



Financial Conditions of the City of Nagoya

January 2008

Finance Bureau of the City of Nagoya

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Acquisition of Rating

<Moody's rating>

Aa1 (Stable)

BCA (Credit Capacity of Particular Autonomous Body): 4

* Tokyo Metropolitan Government: 3; Fukuoka Prefecture, Shizuoka Prefecture and Hamamatsu City: 4; Kyoto City, Osaka City and Niigata Prefecture: 5



Solid basis for tax revenues and continuous improvement in regional economic activities
Continuous decrease in the total accounting debts as a result of various measures for a healthier public finance
Administrative and financial management through selection and concentration enabling maintenance of the balance of payments

The city obtained the 2nd highest among 21 ratings from Moody's Investors Service on November 7, 2007.

The high evaluation made by such a neutral third party institution supports the judgment that the debt redemption capacity of the city is extremely high.

Energetic Nagoya

The Nagoya area is called “Energetic Nagoya” from the fact that various sectors have seen a virtuous business cycle led by large-scale projects such as opening of the Chubu International Airport and holding of the EXPO 2005 Aichi Japan.

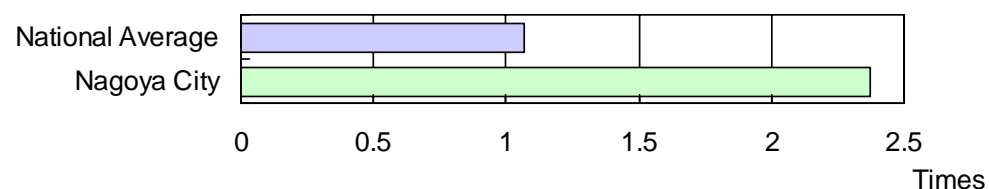
In terms of the appreciation rate of benchmark commercial land prices at respective spots, the land in front of Nagoya Station topped the national ranking for the 4th consecutive year. In addition, 4 spots, including Imon Nagoya Building which was the top, ranked within the top 5.

The effective ratio of job offers to applicants in Nagoya City is more than double compared to the national average, and the average annual income for workers at small and medium-sized companies in Aichi Prefecture is higher than in the Tokyo Metropolitan Area. These statistical data show that the area has seen a sustained booming economy in broad sectors including small and medium-sized companies as well as large companies.

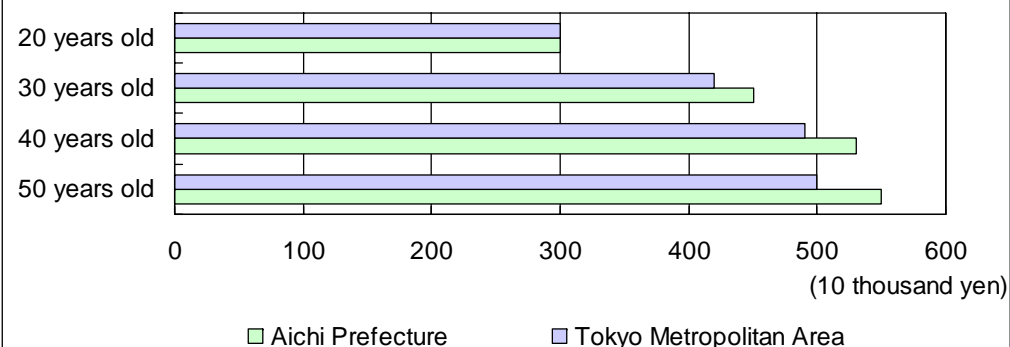
Top 5 Spots in the Appreciation Rate of Benchmark Commercial Land Prices (as of July 2007)

Rank	Address	Name of Building	Appreciation Rate (%)
1	1-16, Tsubakicho, Nakamura-ku, Nagoya-shi	Imon Nagoya Building	40.1
2	1-12-6, Hakataeki-higashi, Hakat-ku, Fukuoka-shi	Hanamura Building	39.7
3	3-28-12, Naeki, Nakamura-ku, Nagoya-shi	Dainagoya Building	39.5
4	5-16-14, Sakae, Naka-ku, Nagoya-shi	Shintoyo Building	39.1
5	19-7, Tsubakicho, Nakamura-ku, Nagoya-shi	Chisan Mansion Tsubakicho	39.0

Effective Ratio of Job Offers to Applicants
(as of July 2007)



Average Annual Income for Workers at Small and Medium-sized Companies



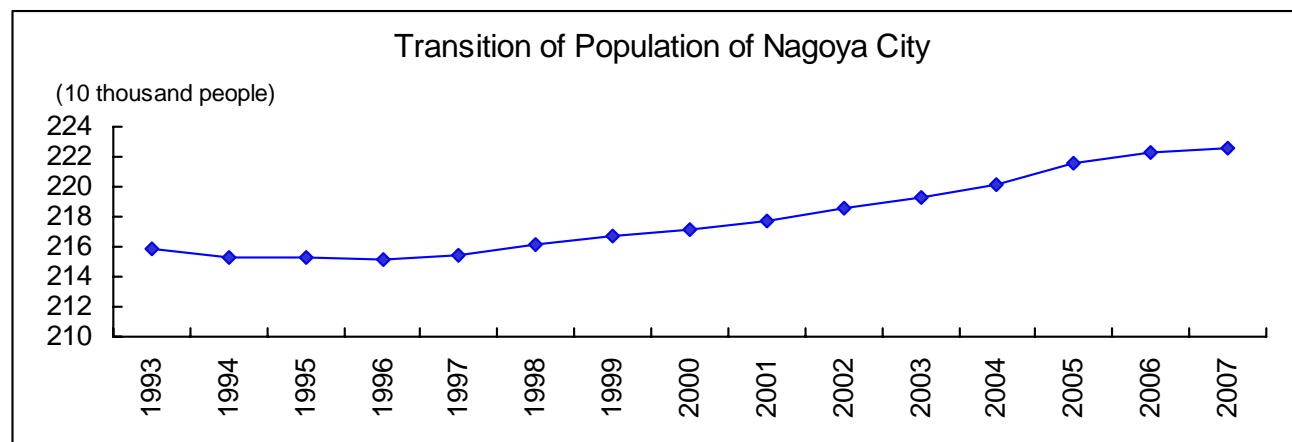
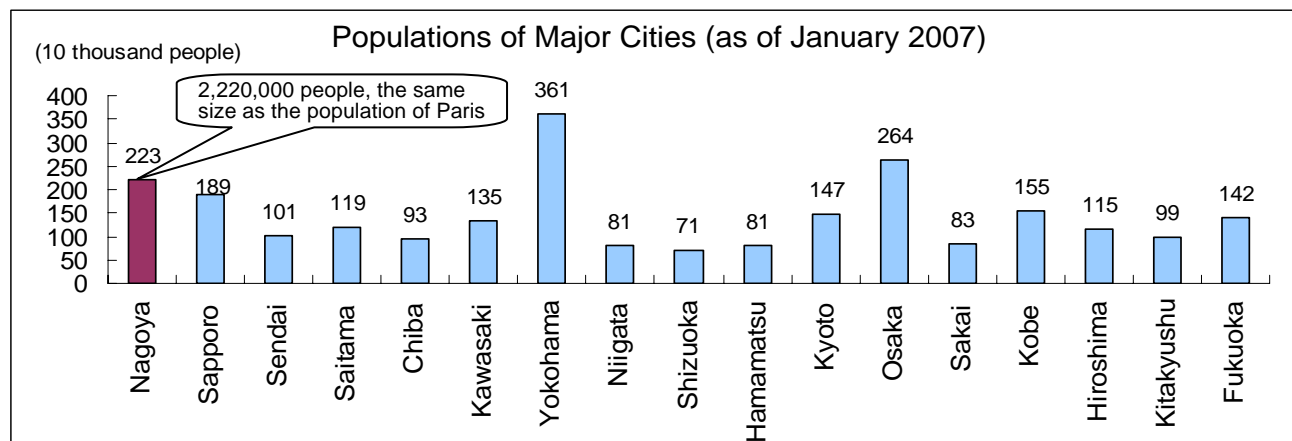
Population of Nagoya City

Population

The population of the city was over 2,226,000 people as of January 2007, up 0.5% from the previous year.

The population has increased for 11 consecutive years since 1996, and the increase during the period was approximately 75,000 people.

The city functions as a central city receiving a large inflow of people from surrounding areas, with the daytime population amounting to over 2,516,000 people (National Census in 2005) and the ratio of daytime population to sleeping population being 114.7%.



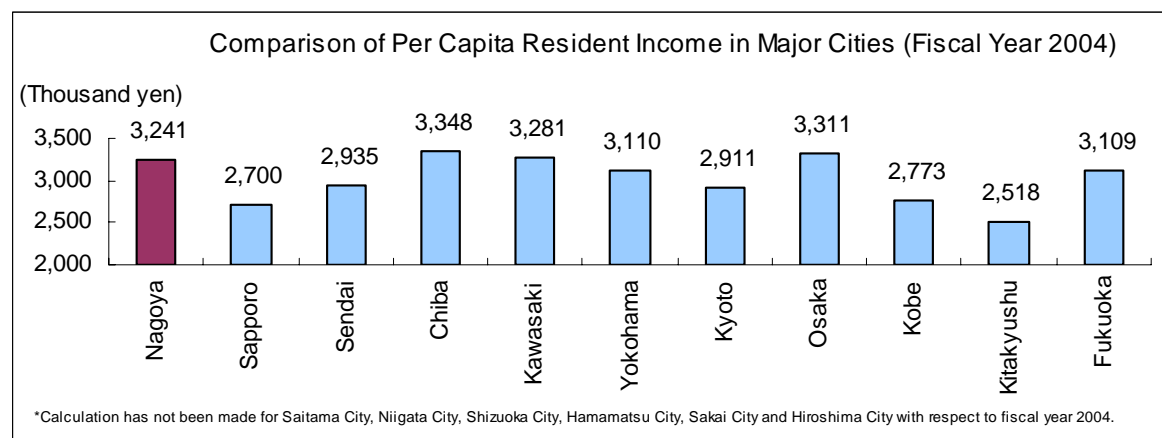
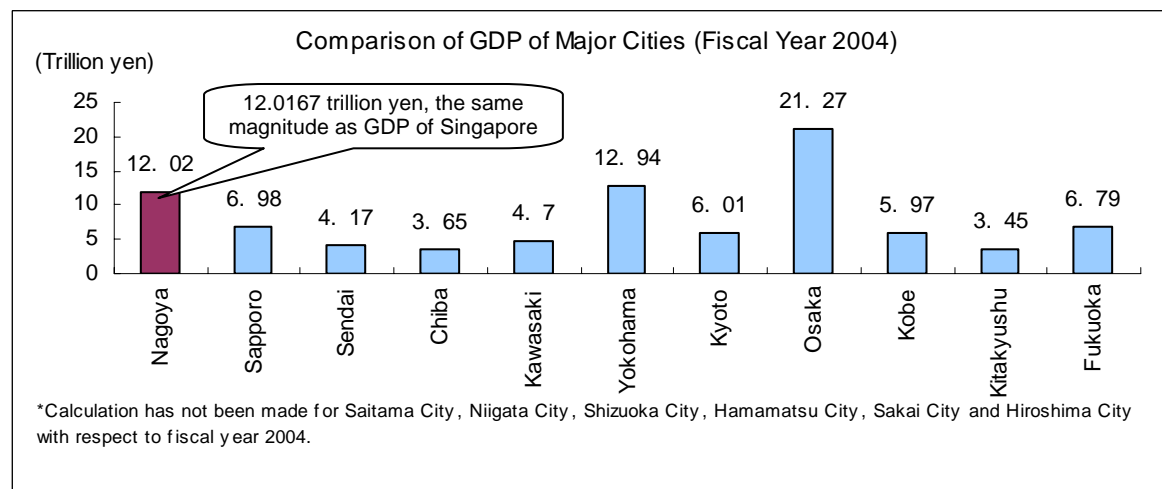
Economic Magnitude of Nagoya City

