primary balance is adequate with balanced benefits and burdens among generations when expenditure (excluding debt expenditure) is covered by revenue (excluding bond revenue).
- A negative primary balance means the current generation receives more administrative services than their burdens and places a burden on future generations. Nagoya has maintained a positive primary balance since FY 2003.



※The figure used for tax grants is the settled amount up to FY 2015 and estimated amount in FY2016

Municipal Bond Issuance of General Account and Dependence on Public Bonds

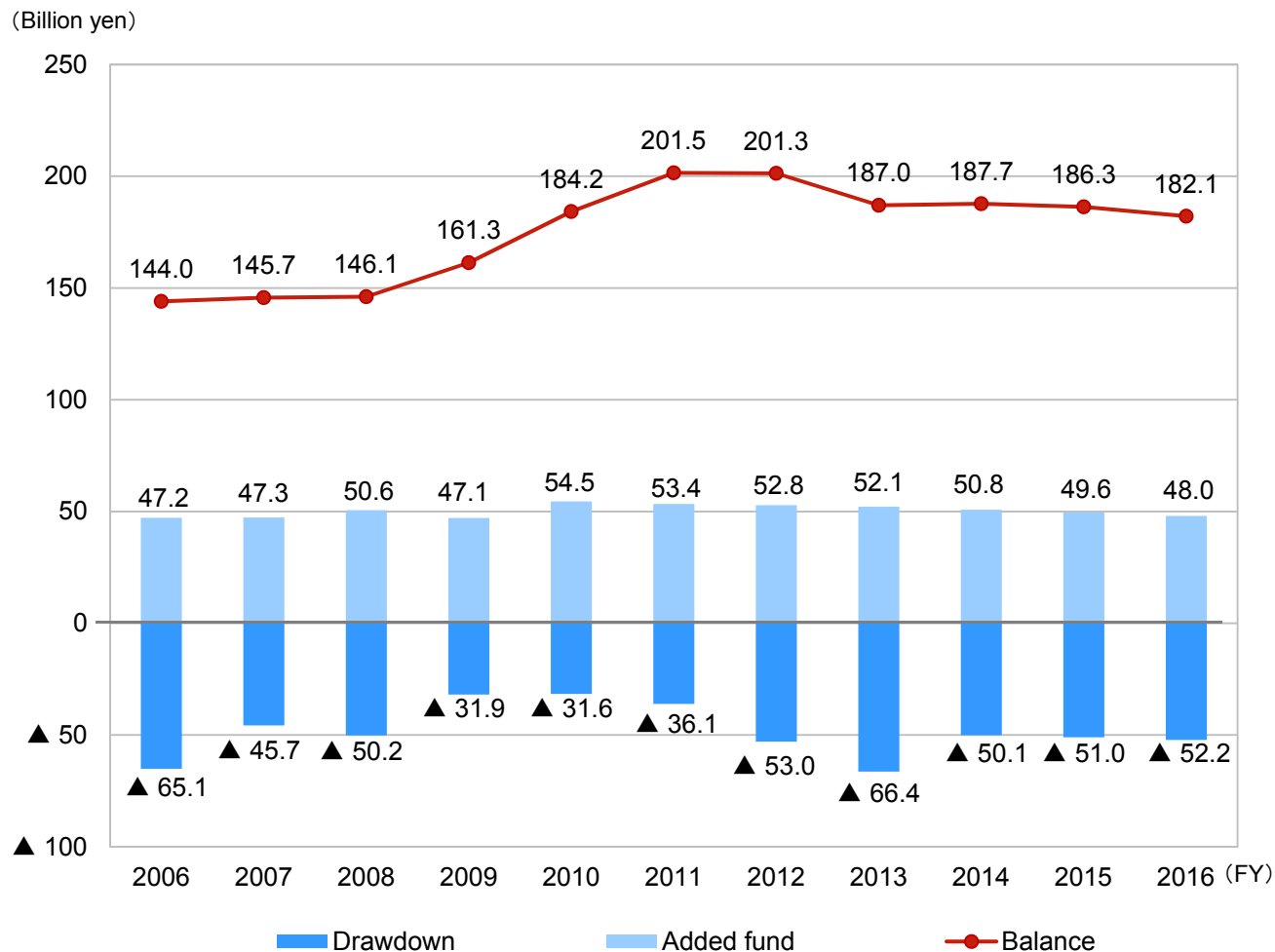
■ As a result of the reduction in investment expenditure, municipal bond issue amount and public bond dependency is tendency to decrease together. From FY2009 to 2010, municipal bond issue amount and public bond dependency increased due to the issuance of special municipal bonds - such as extraordinary financial measures bond, bond for covering decrease in local tax revenues and bond for promoting reform of the third sector—against the backdrop of economic slowdown. However, they have since decreased and increased again in FY2014 due to construction investment enlargement. The dependence ratio was 5.7% in FY2015 reflecting convergence of construction work and decrease of special bonds and is expected to be 6.3% in FY2016



※Special Bonds: Bonds for cutting tax(including special exception), temporary tax revenue and third sector business
 ※The figure used for tax grants is the settled amount up to FY2015 and estimated amount in FY2016

Public Bonds Redemption Fund (Bullet Bonds)

- In order to ensure future redemption, the municipality in principle annually accumulates an amount equaling 6% of the total debt amount in its public bond redemption fund with no shortage in accumulated amount and no issue with redemption.
- Since FY2012 onwards, the drawdown amount has exceeded the added amount, whereas from FY2007 to FY2011 the trend was opposite. This is due to a decrease in municipal bonds issuance, which also reduce the outstanding amount.



※General account figures

※The figure used for tax grants is the settled amount up to FY2015 and estimated amount in FY2016

Ratio for Determining Financial Soundness/Financial Shortfall Ratio

- While the restoration evaluation Ratio for Determining Financial Soundness ratio in FY2014 clears all criteria, the city will conduct systematic fiscal management so that no excessive burden is handed down to the future generations while giving consideration to fairness in burdens among generations.
- FY2014's capital shortage ratio of municipal companies reflects the capital shortage in automobile transportation business. In the high-speed railway business, although capital shortage emerged according to Local Finance Act, no capital shortage ratio is recorded because the amount of capital shortage that can be eliminated exceeds the shortage.

Ratio for Determining Financial Soundness						
Category	Overview	Nagoya City's Ratio			Early rehabilitation standard	Fiscal reconstruction standard
		FY2013	FY2014	FY2015		
Actual deficit ratio	Ratio of actual deficit of general account to standard fiscal scale	-	-	-	11.25%	20%
Consolidated actual deficit ratio	Ratio of actual deficit of all accounts to standard fiscal scale	-	-	-	16.25%	30%
Actual debt expenditure ratio	Ratio of redemption money for principal and interest and expenditure equivalent to such money paid from general account to standard fiscal scale	12.6%	13.0%	12.7%	25%	35%
Future burden ratio	Ratio of actual debt to be borne by general account (e.g. Outstanding municipal bonds, planned expenditure based on debt burden) to standard fiscal scale	164.9%	153.9%	147.4%	400%	

Financial Shortfall Ratio					
Category	Overview	Nagoya City's Ratio			Standard for management rehabilitation
		FY2013	FY2014	FY2015	
City bus operation account	Ratio of fund shortage to business scale of public enterprise	14.9%	11.0%	6.1%	20%

※FY2012 20.8%

Comparison of Fiscal Condition with Other Cities

- The city of Nagoya's internal revenue ratio is 65.9%, **the highest among the government-designated cities.**
- Municipal tax collection rate is also **the highest among the government designated cities.**