Gross Domestic Product of the City

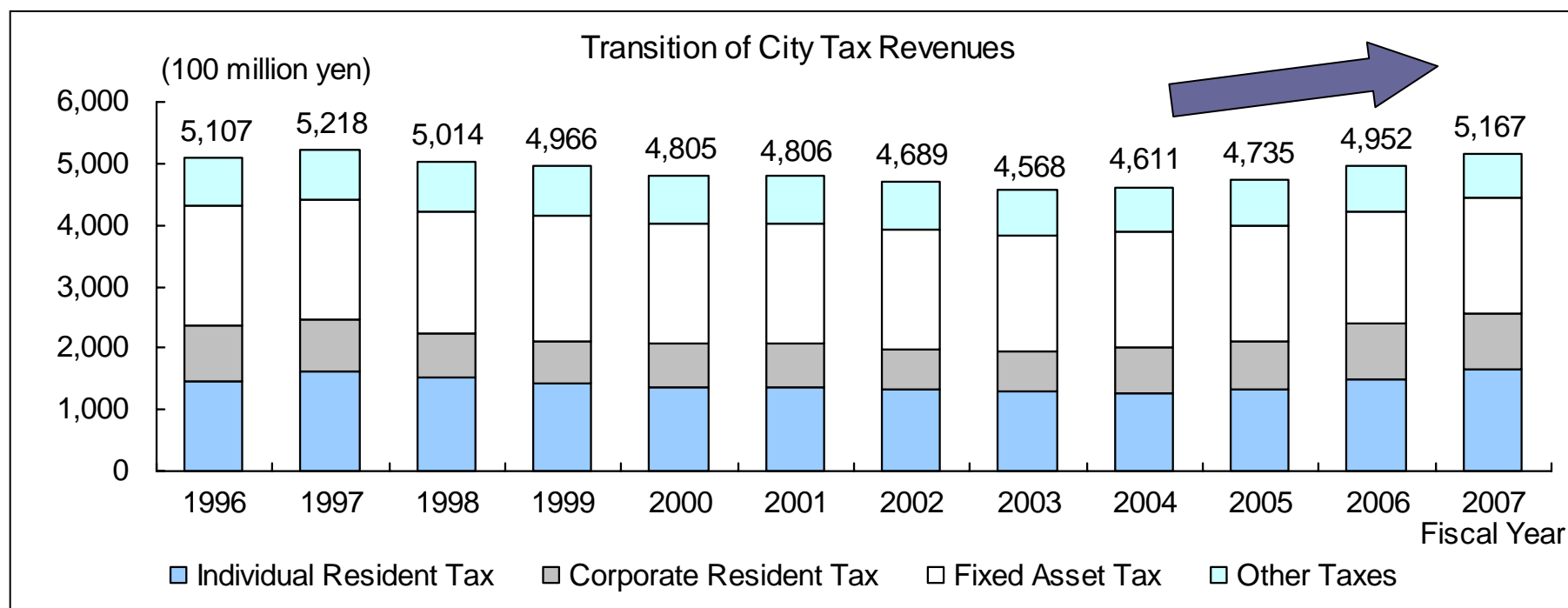
The city recorded GDP of 12.0167 trillion yen and nominal economic growth rate of 2.3% in fiscal year 2004, which was the first positive figure in the past 6 years. The real economic growth rate showed a sharp increase of 3.3%.

The city's GDP accounts for approximately 2.4% of the national GDP.

The per capita resident income in the city is 3,241,000 yen, reaching a high level following Chiba City, Osaka City and Kawasaki City.



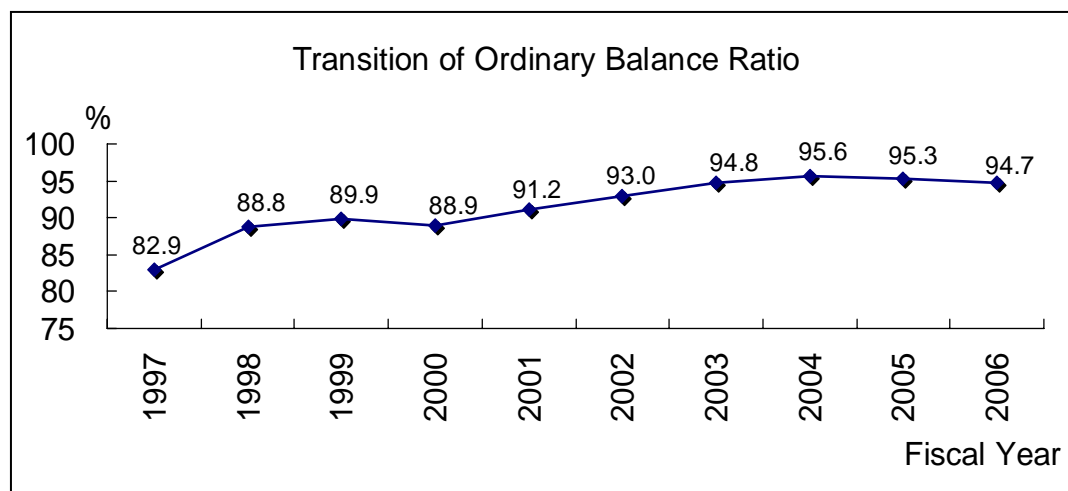
Transition of City Tax Revenues



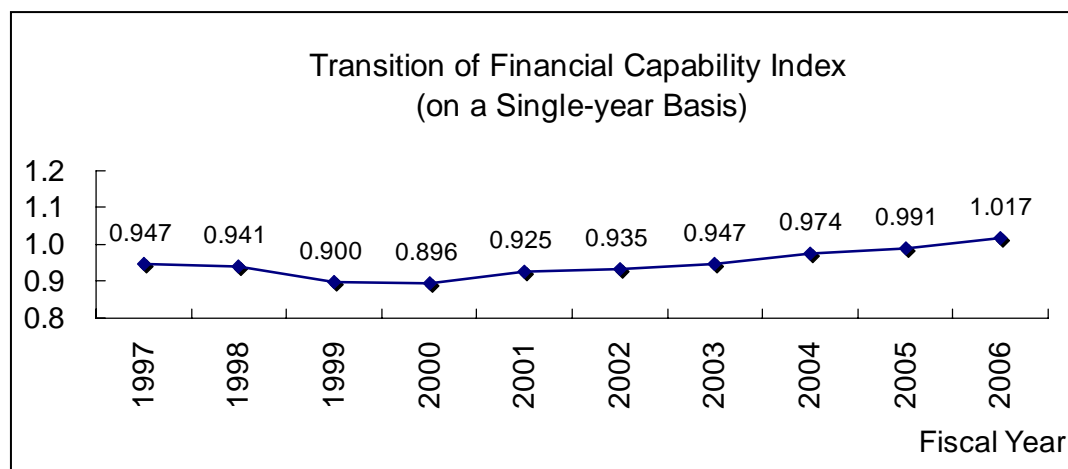
* Figures for the years up to fiscal year 2006 are shown in amounts after settlement while the figure for fiscal year 2007 is in the initial budget amount.

Although city tax revenues were on a downward trend due to a sluggish economy and a tax reduction, they have turned upward since fiscal year 2004 as a result of increase in corporate resident tax revenues due to improved corporate earnings and increase in individual resident tax revenues due to increased individual earnings following improvement in employment environment.

Transition of Financial Indicators



Ordinary balance ratio refers to the ratio that indicates the extent to which city tax, local grant tax and other general revenues annually and ordinarily received are allocated to personnel expenditure, social assistance expenditure, bond expenditure and other ordinary expenditures regularly spent. Although the ordinary balance ratio had been going up as a result of additional issue of municipal bonds in the course of promotion of local independent businesses in response to several phases of economic packages since the collapse of the asset-inflated bubble economy, it fell by 0.6% in fiscal year 2006 following the decrease in the previous year.



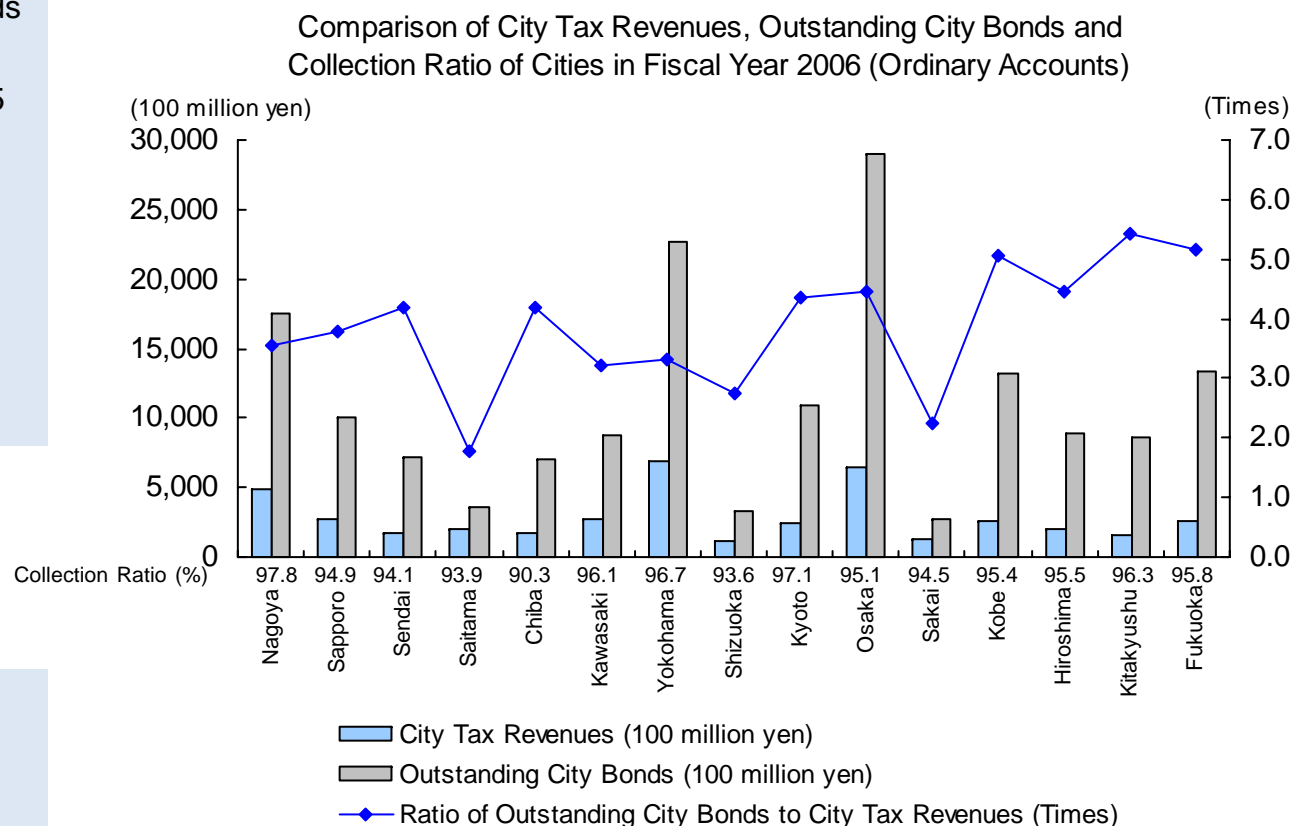
Financial capability index refers to the figure calculated by dividing the standard revenues from ordinary grant tax by the standard expenditures. If the index is over 1, the city is considered to have an adequate financial capacity to carry out a standard financial management only with the standard municipal tax revenue of the entity without relying on local grant tax.