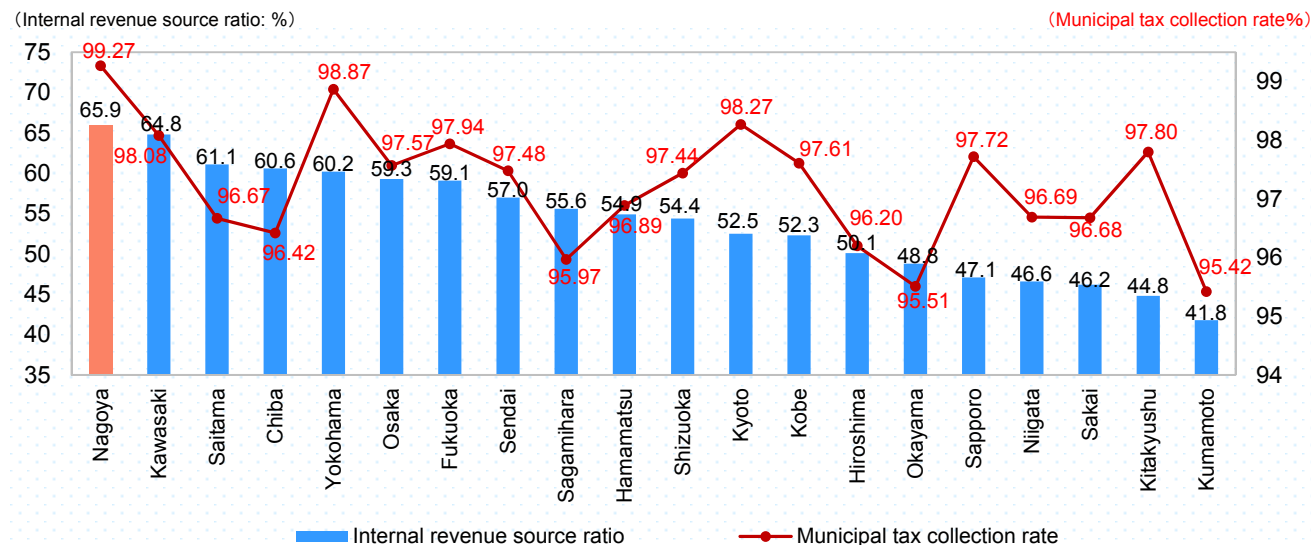
• The ratio of independent revenue sources is...
The ratio of revenue sources that a municipality is able to raise independently (such as city tax, fees and charges) to the total revenue. Generally speaking, the higher the ratio of independent revenue sources, the more stable the fiscal structure is and the more solid the fiscal base is.

• Collection rate is ...
an indicator of actual tax collection indicating the ratio of actual tax revenue to municipal tax receivable

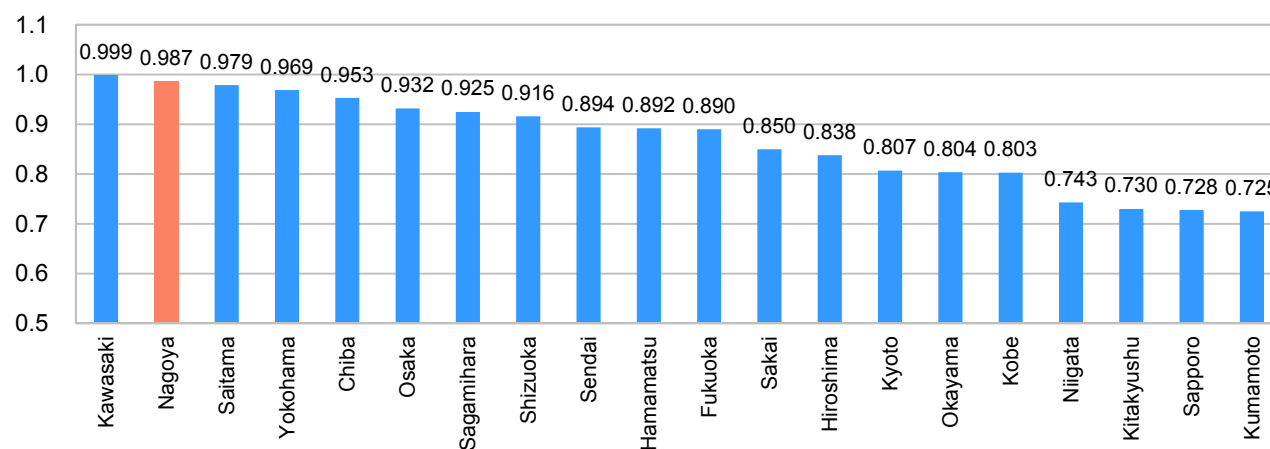
- The city's financial capability index(3-year average) is **the second highest among the government-designated cities**

• Financial capability index is...
The value obtained by dividing the standard revenue by the standard expenditure that is used to calculate the ordinary tax revenue allocated to a municipality. A value exceeding 1 in a single year would indicate the municipality's financial capacity to conduct standard fiscal management without depending on any ordinary tax allocated to the municipality. The indicated value represents the average of three years.

Comparison of FY2015 internal revenue ratios and municipal tax collection rates of various cities



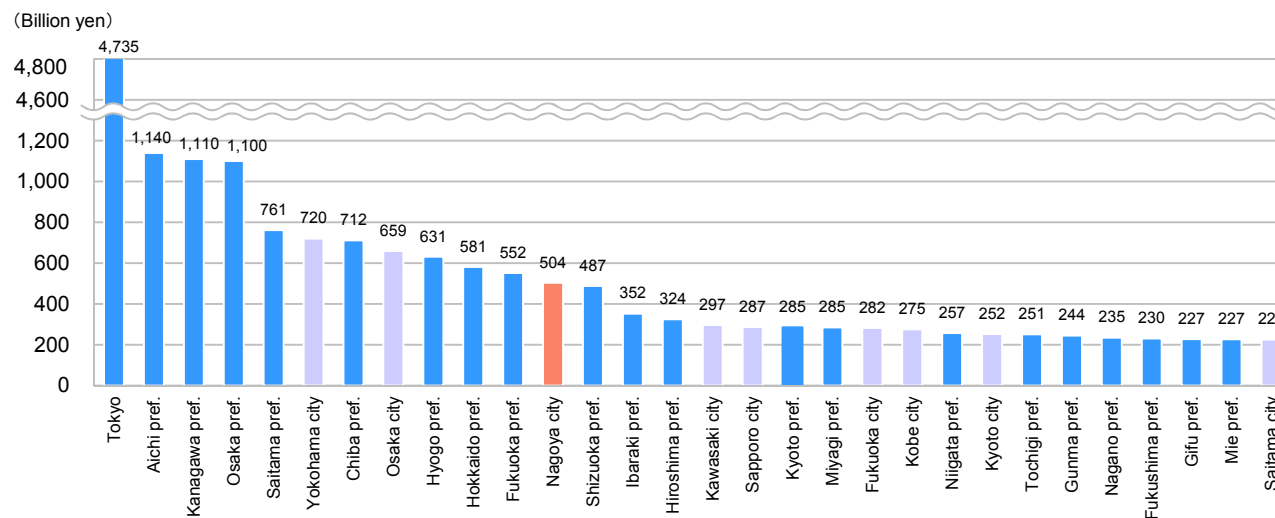
Comparison of FY2016 financial capability indices (3-year average) among various cities



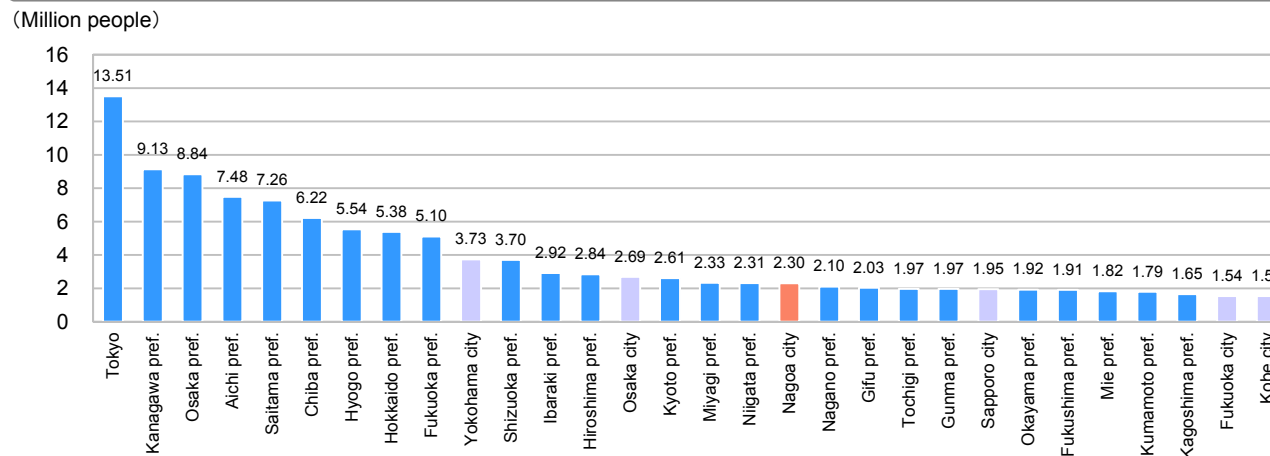
Nagoya City's Position Among Municipal Bond Issuers

- There are 55 issuing organizations of public subscription municipal bonds (nationwide) in Japan. Of those, 35 are prefectures and 20 are ordinance-designated cities in FY2016.
- Among those, Nagoya ranks 12th in municipal tax revenue and 18th in population. Among ordinance designated cities, Nagoya ranks third after Yokohama and Osaka City. Only 9 prefectures exceed Nagoya in terms of municipal tax revenue, and only 15 prefectures exceed Nagoya in terms of population.
- In terms of municipal tax revenue, 9 organizations in the top 30 are ordinance-designated cities while 6 organizations are ordinance-designated cities in terms of census population. Nagoya's financial capability and population compare favorably with those of prefectural governments.

Comparison of Municipal Tax Revenue of Issuing Organizations in FY 2014



Comparison of Census Population of Issuing Organizations in FY 2015 (October 1)



【Appendix】



You can see this fusuma painting at Nagoya Castle Hommaru Palace

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Outlook for Future Fiscal Balance of General Account

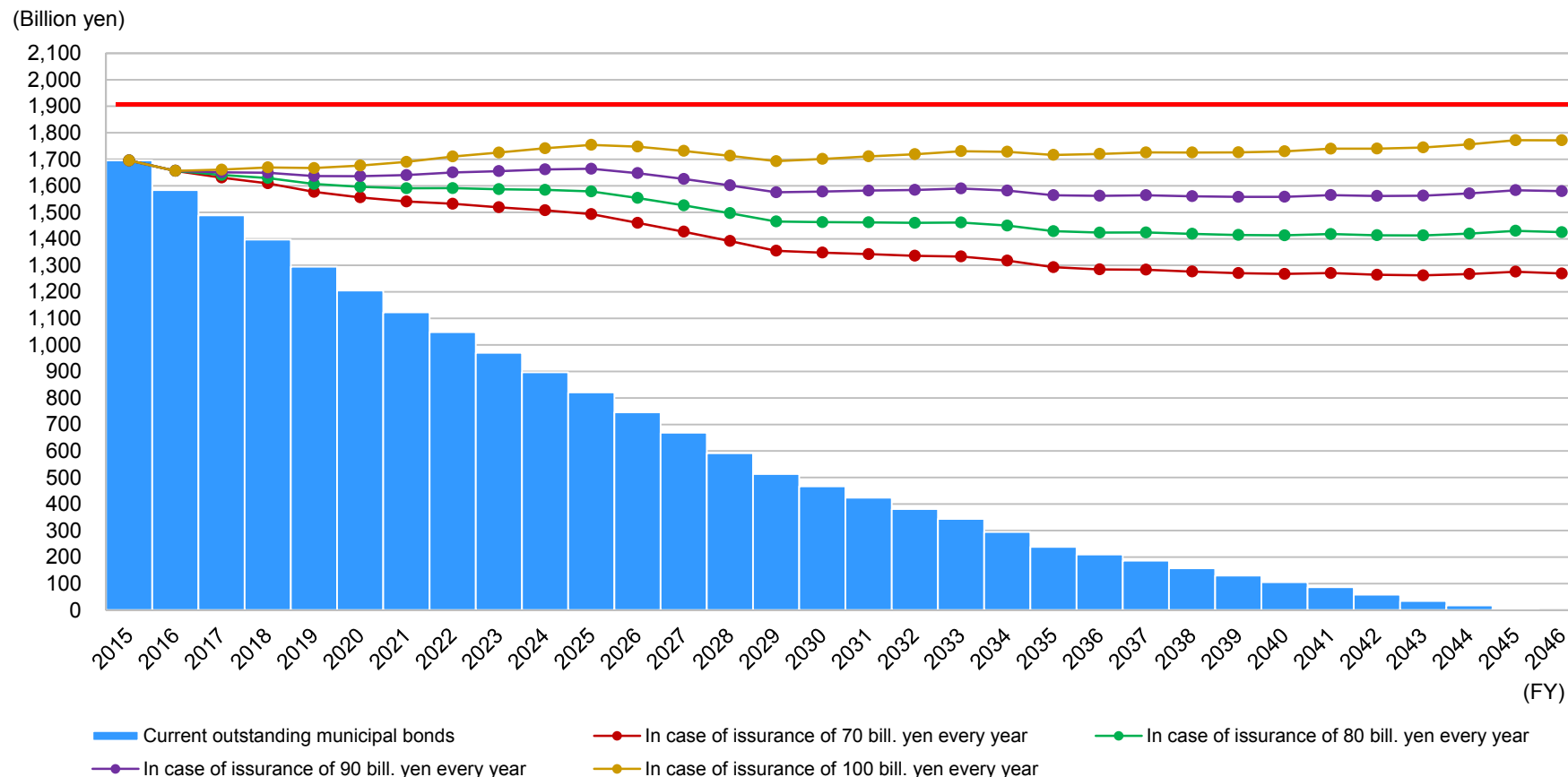
(Billion yen)

- City of Nagoya formulates its budget through allocation of financial resources based on revenue and expenditure forecast.
- Revenue and expenditure forecast for the period from FY2017 to FY2020 formulated for FY2017 budget indicates that while municipal tax revenue is expected to remain flat, an increase in social assistance expenditure etc. is expected to Red a fiscal shortage in each fiscal year.
- The fiscal shortage will be eliminated through continuous revision of administrative operations and securing of revenue by selling unutilized land properties, etc.
- Outstanding balance of municipal bonds in general account is expected to decrease every year.

Classification		FY2016 Budget	FY2017	FY2018	FY2019	FY2020
Revenue	Municipal tax	506.5	506.1	507.3	512.9	509.7
	Before tax decrease	518.1	517.5	518.9	524.7	521.2
	5% tax decreased	-11.6	-11.4	-11.6	-11.8	-11.5
	Municipal bond	68.1	69.8	78.4	80.1	77.4
	Extraordinary financial measures bond	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
	Other	511.0	511.4	507.2	515.4	516.1
	Local tax grants	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
	Total	1,085.6	1,087.3 〈1,180.9〉	1,092.9 〈1,186.5〉	1,108.4 〈1,202.0〉	1,103.2 〈1,196.8〉
Expenditure	Labor cost	166.2	165.4	167.1	168.0	169.1
	Social assistance expenditure	299.1	305.5	308.4	311.8	315.8
	Public bond cost	131.8	130.0	130.5	133.0	134.5
	Investment expenditure	96.0	100.8	103.8	112.7	107.2
	Other	392.5	392.7	393.9	396.6	395.5
	Total	1,085.6	1,094.4 〈1,188.0〉	1,103.7 〈1,197.3〉	1,122.1 〈1,215.7〉	1,122.1 〈1,215.7〉
Difference between revenue and expenditure		-	-7.1	-10.8	-13.7	-18.9
(Reference) Expected municipal bond balance in general account		1,656.3	1,629.7	1,614.3	1,587.7	1,570.1

※ 〈 〉 written in total column include the expense of 93.6billion yen associated with delegation of power which incurs salaries of teaches who are paid by the prefecture.

Simulation of Changes in Outstanding Municipal Bonds (General Account)



*General account numbers are indicated.

- The bar graph indicates simulated changes in current balance of outstanding municipal bonds based on FY2015 balance assuming no municipal bonds to be issued in and after FY2016.
- The line graph indicates simulated changes in current balance of outstanding municipal bonds taking issue amount from FY2016 into account.