The city had been an entity receiving a standard grant tax from fiscal year 1994 to fiscal year 2005, but has ceased receiving a standard grant tax since 2006.

Comparison of Financial Conditions of Cities (1)

In fiscal year 2006, outstanding bonds of the city was 3.5 times the city tax revenues, which was the 6th lowest ratio (the 2nd lowest among former 5 major cities), showing a high debt redemption capacity of the city.

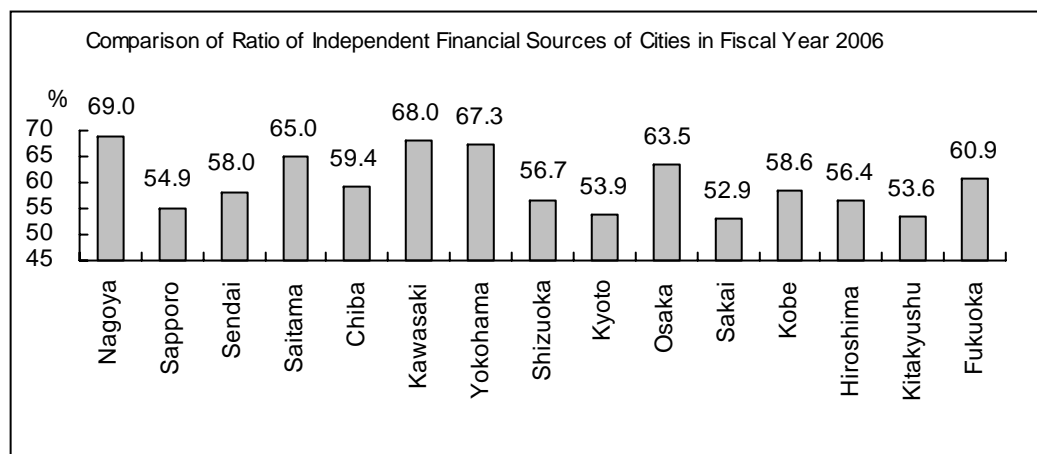
In addition, the city has made efforts to secure city tax revenues, posting the highest city tax collection ratio.



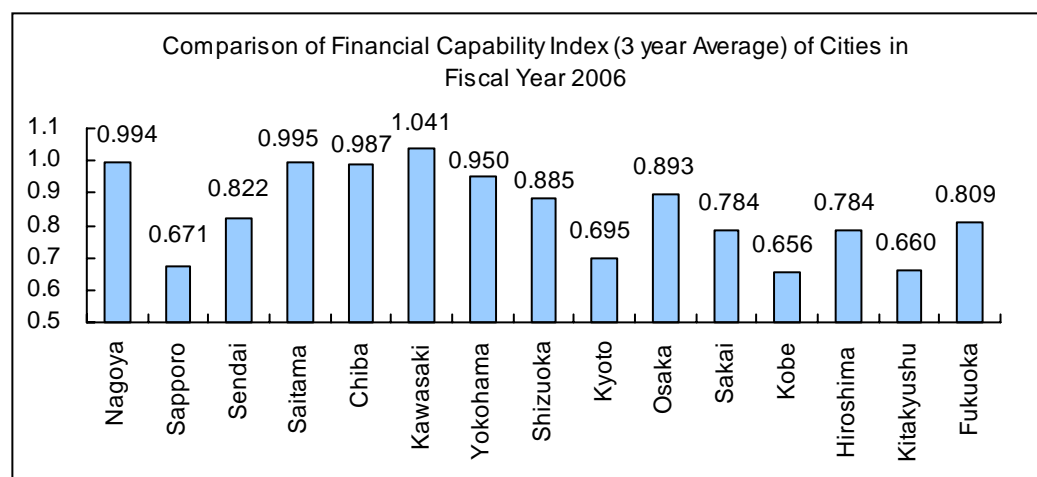
* Collection ratio:

A collection index which shows the size of city tax revenues against the amount chargeable as city tax

Comparison of Financial Conditions of Cities (2)

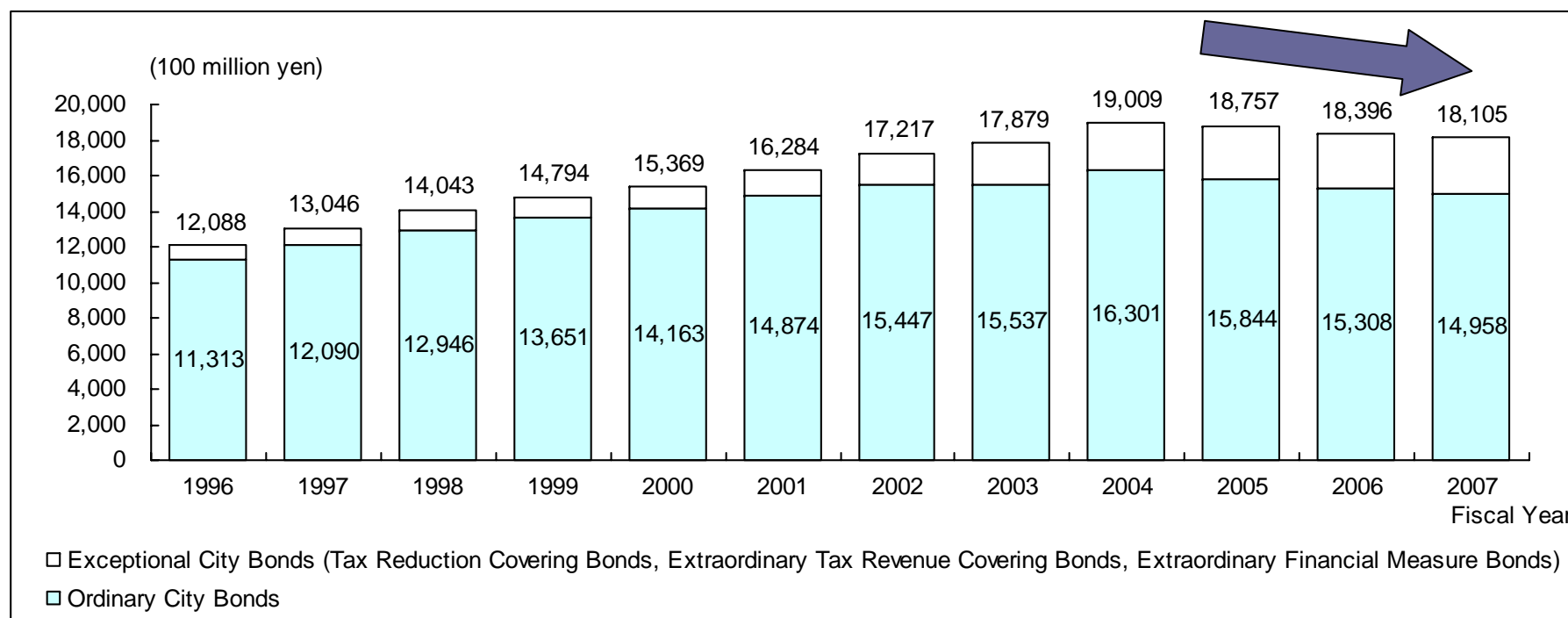


Ratio of independent financial sources refers to the ratio of the financial sources independently collectible by a local municipal entity (including city tax, usage charge and commissions) to the total amount of revenues. Generally, a higher ratio of independent financial sources shows a more stable revenue structure and a more solid financial base. The ratio of independent financial sources of the city was 69.0%, the highest among ordinance-designated cities, showing a stable revenue structure and a solid financial base of the city.



Financial capability index refers to the figure calculated by dividing the standard revenues from ordinary grant tax by the standard expenditures. If the index is over 1, the city is considered to have an adequate financial capacity to carry out a standard financial management only with the standard municipal tax revenue of the entity without relying on local grant tax. The financial capability index (3 year average) of the city was the 3rd highest following Kawasaki City and Saitama City, showing abundant standard local tax revenues for a standard financial management.

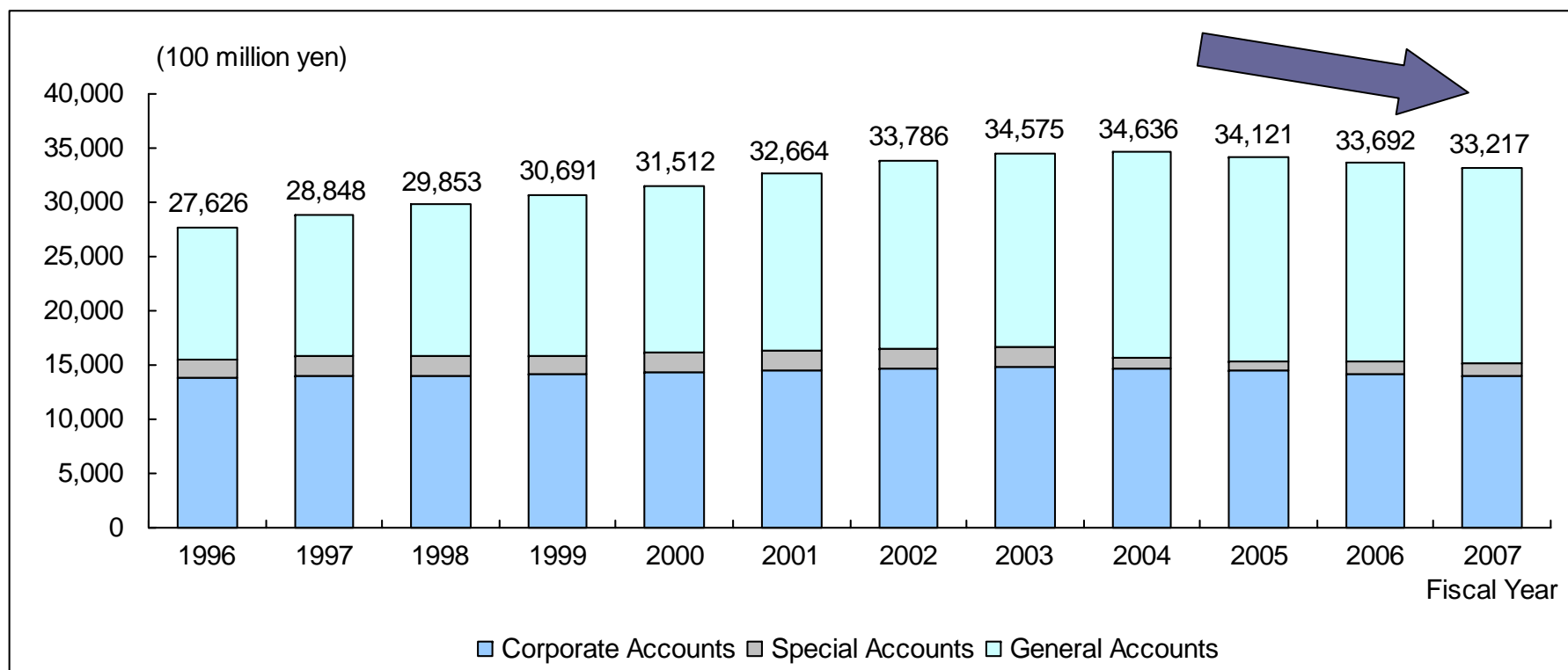
Transition of Outstanding City Bonds (General Accounts)