Settlement of Special Account for FY 2015

(Million yen)

- We have 11 special accounts and 6 public enterprise accounts, in addition to the general account.
- A special account is established in accordance with city ordinance when it is necessary to separate accounting of revenue and expenditure from the general account, such as a special operation funded by special revenue.

Account	Revenue	Expenditure	Difference	Description of operation
National health insurance	252,260	252,418	-159	Management of national health insurance operation
Medical care for people aged 75 and over	48,610	47,556	1,054	Provision of medical care for people aged 75 and over
Nursing care insurance	168,358	167,132	1,226	Management of nursing care insurance operation
Loans to single mothers and widows	1,117	992	125	Lending to single mothers and widows
Market and slaughterhouse	7,552	7,551	1	Management of Main market, Hokubu market, Nambu market and slaughterhouses
Loans to land readjustment associations	457	457	-	Lending to private land readjustment associations
Urban area redevelopment	1,524	1,524	-	Implementation of urban area redevelopment operation
Graveyard and park development	577	577	-	Implementation of graveyard and park development operation
Fund	116,074	116,074	-	Management of 14 funds including education fund
Pre-acquisition of land	13,990	13,989	1	Implementation of pre-acquisition of land for public facilities
Public bond	517,845	517,809	36	Consolidated management of borrowing and redemption of public bonds
Total	1,128,364	1,126,079	2,285	

※ Revenue shortfall of national health insurance in a special account is covered by a carry earmark of FY 2016.

※ Each amount is rounded off, so the total numbers may not agree with the sum of items shown.

Settlement of Public Enterprise Account for FY 2015

(Million yen)

- The public enterprise account is a special account to which the Local Public Enterprise Act is applied.

Account	Revenue	Expenditure	Difference	Description of operation
Hospital	32,218	31,857	361	Management of city hospitals and improvement of related facilities
Water service	46,374	45,564	810	Management of water service operation and improvement of related facilities
Industrial water	935	816	119	Management of industrial water operation and improvement of related facilities
Sewerage	72,849	71,042	1,807	Management of sewerage operation and improvement of related facilities
Bus	24,104	21,984	2,120	Management of city bus operation and improvement of related facilities
Subway	91,474	80,123	11,351	Management of subway operation and improvement of related facilities
Total	267,955	251,386	16,569	

※ Each amount is rounded off, so the total numbers may not agree with the sum of items shown.

Management Status of Public Enterprises in FY 2015

(Million yen)

Category		Hospital	Water service	Industrial water	Sewerage	Bus	Subway	
Balance sheet	Assets	Total assets	60,020	402,108	19,087	1,065,304	13,572	729,301
		Fixed assets	51,983	347,117	16,913	1,024,507	11,621	717,958
		Current assets	8,037	54,992	2,175	40,797	1,952	11,343
	Liabilities	Total liabilities	51,396	162,157	11,834	614,424	23,526	701,314
		Noncurrent liabilities	40,929	115,429	6,874	446,989	16,019	514,282
		Current liabilities	8,358	30,500	225	46,750	6,844	73,620
		Deferred income	2,108	16,228	4,735	120,685	663	113,412
	Equity	Total equity	8,625	239,951	7,253	450,881	-9,954	27,988
		Capital	15,207	236,973	6,976	440,367	29,990	287,571
		Surplus	-6,583	2,978	277	10,513	-39,944	-259,583
Total liabilities and equity		60,020	402,108	19,087	1,065,304	13,572	729,301	
Profit and loss statement	Revenue		32,218	46,374	935	72,849	24,104	91,474
	Expenses		31,857	45,564	816	71,042	21,984	80,123
	Net income		361	810	119	1,807	2,120	11,351
	The amount of change with the new accounting standards shift		-	507	54	763	-	-
	Retained earnings carried over from previous year		-8,523	820	35	1,380	-42,416	-275,929
	Unappropriated retained earnings		-8,162	2,138	208	3,951	-40,296	-264,577

※ Each amount is rounded off, so the total numbers may not agree with the sum of items shown.

Municipal Transport Business Management Restoration Plan (2015-2018)

This plan aims to provide safe and high-quality transportation services for citizens and customers by putting an emphasize on “SAFETY” in addition to having a feeling of “CHALLENGE” as a transportation business manager.

Plan Period

4 years from 2015 to 2018.

Planned Goal



Muni Bus

• Aim for 340 thousand passengers per day on FY 2018.

• Dissolve fund shortage.

• Secure current account surplus.

• Invest JPY 5bn during this plan.



Subway

• Aim for 1.27 million passengers per day on FY 2018.

• Cut about 10% of substantial fund shortage (JPY 26.3bn) vs. FY 2014
(Substantial fund shortage of JPY-248.3bn)

• Secure substantial current account surplus.

• Invest JPY 54.2bn during this plan

Revenue Plan

Muni Bus Operation

(Billion Yen)

Category	During the plan				After the plan					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Passenger per day (1000 people)	332	335	337	340	341	341	342	342	343	343
Current account	0.8	1.2	1.0	0.8	0.5	0.4	0.5	0.5	0.5	0.6
Financial surplus or deficit	-1.8	-1.4	-0.6	0.1	0.6	1.4	2.2	2.9	3.5	4.4
Fund shortage ratio (%)	9.2	6.8	3.1	-	-	-	-	-	-	-

Subway Operation

(Billion Yen)

Category	During the plan				After the plan					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Passenger per day (1000 people)	1,247	1,255	1,262	1,267	1,269	1,270	1,271	1,272	1,273	1,274
Substantial current account※1	3.5	3.8	4.5	5.2	5.8	6.5	7.9	8.0	8.3	8.8
Substantial fund shortage※2	-244.3	-239.7	-231.8	-222.0	-210.5	-195.8	-181.0	-165.8	-149.2	-136.5

※1 Substantial current account: Account which subtracts the amount of subsidy of special bond's redemption from current account.

※2 Substantial fund shortage: Account which adds the balance of bonds of easing burden of capital charge and leveling capital charge to fund shortage.

Management Status of Extra-governmental Organizations

(Million yen)

Category	Capital	Municipal investment	Financial Situation					Loan by Nagoya	Loss compensation and loan guarantee
			Total assets	Total debts	New assets	Ordinary profit/loss *1	Current profit/loss *2		
Nagoya City Land Development Corporation	20	20	39,970	38,384	1,586	213	213	6,905	29,450
Nagoya Meat Market Co., Ltd.	480	236	2,183	3,643	- 1,460	241	212		2,747
(Public utility foundation) Nagoya City Smaller Business Mutual	120	120	27,362	27,203	159	- 3	- 3		
International Design Center NAGOYA, IdcN	12,147	4,005	7,247	583	6,664	- 2	18		
(Public utility foundation) Nagoya Meat Corporation	105	90	215	107	107	6	6	100	
(Public utility foundation) Nagoya Industries Promotion	215	120	2,652	1,751	901	106	93	1,004	270
(Public utility foundation) Nagoya International Center	345	321	1,612	215	1,397	28	28		
(Public utility foundation) Nagoya Citizens Recreation Village	10	10	236	213	23	5	5		
(Public utility foundation) Nagoya Philharmonic Orchestra	10	10	562	266	296	78	78		
(Public utility foundation) Nagoya City Cultural Promotion Agency	60	30	1,935	854	1,081	107	107		
(Public utility foundation) Nagoya Convention & Visitors Bureau	1,055	500	1,478	47	1,431	6	6		
(Social welfare corporation) Nagoya City Rehabilitation Agency	30	30	1,569	990	580	215	214		
Nagoya Showa Tatemono Service Co., Ltd.	50	16	80	40	40	7	7		
(Public utility foundation) Nagoya Urban Development Public	1,010	1,010	19,531	10,282	9,249	801	769	2,265	2,934
Nagoya City Housing Supply Corporation	50	50	26,309	23,459	2,850	51	79	16,209	948
Nagoya Expressway Public Corporation	317,588	158,794	1,682,045	1,364,637	317,408	-	-	72,173	312,673
Wakamiya Park	1,063	602	3,185	2,322	862	15	8		
Nagoya Guideway-Bus Co., Ltd.	3,000	1,900	1,227	1,979	- 753	9	8	1,787	
Sakae Park Promotion Co., Ltd.	1,500	788	2,423	626	1,798	11	6		
Nagoya Rinkai Express Railway Co., Ltd.	100	77	4,930	1,419	3,510	121	108		
(Public utility foundation) Nagoya Construction Services Foundation	30	30	530	53	478	25	18		
MEISEI SOIL RECYCLING SYSTEM Co., Ltd.	200	82	1,304	54	1,251	131	91		
(Public utility foundation) Nagoya-city Education and Sports Association	120	60	3,312	2,066	1,246	32	32		
Nagoya Water and Sewage General Service Co., Ltd.	630	600	1,730	579	1,151	49	29		
(Public utility foundation) Nagoya Construction Services	100	100	12,738	9,597	3,141	458	269		

*Capital and municipal investment figures are as of July 1, 2016. Other figures are as of FY2015.

*Values are rounded off to the indicated numbers and may not match in total.

*1: Numbers for public utility foundations, companies and three local public corporations, and social welfare corporations are respectively changes in current ordinary revenue/expenditure, ordinary profit (loss) and current revenue/expenditure.

*2: Numbers for public utility foundations, companies and three local public corporations, and social welfare corporations are respectively, changes in current general net assets, current profit (loss) and current activities revenue/expenditure difference.

Management Status of Extra-governmental Organizations for FY 2015 (Three Main Organizations)

(Million yen)

Category		Nagoya City Land Development Corporation	Nagoya City Housing Supply Corporation	Nagoya Expressway Public Corporation	
Statement of investment	Investment	20	50	317,408	
	Of those, investment by Nagoya	20	50	158,704	
	(Investment ratio)	100%	100%	50%	
	Number of investors	1	1	2	
Balance sheet	Assets	Total assets	39,970	26,309	1,682,045
		Fixed assets	22	19,045	1,673,386
		Current assets	39,948	7,264	7,665
		Deferred account	-	-	994
	Liabilities	Total liabilities	38,384	23,459	1,364,637
		Noncurrent liabilities	27,224	12,339	1,274,587
		Current liabilities	11,160	11,120	90,051
	Net worth	1,586	2,850	317,408	
Total liabilities and net worth	39,970	26,309	1,682,045		
Profit and loss statement	Revenue	4,376	11,360	72,562	
	Expenditure	4,163	11,281	72,562	
	Net income (after tax)	213	79	-	

※ Each amount is rounded off, so the total numbers may not agree with the sum of items shown.

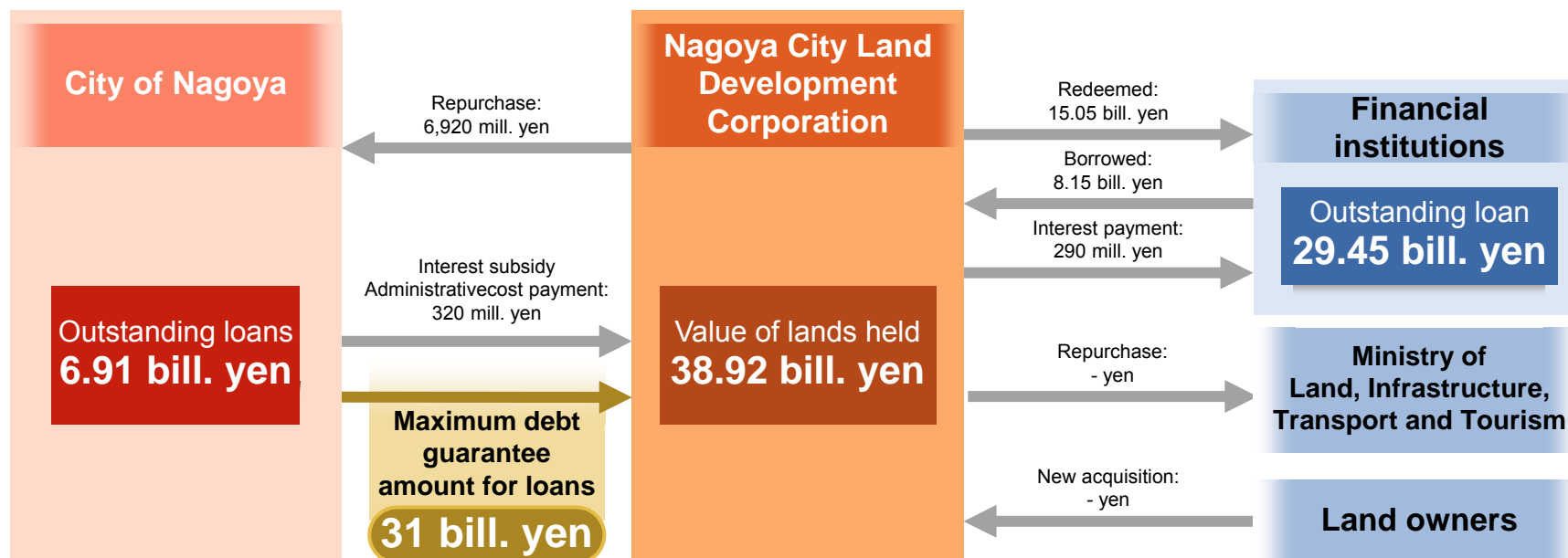
Relations with Nagoya City Land Development Corporation

Purpose

- Nagoya City Land Development Corporation conducts its activities including acquisition, management and disposal of lands for public use based on Act on Advancement of Expansion of Public Lands. Basically it stopped acquiring lands from FY2014.

City of Nagoya provides the corporation with financial supports including debt guarantee for loans from private-sector, loans and interest subsidy.

City of Nagoya will make a repurchase plan of corporation's land and try to dissolve the possession of corporation's land by FY 2023.

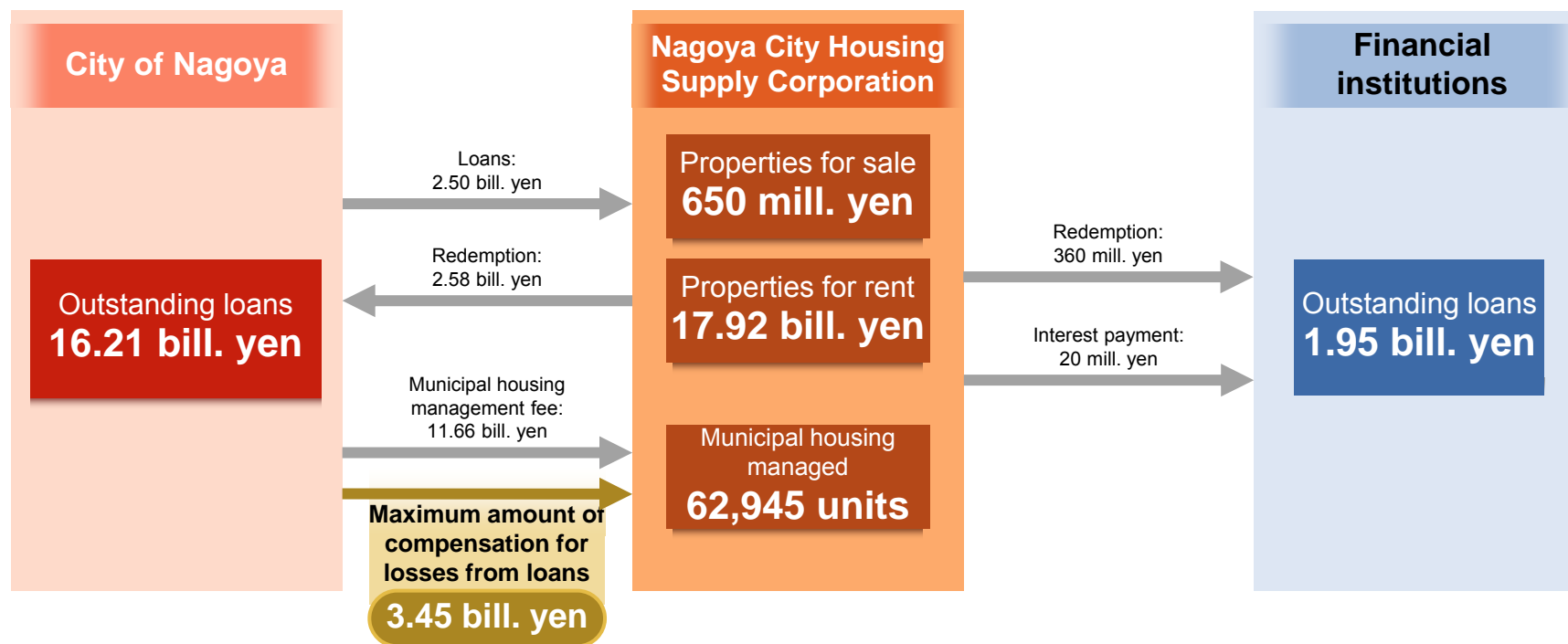


- Value of land held and outstanding loan amount are actual numbers as of the end of FY2015. Other numbers are planned numbers for FY2016 budget of Nagoya City Land Development Corporation.