* Figures for the years up to fiscal year 2006 are shown in amounts after settlement while the figure for fiscal year 2007 is in the budget amount. (Although amounts of the bonds issued for the city university have been posted in general accounts since 2006 as a result of the transformation into an independent administrative institution, those amounts for fiscal year 2004 and fiscal year 2005 were transferred to general accounts in the above for convenience of comparison.)

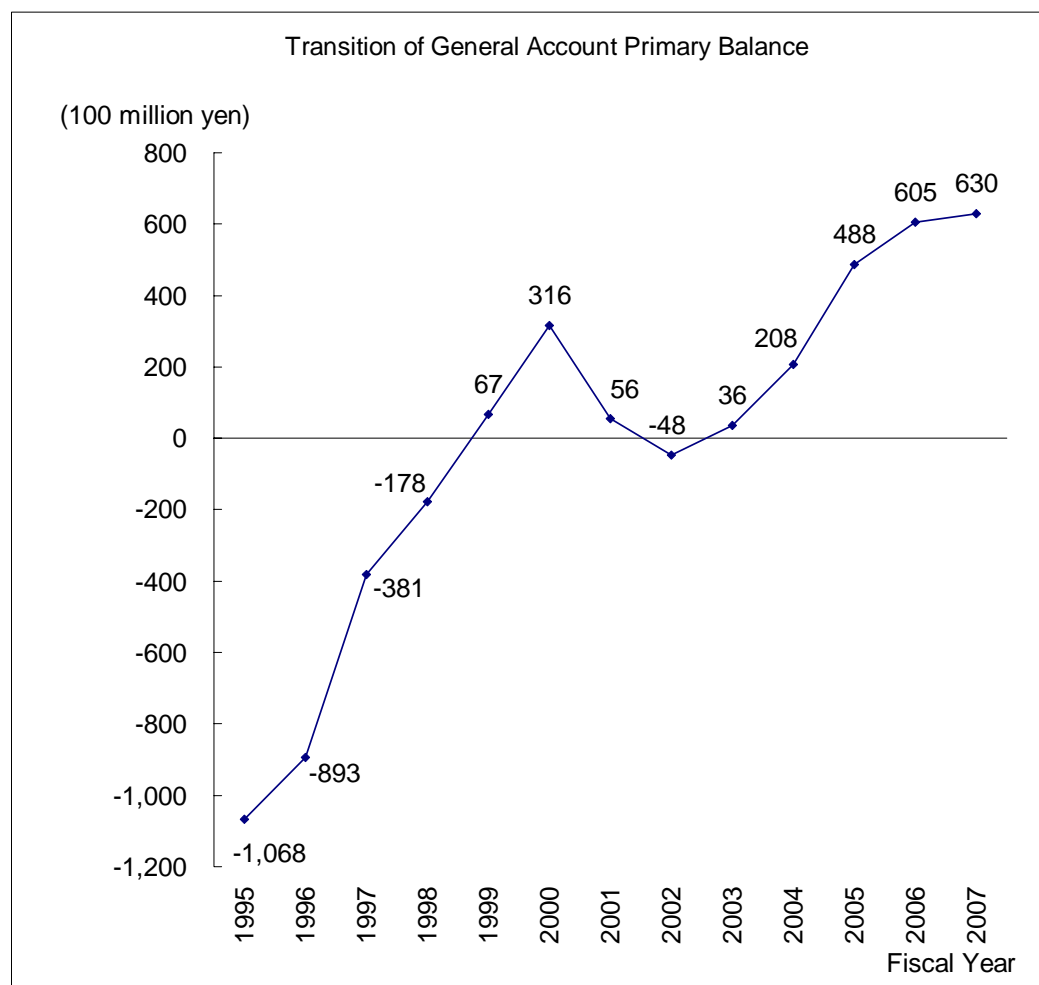
Although outstanding city bonds had been increasing as a result of financial measures in connection with social capital improvements and special tax reductions in response to several phases of national economic packages, they decreased in fiscal year 2005 for the first time in 46 years since 1959 as a result of restraint on the issue of city bonds by restraining expenses with an investment nature and reviewing clerical works.

Transition of Outstanding City Bonds (All Accounts)



* Figures for the years up to fiscal year 2006 are shown in amounts after settlement while the figure for fiscal year 2007 is in the budget amount.
(Although amounts of the bonds issued for the city university have been posted in general accounts since 2006 as a result of the transformation into an independent administrative institution, those amounts for fiscal year 2004 and fiscal year 2005 were transferred to general accounts in the above for convenience of comparison.)

Transition of Primary Balance



Primary balance is an index which indicates benefits and burdens among different generations and is calculated by the formula: (Revenue – Government bond revenue) – (Expenditure – Government bond expenditure).

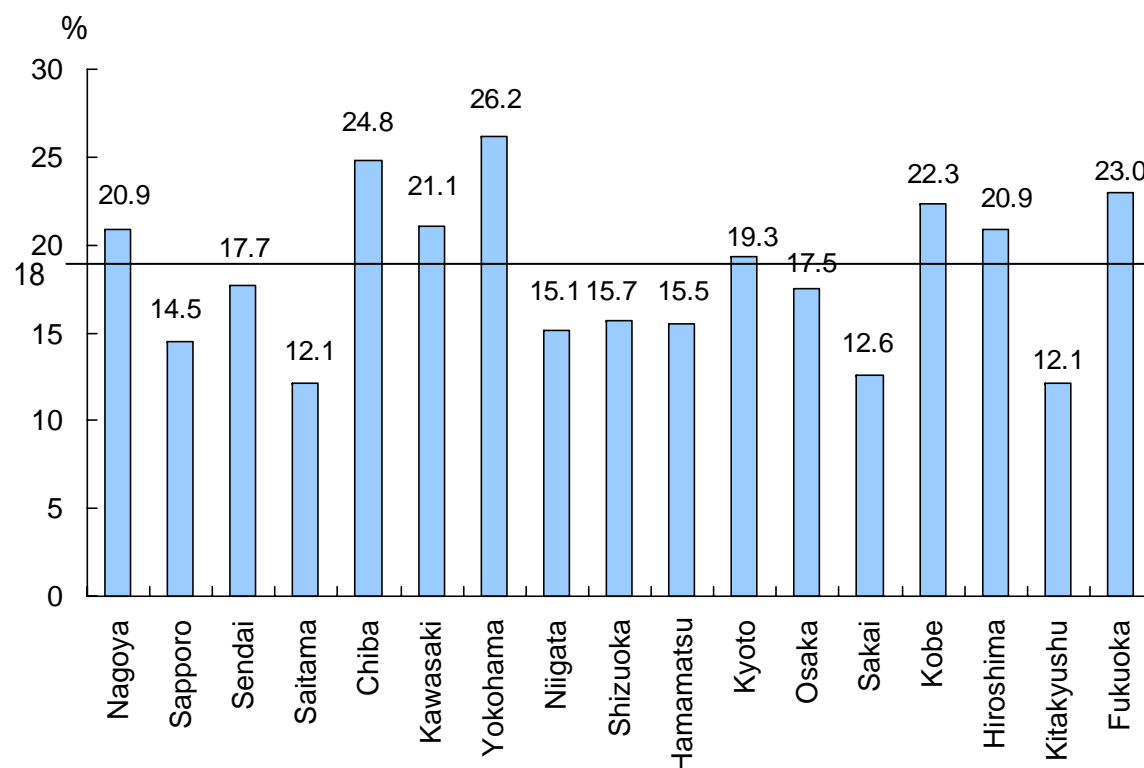
The state where expenditure excluding government bond expenditure is covered by revenue excluding government bond revenue is the balanced primary balance under which burdens and benefits of the current generation are balanced.

A negative primary balance indicates a state where the current generation receives excessive administrative services compared to their burdens, passing a huge burden on to future generations. Therefore, outstanding city bonds must be continuously managed in an appropriate manner for improvement of primary balance.

* Figures for the years up to fiscal year 2006 are shown in amounts after settlement while the figure for fiscal year 2007 is in the budget amount.