Relations with Nagoya City Housing Supply Corporation

Purpose

- Nagoya City Housing Supply Corporation conducts its activities including supply of housing for sale and rent and management of municipal housing on behalf of the city of Nagoya based on Local Housing Corporation Act and Act on Public Housing.
The city of Nagoya provides the Corporation with financial supports including loans and compensation for losses.

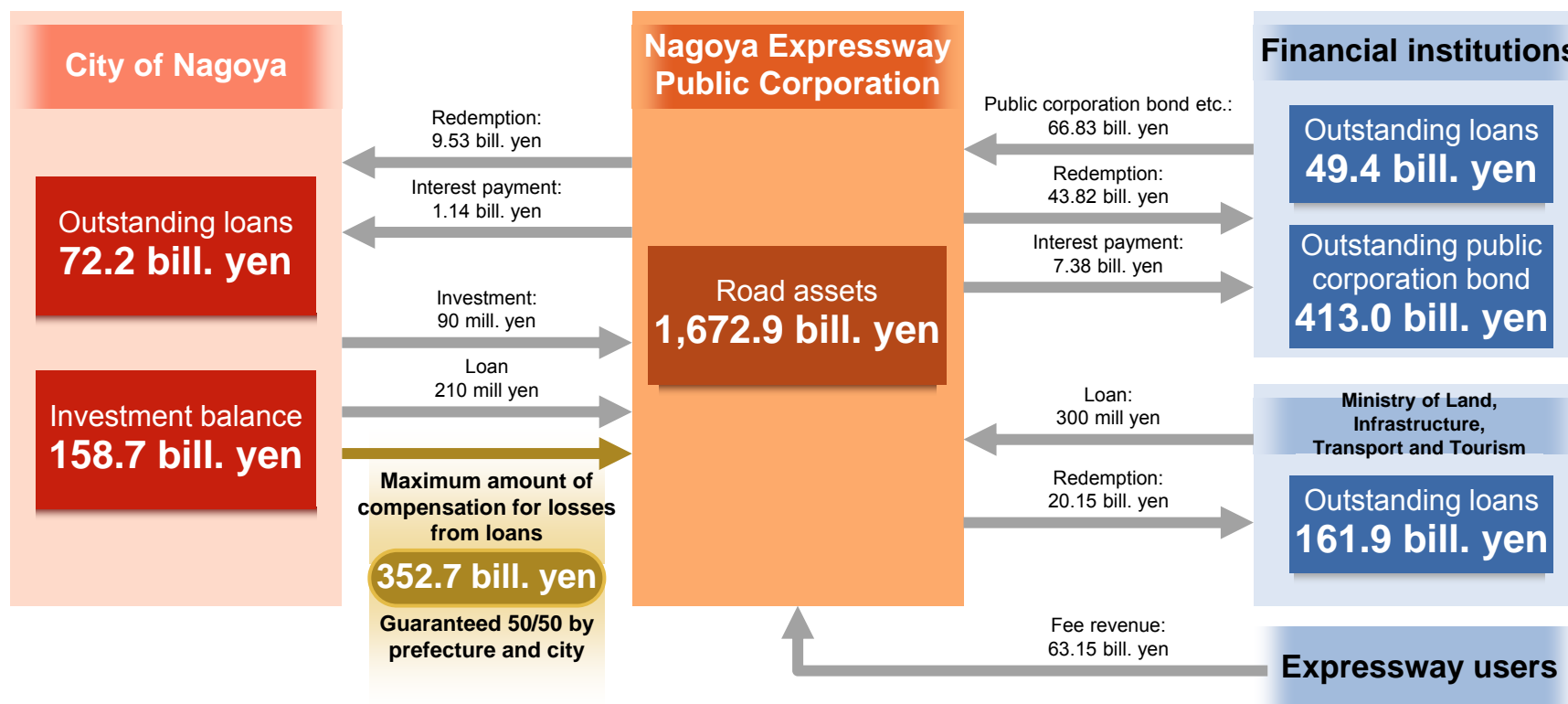


- Asset balance, outstanding loan amount and the number of municipal housing units managed are actual numbers as of the end of FY2015. Other numbers are planned numbers for FY2016 budget of Nagoya City Housing Supply Corporation.

Relations with Nagoya Expressway Public Corporation

Purpose

- Nagoya Expressway Public Corporation conducts activities including new construction, reconstruction, maintenance, repair and other management and related operations based on Local Road Public Corporation Act. The city of Nagoya provides the Corporation with financial supports including guarantee for loans, investment and loans.



- Asset balance and loan balance are actual values as of the end of FY2015. Other values are planned value for FY2016 budget of Nagoya Expressway Public Corporation.
- Fully opened on November 23, 2013 (81.2km). The loan is scheduled to be repaid by December 2045.

Financial Statements for FY 2015(General Accounts)(1)

Balance Sheet (General Account) (As of March 31, 2016)

(Billion yen)

Debit [Assets]		Credit [Liabilities]	
Public property	3,450.4	Noncurrent liabilities	1,629.0
Tangible fixed assets	3,408.4	Municipal bonds	1,469.4
Available-for-sale assets	42.0	Long-term accrued liabilities	7.2
Investments	763.0	Reserve for retirement benefits	118.5
Investments and capital investments	582.4	Reserve for compensation for loss	33.9
Loans	142.9	Current liabilities	279.2
Funds	24.9	Current portion of municipal bonds	257.2
Long-term bad loans	13.5	Short-term borrowing	-
Unrecoverable loans (estimate)	-0.7	Accrued liabilities	0.3
Current assets	221.7	Current portion of retirement benefits	13.1
Cash and deposits	219.5	Reserve for bonuses	8.6
Financial adjustment fund	10.9	Total liabilities	1,908.2
Sinking fund	197.0		
Annual cash	11.6	[Net worth]	
Accounts receivable	2.2	Subsidy from government and prefecture for development of public property, etc.	621.4
		General revenue for development of public property, etc.	2,406.4
		Other general revenue, etc.	-499.4
		Valuation difference on assets	-1.5
		Total net worth	2,526.9
Total assets	4,435.1	Total liabilities and net worth	4,435.1

- ※1 Assets created by subsidy to other bodies and private sector 255.2 billion
Sources of revenue allocated to the above subsidy
① Subsidy from government and prefecture, etc. 64.7 billion
② Municipal bonds 65.6 billion
③ General revenue, etc. 124.9 billion
- ※2 Information on debt burden activities
① Purchase of property, etc. 142.6 billion
② Guarantee of liabilities or compensation for loss 1,668.7 billion
[Of those, for jointly-issued bonds 1,308.5 billion]
③ Other 46.5 billion
- ※3 Of outstanding municipal bonds (including the amount of the current portion of municipal bonds), 685.2 billion yen is expected to be included in the basis for calculation of local tax grants at the redemption.
- ※4 Information on future burden of general account
Future burden of general account 2,462.2 billion
Future burden reduction assets including funds 1,751.7 billion
(Net) Actual debt in the future 710.5 billion
- ※5 Of tangible fixed assets, land amounts to 2,590.1 billion yen. In addition, accumulated depreciation and amortization of tangible fixed assets amount to 1,821.3 billion yen.