Comparison of Real Debt Expenditure Ratio of Cities in Fiscal Year 2007

Comparison of Real Debt Expenditure Ratio (3 Year Average) of Cities (Fiscal Year 2007)

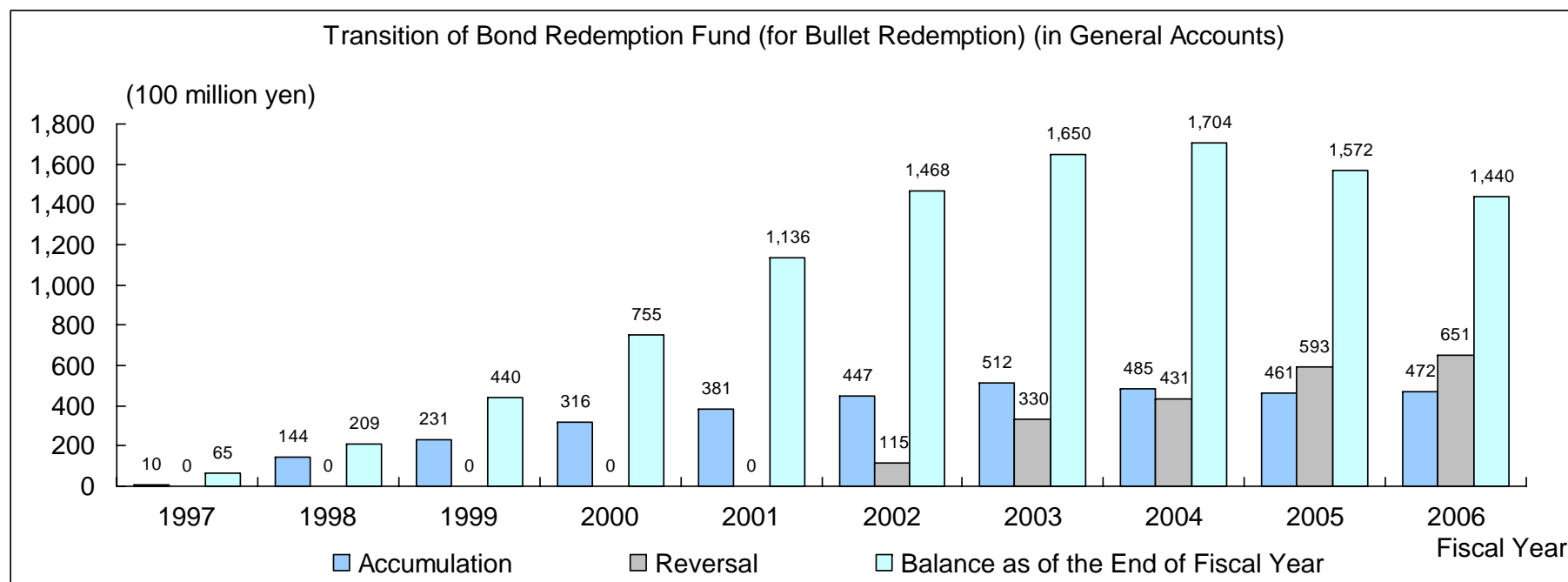


The 3-year average real debt expenditure ratio of the city was 20.9%, down 0.1% from the previous year. Further, on a single-year basis, the ratio was 19.6% in fiscal year 2006, down 1.6% from fiscal year 2005. Such decreases were the result of continuous approaches by the city for a healthier public finance including reduction in outstanding city bonds by way of restraint on issue of bonds.

The ratio tends to be high in case of ordinance-designated cities because those cities usually draw more funds from bond revenues, managing public enterprises such as a subway company and a sewerage company. As a result, 8 out of 17 cities posted the ratio of 18% or over and have been designated as entities requiring permission for issue of bonds. (4 out of 5 former major cities posted the ratio of 18% or over.)

On the other hand, prefectures which posted the ratio of 18% or over were only 4. Therefore, a uniform comparison among prefectures and ordinance-designated cities without any regard for respective features seems to lack reasonability.

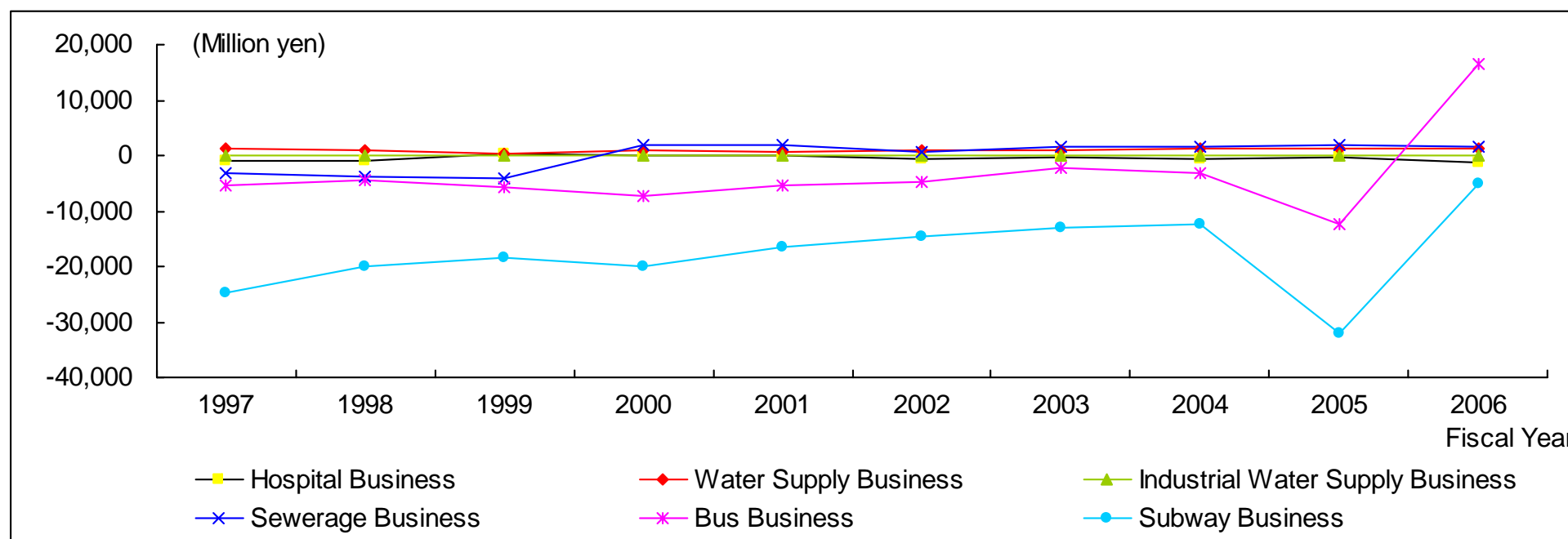
Transition of Bond Redemption Fund (for Bullet Redemption)



The amount of reversal has been larger than that of accumulation since 2005 as a result of decrease in the amount of accumulation due to a recent restraint on issue of city bonds and increase in reversal for the purpose of redemption of matured city bonds which had been issued for public works in connection with economy-boosting measures since 1992.

In order to ensure future redemption, the amount equivalent to 6% of the debts based on the bullet redemption system has been accumulated in the bond redemption fund every year. Therefore, adequate reserves have been maintained in the fund, and redemption can be made without any problem.

Transition of Balance of Payments of Public Enterprises (1)

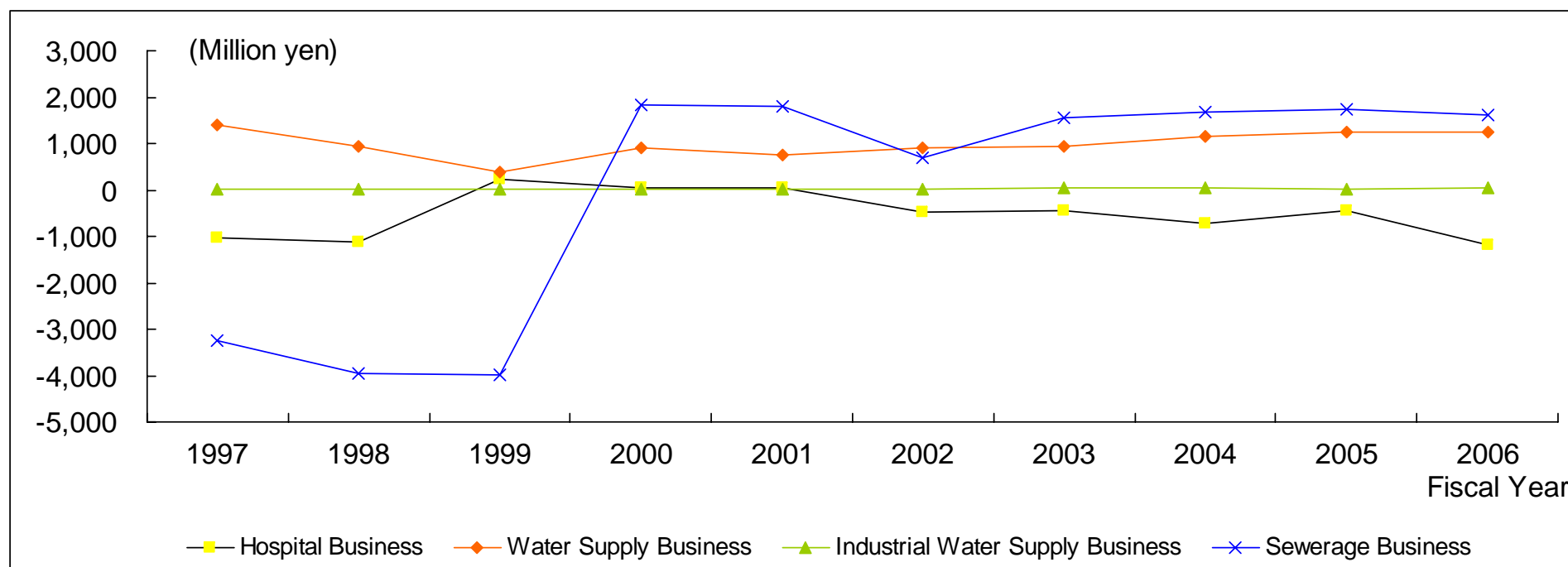


As for balance of payments in fiscal year 2006 of public enterprises in the city, the hospital business and the subway business remained in the red, but the water supply business, the industrial water supply business and the sewerage business remained in the black and the bus business went to the black for the first time in the past 13 years.

Balance of payments were considerably improved in the bus business and the subway business due to the facts that extraordinary profit increased in connection with land selling and that no extraordinary loss in connection with transfer to reserves for retirement allowances was posted in the previous year.

With respect to the transport business, the "Municipal Transportation Business Innovation Plan" was established in fiscal year 2005 aiming at achievement by the bus business work and the subway business of a surplus in the current account balance by fiscal year 2010. While the bus business work achieved a surplus in fiscal year 2006, the subway business will continue to aim to achieve a surplus.

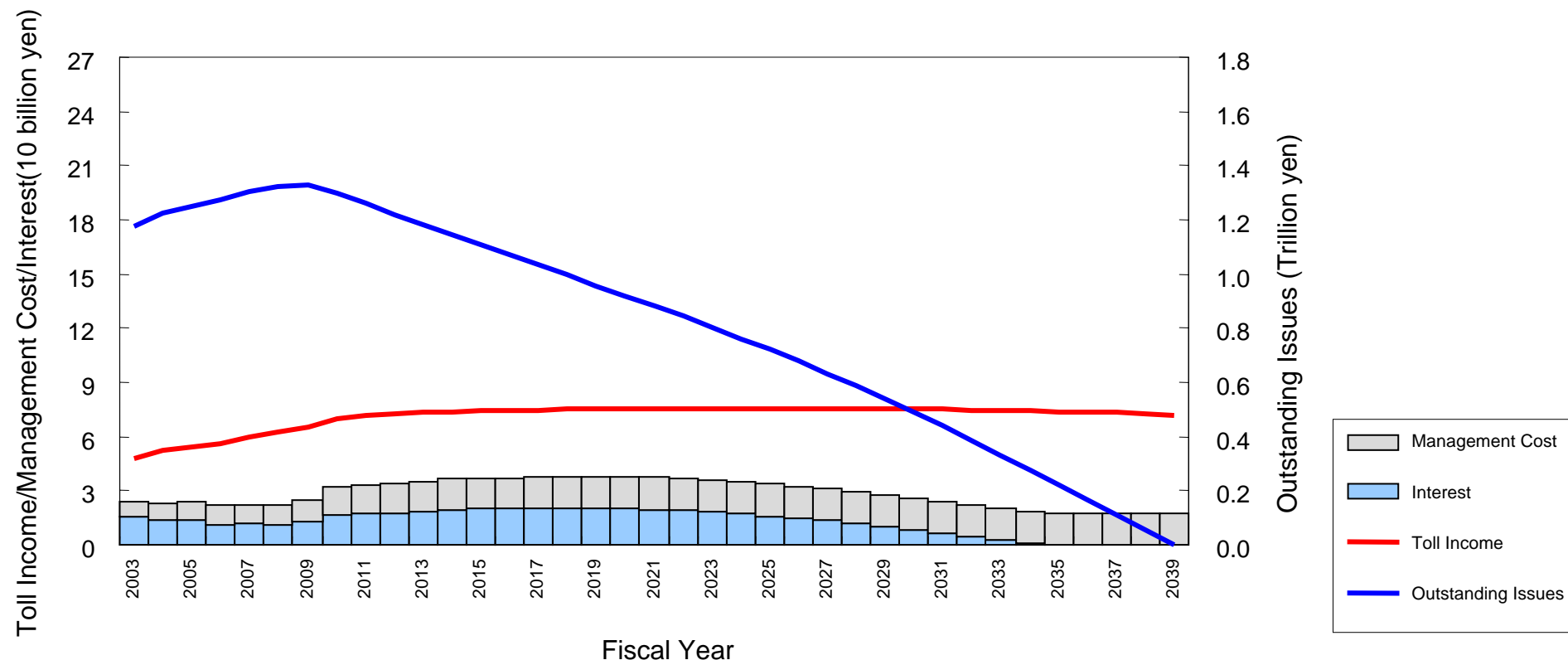
Transition of Balance of Payments of Public Enterprises (2)



In the hospital business, the deficit has expanded due to decrease in profit from medical services including hospital admission services, but the city will aim to clear away bad debts by fiscal year 2010 through improvement of the balance of payments on a single-year basis and securing of internal reserves in accordance with the “Mid-term Management Plan for Nagoya Municipal Hospital” which was established in fiscal year 2005.

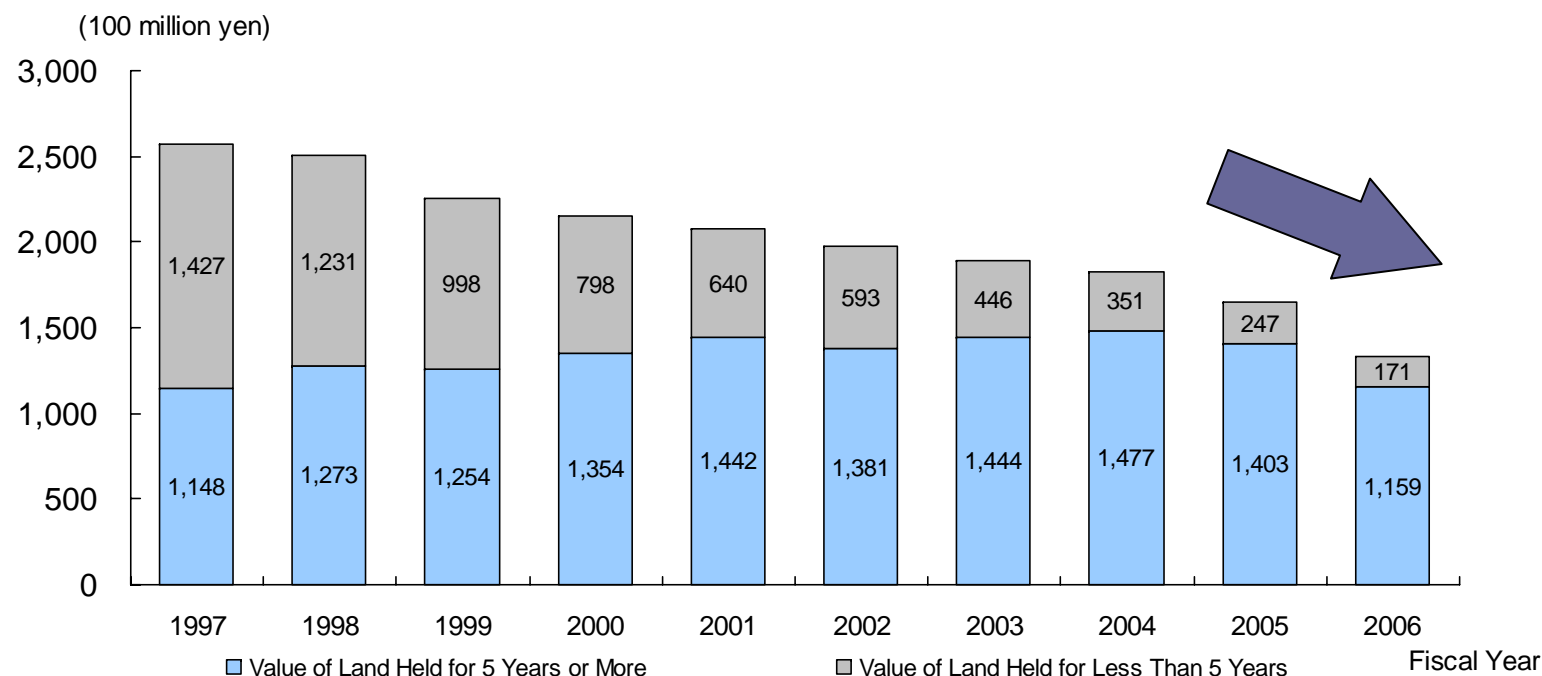
The sewerage business moved into the black in fiscal year 2000 for the first time in 7 years, mainly due to increase in usage charge income in connection with revision in sewerage usage charge.

Redemption Plan of Nagoya Express Authority



Nagoya Express Authority has established a plan to complete redemption over the period of 40 years commencing in fiscal year 2000 and ending in fiscal year 2040. Although the amount of outstanding issues will increase up to fiscal year 2009 because of the large investment amount, the amount is planned to decrease thereafter owing to a stable toll income and become zero in April 2040.

Transition of Value of Land Held by Nagoya City Land Development Corporation



Nagoya City Land Development Corporation was designated as an organization requiring a healthier management as land development corporation by the Ministry of Internal Affairs and Communications in fiscal year 2005. Pursuant to such designation, the corporation has carried out an early redemption of land held for a long period.

While the value of land held is decreasing every year, the average period of land holding is becoming longer because particularly redemption of land for the park work has taken a longer time as a result of budget reduction in public works.

The 2nd management improvement plan (fiscal year 2006 through fiscal year 2010) aims to decrease the value of land held to half the value held as of the end of fiscal year 2005 and decrease the ratio of land held for 5 years or more to not more than 80% as of the end of fiscal year 2010.

Establishment of a New Finance Health Plan

Goals

- To secure financial sources for a steady promotion of the “Nagoya New Century Plan 2010” and realization of a “Nagoya – A city its citizens feel proud of and attached to”
- To reflect effects of reform in public finance through reform of administrative and financial systems in conjunction with the “3rd Administrative and Financial Reform Plan”
- To manage public finance in a manner not to pass burden on to the future generations and to establish a sustainable and solid financial base

Period of the Plan

From fiscal year 2007 to fiscal year 2010

Measures for a Healthier Public Finance

Securing of Revenues

Improvement of the collection ratio of city tax, etc.

Expansion and reinforcement of tax sources

Effective use of assets held

Further equalization of burden

Review of Expenditures

Review of clerical works by such means as use of an administration evaluation system

Review of facilities based on opinions of the society for the study on how to operate public facilities

Systematic management of facilities based on an asset management system

Active use of private-sector vitality by such means as PFI and ESCO.

Systematic management of the number of personnel and restraint on salary and other compensations

Restraint on financial expenditure to accounts of public enterprises and other accounts

Efficient management of auxiliary organizations

Appropriate Management of Assets and Liabilities

Introduction of a new public accounting system

Restraint on issue of exceptional city bonds and city bonds to secure financial sources

Efficient fund-raising

Approaches Made under the New Finance Health Plan

Securing of Revenues and Review of Expenditures

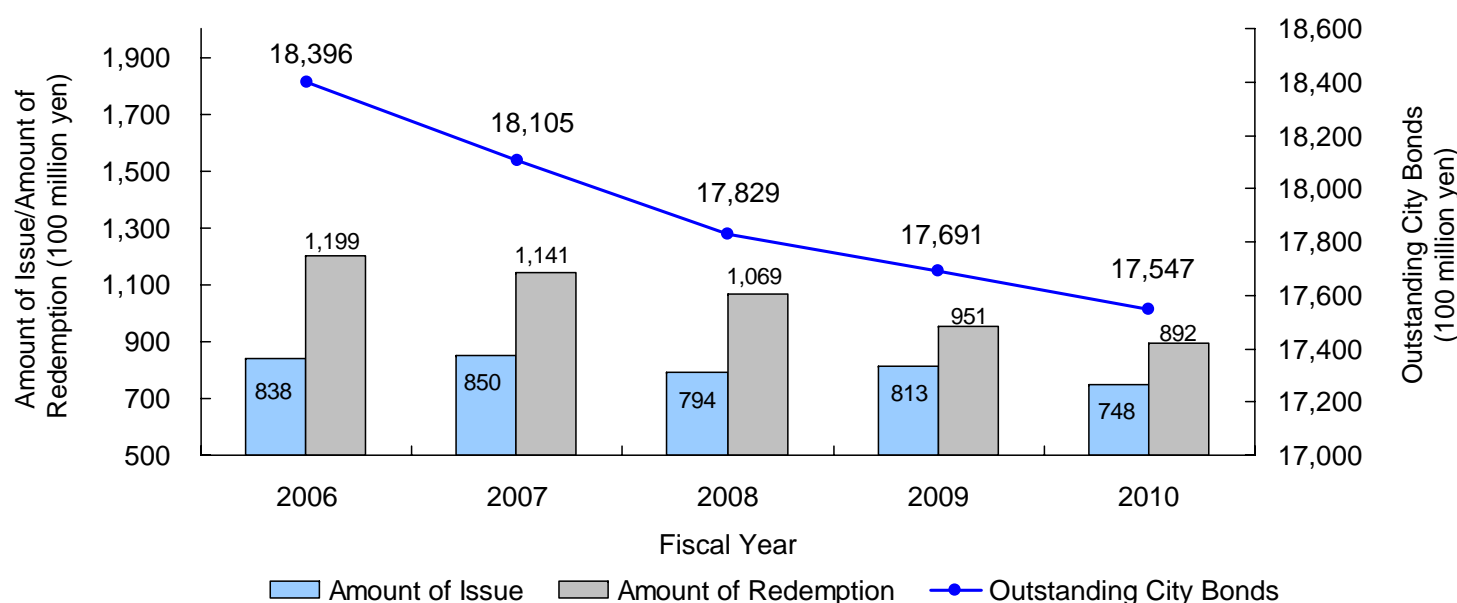
Matter		Amount of Efforts for FY 2007	Numerical Targets by FY 2010
Securing of Revenues	Improvement of the collection ratio of city tax, etc.	0.6 billion yen	Effects of approximately 3 billion yen by such means as improvement of the city tax collection ratio by 0.5%
	Effective use of assets held	1.1 billion yen	Effects of approximately 1.4 billion yen
	Further equalization of burden	0.2 billion yen	Effects of approximately 1.1 billion yen
	Securing of financial sources by such means as issue of bonds for promotion of administrative reform	18.0 billion yen	
Total		19.9 billion yen	Effects of approximately 5.5 billion yen
Review of Expenditures	Review of clerical works by such means as use of an administration evaluation system	7.3 billion yen	Review of approximately 19.1 billion yen by such means as shifting of clerical works in the number equivalent to 10% or more of the total as of fiscal year 2005
	Review of facilities based on opinions of the society for the study on how to operate public facilities		
	Active use of private-sector vitality by such means as PFI and ESCO.		
	Systematic management of the number of personnel and restraint on salary and other compensations	3 billion yen	Effects of approximately 10.0 billion yen
	Restraint on financial expenditure to accounts of public enterprises and other accounts	0.7 billion yen	Effects of approximately 2.0 billion yen
	Efficient management of auxiliary organizations	0.7 billion yen	Effects of approximately 2.0 billion yen
Total		11.7 billion yen	Effects of approximately 33.1 billion yen
Grand Total		31.6 billion yen	Effects of approximately 38.6 billion yen