- The financial statements indicate the status of asset, worth and funding sources as of fiscal year end.

※Made by the revised model of the Ministry of Internal Affairs and Communications (MIC).

Financial Statements for FY 2015 (General Accounts) (2)

Statement of Administrative Costs (General Account) (From April 1, 2015 to March 31, 2016)

■ Ordinary administrative costs

Category	Total (Billion yen)	Composition ratio (%)	Cost per citizen (1000 yen)
Personnel	159.8	19.3	70.5
Personnel expenses	142.8	17.3	63.0
Provision for reserve for retirement benefits	8.4	1.0	3.7
Provision for reserve for bonuses	8.6	1.0	3.8
Property	168.1	20.3	74.2
Property costs	87.2	10.5	38.5
Maintenance and repair costs	23.4	2.8	10.3
Depreciation expenses	57.5	7.0	25.4
Transfer payment	474.2	57.3	209.3
Social security benefits	276.6	33.4	122.0
Subsidy	31.9	3.9	14.1
Payment to other accounts	149.9	18.1	66.2
Subsidy for development of public property, etc. to other organizations	15.8	1.9	7.0
Other	25.7	3.1	11.3
Interest expenses	24.6	3.0	10.8
Unrecoverable loans (estimate)	1.1	0.1	0.5
Other administrative costs	-	-	-
Total ordinary administrative costs a	827.8	100.0	365.3

※ Cost per citizen is based on the population registered in the basic resident register as of the end of FY 2015 (2,266,161).

■ Ordinary revenue

Category	Total (Billion yen)
Usage fee and service charge b	43.5
Contribution, burden charge, donation c	8.3
Total ordinary revenue d=(b+c)	51.8
d / a	6.3%
(Difference) Net ordinary administrative costs a-d	776.0

Net worth matrix (General Account) (From April 1, 2015 to March 31, 2016)

	(Billion yen)
Beginning balance of net worth	2,517.3
Net ordinary administrative costs	-776.0
General revenue	571.8
Municipal tax	505.5
Local tax grants	7.6
Other revenue used to cover administrative costs	58.7
Receipt of subsidy	209.1
Temporary income and loss	5.6
Disaster recovery operation cost	-
Gain/loss from disposal/sale of public property	2.8
Loss on investment	0.1
Provision of reserve for compensation for loss	2.7
Change due to asset reevaluation	-0.9
Other	-
Ending balance of net worth	2,526.9

※Using the revised model of the Ministry of Internal Affairs and Communications (MIC).

- The statement of administrative costs is to be used for understanding, from a cost perspective, activities providing administrative services that do not lead to asset building, such as personnel services and benefits providing services.
- Net worth matrix indicates changes in the net worth section of the balance sheet from the beginning to the end of a year.

Financial Statements for FY 2015 (General Accounts) (3)

Statement of Cash Flow (General Account) (From April 1, 2015 to March 31, 2016)

(Billion yen)

1 Cash flow from ordinary activities	
Personnel expenses	160.5
Property costs	87.2
Social security benefits	276.6
Subsidy	31.9
Interest expenses	24.6
Payment provided for administrative fees of other accounts	109.9
Other expenditure	23.5
Total expenditure	714.2
Municipal tax	505.6
Local tax grants	7.6
Subsidy from government and prefecture	192.1
Usage fees and service charges	35.7
Contributions, burden charges, donations	8.1
Miscellaneous revenue	25.9
Issuance of municipal bonds	24.8
Reversal of fund	1.2
Other revenue	88.3
Total revenue	889.3
Cash flow from ordinary activities	175.1
2 Cash flow for development of public property	
Payment for developing public property	64.2
Payment of subsidy for developing public property	18.6
Payment provided for construction costs of other accounts	4.1
Total expenditure	86.9
Subsidy from government and prefecture	16.8
Issuance of municipal bonds	35.9
Reversal of fund	1.7
Other revenue	2.1
Total revenue	56.5
Cash flow for development of public property	-30.4

3 Cash flow from investing and financing activities	
Investments and capital investments	1.3
Loans	80.9
Provisions for fund	7.1
Payment provided to fixed-amount funds	-
Payment provided for debt expenditure of other accounts	38.5
Redemption of municipal bonds	118.9
Payment of long-term accrued liabilities	-
Total expenditure	246.7
Subsidy from government and prefecture	0.2
Loans recovered	92.7
Reversal of fund	4.5
Issuance of municipal bonds	1.5
Revenue from sale of public property	4.4
Other revenue	2.9
Total revenue	106.2
Cash flow from investing and financing activities	-140.5
Changes in cash	4.2
Cash, at the beginning of fiscal year	7.4
Cash, at the end of fiscal year	11.6

※Using the revised model of the Ministry of Internal Affairs and Communications (MIC).

※1 Temporary borrowing

①Changes in temporary borrowing are not included in the statement of cash flow.

②Limitation on temporary borrowing for the current fiscal year is 160 billion yen.

③Of interest expenses, interest on temporary borrowing is 2 million yen.

※2 Information on primary balance

Gross revenue (excluding surplus carried forward)	1,058.5 billion yen
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Surplus carried forward	-6.5 billion yen
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Issuance of municipal bonds	-62.2 billion yen
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Reversal of public finance adjustment reserve funds	-4.5 billion yen
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Gross expenditure	-1,046.9 billion yen
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Redemption of municipal bonds	143.5 billion yen
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Provisions for public finance adjustment reserve funds	2.2 billion yen
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Primary balance	84.1 billion yen
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■ The statement of cash flow clarifies annual cash flow, which activities require funding, and how they are financed.

Financial Statements for FY 2015 (All Accounts)

Balance Sheet (All Accounts) (As of March 31, 2016)

(Billion yen)

Debit [Assets]		Credit [Liabilities]	
Public property	5,645.2	Noncurrent liabilities	3,039.2
Tangible fixed assets	5,525.4	Municipal bonds	2,544.2
Intangible fixed assets	77.8	Municipal bonds of general account	1,469.4
Available-for-sale assets	42.0	Municipal bonds of public enterprises	1,074.8
Investments	433.6	Long-term accrued liabilities	8.0
Investments and capital investments	248.4	Reserve	201.4
Loans	143.8	(Reserve for retirement benefits)	164.9
Funds	29.6	(Other reserve)	36.5
Long-term bad loans	12.8	Other	285.6
Other	0.6	Current liabilities	447.8
Unrecoverable loans (estimate)	-1.6	Current portion of municipal bonds	347.8
Current assets	341.4	Short-term borrowing	0.2
Cash	297.9	Accrued liabilities	46.6
Accounts receivable	33.3	Current portion of retirement benefits	15.7
Other	11.4	Reserve for bonuses	13.1
Unrecoverable loans (estimate)	-1.2	Other	24.4
Deferred account	2.4	Total liabilities	3,487.0
		[Net worth]	
		Total net worth	2,935.6
Total assets	6,422.6	Total liabilities and net worth	6,422.6