Appropriate Management of Assets and Liabilities

Matter	Amount of Efforts for FY 2007
In fiscal year 2010, no bond will be issued for promotion of administrative reform	Decrease of 1 billion yen (13.6 billion yen 12.6 billion yen)
Outstanding city bonds will be decreased.	Decrease of 29.1 billion yen (1,861.9 billion yen 1,832.8 billion yen)

Forecast of Outstanding City Bonds in General Accounts (Fiscal Year 2007 through Fiscal Year 2010)

Forecast of Outstanding City Bonds in General Accounts



Outstanding city bonds have decreased since fiscal year 2005 as a result of restraint on the amount of issue of city bonds by restraining expenses with an investment nature and reviewing clerical works and are expected to continue to decrease in fiscal year 2007 and thereafter by such means as restraint on issue of bonds for promotion of administrative reform.

* Figures for fiscal year 2006, fiscal year 2007 and thereafter are respectively shown in amounts after settlement, the initial budget amounts and the estimated amounts.

Past Issues of Public Offering Bonds and Bank Acceptance Bonds

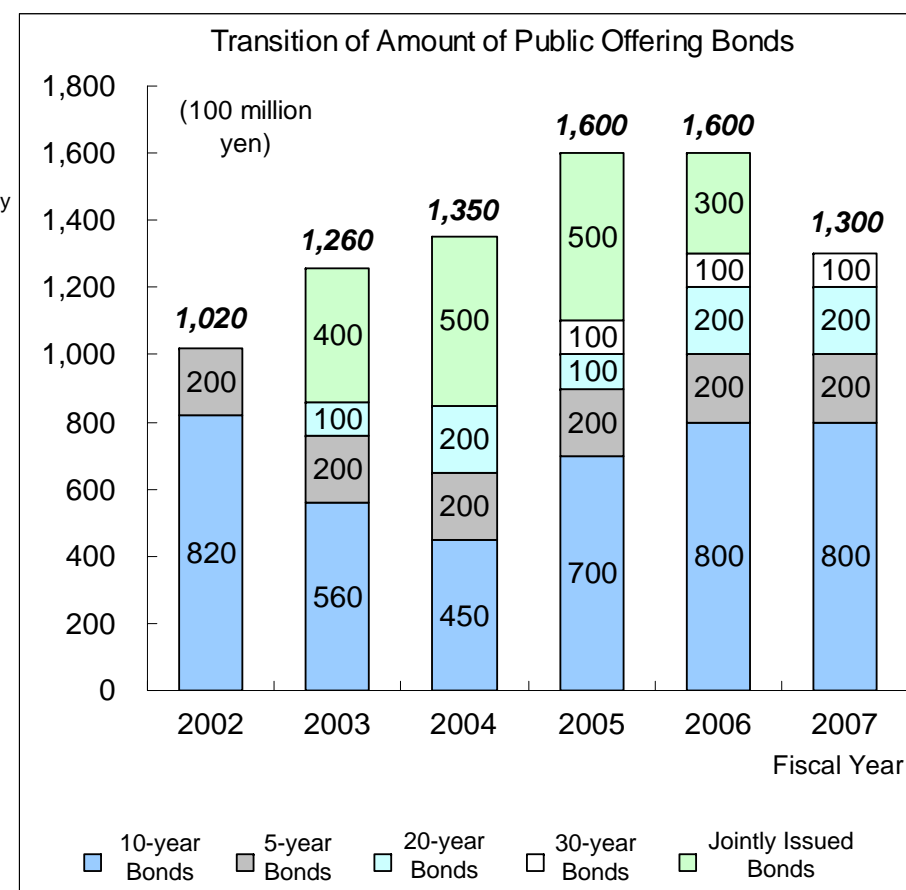
Past Issues of Public Offering Bonds and Bank

Acceptance Bonds

Past/Planned Issues

Year and Month of Issue		Type	(Name)	Amount of Issue (100 million yen/year)	Term to Maturity
2005	June	Public offering bonds	(1st, 30 years)	100	30
	July	Public offering bonds	(3rd, 20 years)	100	20
	July	Public offering bonds	12th (Hi)	200	10
	September	Public offering bonds	12th (Mo)	200	5
	September	Public offering bonds	12th (Se)	200	10
2006	March	Public offering bonds	12th (Su)	300	10
	March	Bank acceptance bonds	FY 2005 (1st)	300	10
	May	Bank acceptance bonds	FY 2005 (2nd)	300	10
	June	Public offering bonds	(455th)	200	10
	July	Public offering bonds	(2nd, 30 years)	100	30
	July	Public offering bonds	(4th, 20 years)	100	20
	July	Public offering bonds	(7th, 5 years)	200	5
	September	Public offering bonds	(456th)	200	10
	December	Public offering bonds	(5th, 20 years)	100	20
	December	Public offering bonds	(457th)	200	10
2007	March	Public offering bonds	(458th)	200	10
	March	Bank acceptance bonds	(FY 2006 (1st))	250	10
	May	Bank acceptance bonds	(FY 2006 (2nd))	120	10
	June	Public offering bonds	(459th)	200	10
	July	Public offering bonds	(6th, 20 years)	100	20
	July	Public offering bonds	(8th, 5 years)	200	5
	September	Public offering bonds	(460th)	200	10
	December	Public offering bonds	(461th)	200	10
	March *	Public offering bonds	(462th)	200	10
2008	March *	Public offering bonds	(462th)	200	10

Items marked with * are planned issues.



Plan for Issue of Public Offering Bonds in Fiscal Year 2007

(100 million yen)

Category	Planned Amount of Issue	Monthly Plan for Issue												Amount Issued in FY 2006
		Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
5-year bonds	200				200									200
10-year bonds	800			200			200			200			200	800
Super-long-term bonds	300				100				200					300
City resident bonds	30							30						30
Sub-total	1,330			200	300		200	30		200			200	1,330
Jointly issued bonds														300
Total	1,330			200	300		200	30		200			200	1,630
Amount Issued in FY 2006	1,630	30	30	230	420	30	230	50	20	330	20	20	220	

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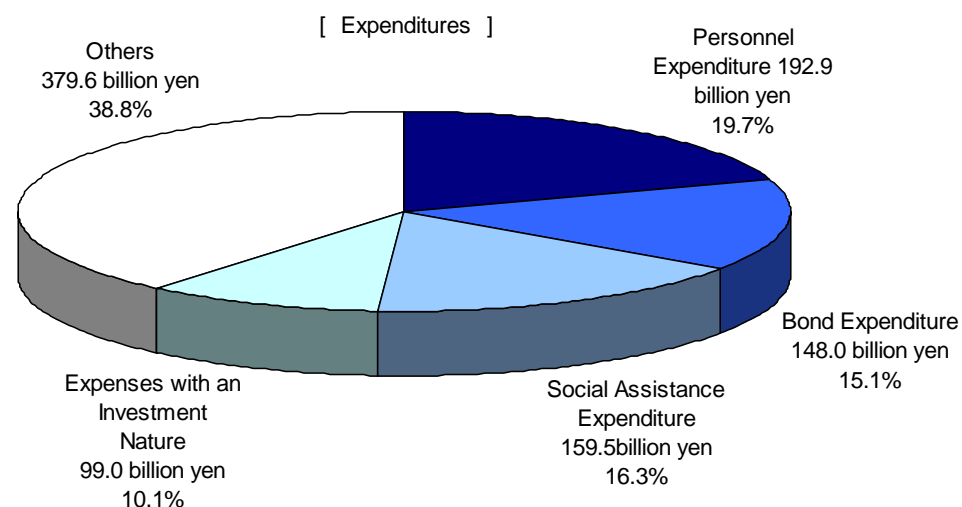
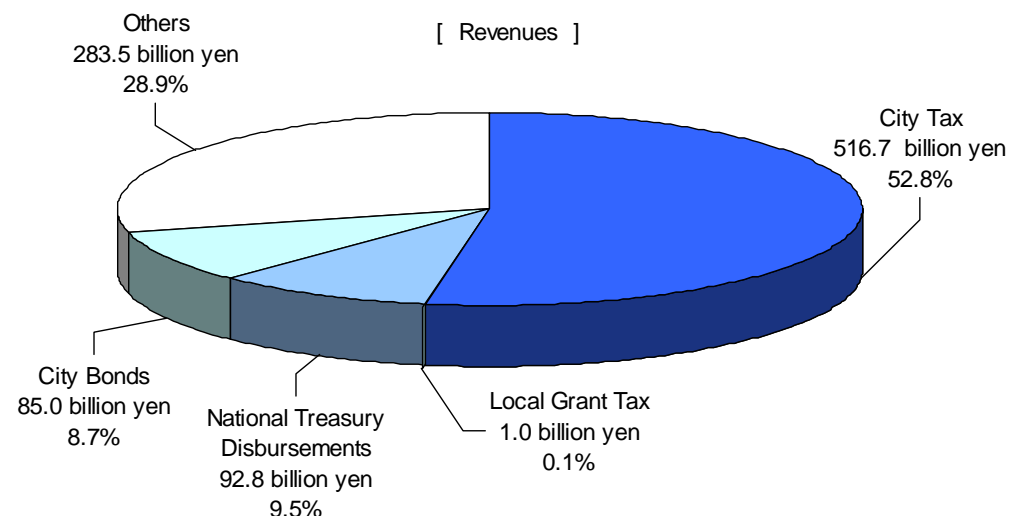
Outline of General Account Budget for Fiscal Year 2007

Still in the midst of a severe financial condition in spite of the expected increase in city tax revenues, the city will not only continue to make efforts for a healthier public finance but also make a positive approach in line with the following 4 priority themes in fiscal year 2007.