※1 Information on debt burden activities

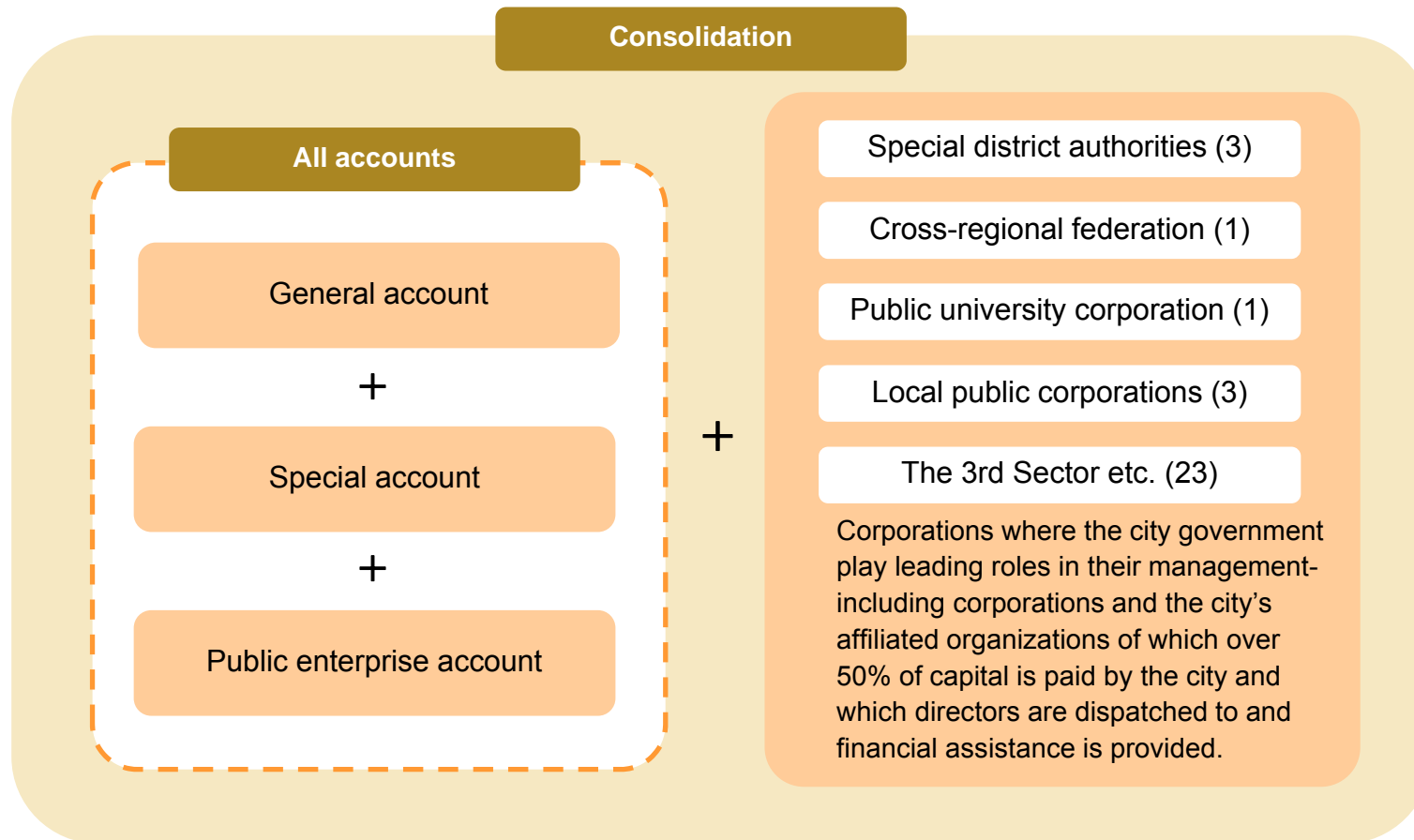
① Purchase of property, etc.	142.6 billion yen
② Guarantee of liabilities or compensation for loss	1,671.5 billion yen
Of those, for jointly-issued bonds	1,308.5 billion yen
③ Other	46.5 billion yen

※2 Of outstanding municipal bonds of general account and municipal bonds of public enterprises (including the amount of the current portion of municipal bonds), 949.5 billion yen is expected to be included in the basis for calculation of local tax grants at the redemption.

※3 Of tangible fixed assets, land amounts to 2,702.2 billion. In addition, accumulated depreciation and amortization of tangible fixed assets amount to 3,624.2 billion yen.

FY2014 Consolidated Financial Statements

- The financial statements are also prepared on a “consolidated” basis, adding affiliated organizations’ accounts to the city’s accounts.
- The scope of the consolidation is as follows:



Balance Sheet (Consolidated) (As of March 31, 2015)

(Billion yen)

Debit [Assets]		Credit [Liabilities]	
Public property	7,626.4	Noncurrent liabilities	3,896.1
Tangible fixed assets	7,498.3	Municipal bonds	2,655.1
Intangible fixed assets	82.7	Long-term debt from concerned bodies	707.2
Available-for-sale assets	45.4	Long-term accrued liabilities	12.2
Investments	168.6	Reserve	183.5
Investments and capital investments	35.2	(Reserve for retirement benefits)	173.7
Loans	52.5	(Other reserve)	9.8
Funds	65.4	Other	338.1
Long-term bad loans	15.3	Current liabilities	570.8
Other	3.0	Current portion of municipal bonds	441.6
Unrecoverable loans (estimate)	-2.8	Short-term borrowing	8.4
Current assets	438.5	Accrued liabilities	57.0
Cash	336.3	Current portion of retirement benefits	16.6
Accounts receivable	49.4	Reserve for bonuses	13.8
Property for sale	41.9	Other	33.4
Other	12.0	Total liabilities	4,466.9
Unrecoverable loans (estimate)	-1.1		
Deferred account	4.3		
Total assets	8,237.8	[Net worth]	
		Total net worth	3,770.9
		Total liabilities and net worth	8,237.8

※Using the revised model of the Ministry of Internal Affairs and Communications (MIC).

※1 Information on debt burden activities

① Purchase of property, etc.	98.0 billion
② Guarantee of liabilities or loss compensation	2,977.2 billion
[Of those, for jointly-issued bonds	2,593.2 billion]
③ Other	98.6 billion

※2 Of outstanding municipal bonds of general account and municipal bonds of public enterprises (including the amount of the current portion of municipal bonds), 983.7 billion yen is expected to be included in the basis for calculation of local tax grants at the redemption.

※3 Of tangible fixed assets, land amounts to 2,807.3 billion. In addition, accumulated depreciation and amortization of tangible fixed assets amount to 3,736.2 billion yen.

Fiscal-related Data

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population	2,223,148	2,236,561	2,247,752	2,257,888	2,263,894	2,266,517	2,266,851	2,271,380	2,276,590	2,296,014
Nominal municipal gross production	13,187.9	13,250.7	12,555.7	11,628.4	11,579.1	11,785.4	11,847.1	12,319.3	-	-
Municipal tax revenue	495.2	516.5	516.3	493.8	476.2	486.1	487.3	488.2	503.5	505.6
Internal revenue ratio (%)	69.0	71.2	70.0	66.2	65.1	66.5	67.1	67.2	65.9	65.9
Financial capability index	0.994	1.022	1.048	1.064	1.041	1.013	0.985	0.983	0.984	0.985
Real public bond ratio (%)	20.9	14.1	13.5	12.7	12.1	12.0	12.1	12.6	13.0	12.7
Future burden ratio (%)	-	230.4	224.9	218.6	216.3	202.5	188.4	164.9	153.9	147.4
Outstanding municipal bond balance (general account)	1,839.6	1,814.8	1,801.8	1,814.4	1,847.8	1,849.7	1,823.8	1,774.2	1,746.3	1,695.7
Outstanding municipal bond balance (all accounts)	3,369.2	3,323.1	3,282.1	3,263.9	3,283.6	3,244.3	3,174.8	3,079.2	3,003.6	2,897.7
Municipal bond issue amount (general account/new issue)	83.8	82.2	97.3	109.3	124.0	93.0	83.6	75.9	81.7	60.3
Municipal bond issue amount (all accounts/new issue)	177.8	201.0	192.6	190.6	230.7	161.3	135.7	129.9	139.0	107.0
Municipal bond issue amount (total amount including refinancing bonds)	298.6	296.4	289.8	274.0	287.9	227.4	235.0	240.8	263.3	206.6
Ordinary revenue/expenditure ratio (%)	94.7	97.2	96.8	98.1	99.4	99.8	99.8	100.2	99.3	97.5

- Units for items without specification are in billion except the financial capability index.
- Population values are as of October 1 of each year.
- For municipal tax revenue and outstanding municipal bond balance, please refer respectively to p. 23 and p. 27 of the main document.

Reminder

- This material explaining the fiscal condition of the City of Nagoya is intended for investors considering purchasing Nagoya City municipal bonds. It is not related to the sale or offer of any particular bond.
- The contents of this material are as of October 2015, based on the settlement of accounts for FY 2014, and are subject to change in the event of future developments in the local fiscal system and/or economic conditions.

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