- Environment
- Exchange/Industries
- Security/Safety
- People/Future

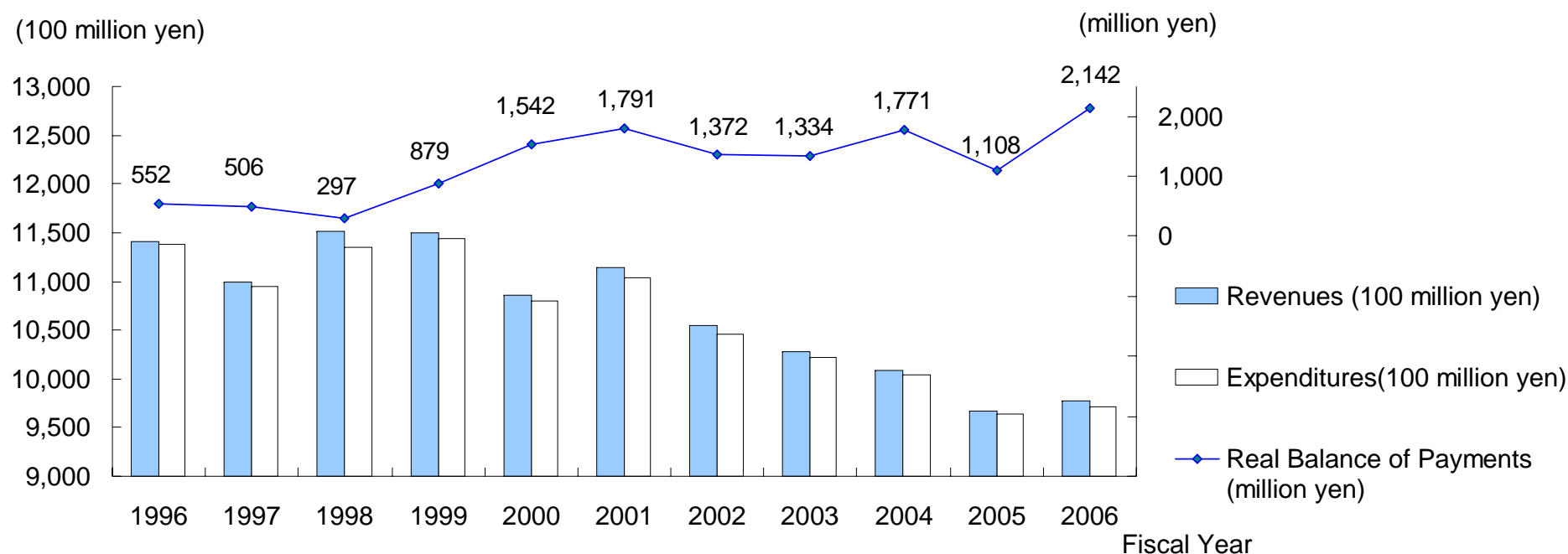
The initial budget amount for general accounts is set at 979 billion yen, down 0.2 billion yen from the initial budget amount for the previous fiscal year (down 0.0% from the previous year).

Such reduction is the result of a severe selection from 3 perspectives including “originality/forward-looking nature”, “cooperativeness” and “urgency/timeliness” for an efficient and prioritized allocation of limited financial sources.



Transition of Balance of Payments in General Account Settlement

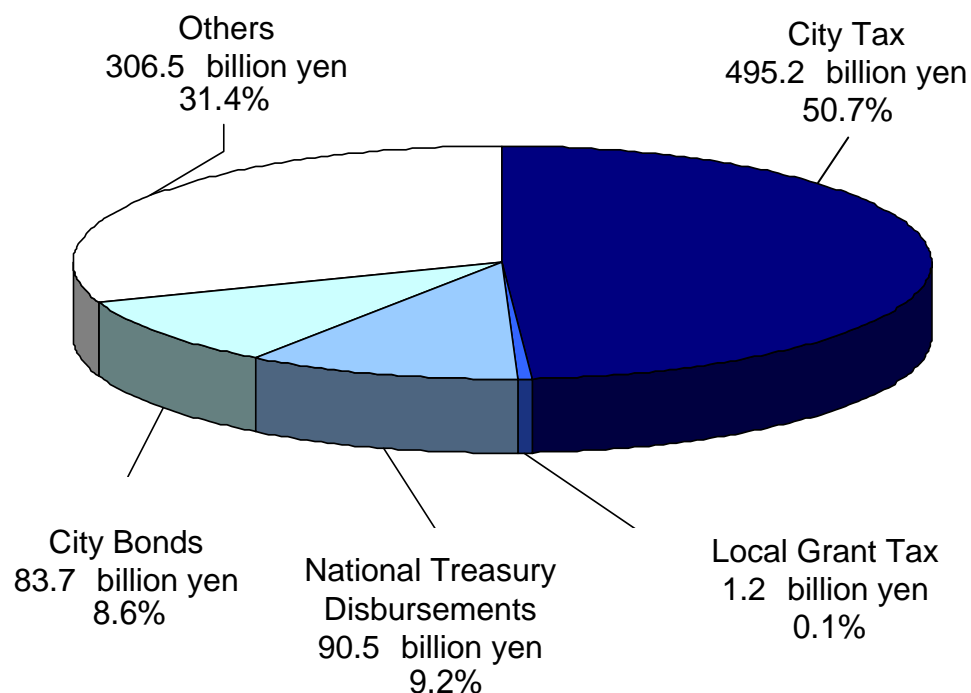
Transition of Real Balance of Payments in General Accounts



Real Balance of Payments refers to the amount calculated by deducting financial sources which will be applied to works carried over to the following fiscal year from the balance of revenues over expenditures (pro forma balance). Although the city has been in the black since fiscal year 1976, it has borrowed funds from the bond redemption fund as a measure for an emergent evacuation during the period from fiscal year 2000 to fiscal year 2004. In fiscal year 2006, the city has continued to make efforts to secure financial sources through such means as positive sales of unused land and issue of bonds for promotion of administrative reform aiming at a sustainable and stable financial management.

General Account Settlement for Fiscal Year 2006 – Revenues

【Total Amount of Revenues: 977.1 billion yen】

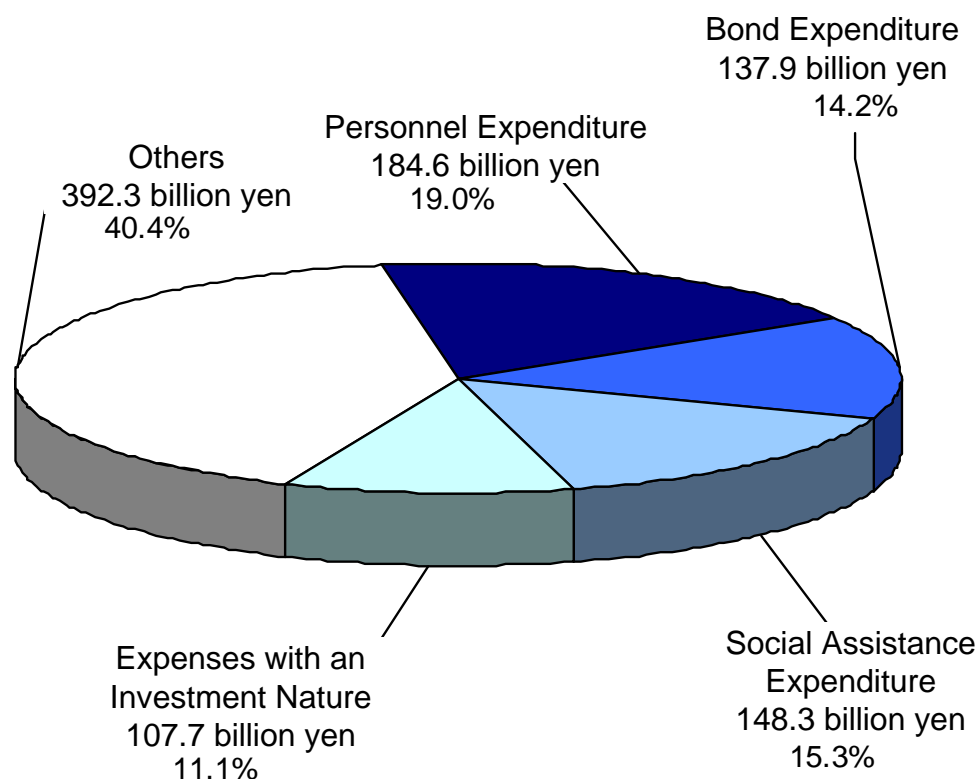


City tax revenues increased from the previous fiscal year by 21.7 billion yen (to 104.6% of the figure of the previous fiscal year) due to strong results in most industries including wholesale businesses and retail businesses following a gradual recovery of consumption. In fiscal year 2001, shortage in local financial sources which had been covered by local grant tax came to be covered partly by extraordinary financial measure bonds. Since such alternative measure was maintained in fiscal year 2006, tax revenues decreased from the previous fiscal year by 3.2 billion yen (to 26.4% of the figure of the previous fiscal year) and from the year before the previous by 10.5 billion yen.

Revenues from city bonds decreased by 10.9 billion yen (to 88.5% of the figure of the previous fiscal year) due to decrease in extraordinary financial measure bonds and construction work expenditure.

General Account Settlement for Fiscal Year 2006 – Expenditures

[Total Amount of Expenditures: 970.8 billion yen]



Expenditures are classified by nature.

So-called mandatory expenses, which are obliged to be made under laws and regulations or according to the nature, including personnel expenditure and bond expenditure, remained almost at the same level as the previous year.

Meanwhile, as a result of allocation to disaster prevention measures, environmental measures and other priority works, expenses with an investment nature increased from the previous fiscal year by 5.6 billion yen, resulting in increase of 7.5 billion yen in the total amount of expenditures (recording 100.8% of the figure of the previous fiscal year).

Special Account Settlement for Fiscal Year 2006

(Million yen)

Account Name	Revenue	Expenditure	Balance	Description of Work
Mutual Aid Traffic Accident Insurance Plan	296	296	-	Management of a mutual aid traffic accident insurance plan
National Health Insurance	201,880	199,580	2,301	Management of the national health insurance
Elderly Health Care System	167,599	167,599	-	Granting of elderly health care cost
Nursing Care Insurance	105,413	101,793	3,620	Management of the nursing care insurance
Welfare Loans to Mother-child Families and Widows	809	795	14	Granting of welfare loans to mother-child families
Agricultural Insurance Plan	82	51	31	Management of an agricultural insurance plan
Funds for Markets and Butcher Houses	19,775	19,775	-	Management of the central market, the northern market, the southern market and butcher houses
Loans to Land Readjustment Association	-	-	-	Granting of loans to the private land readjustment association
Urban Area Redevelopment Projects	4,357	4,297	60	Implementation of urban area redevelopment projects
Cemetery and Park Improvement Projects	1,654	1,654	-	Implementation of cemetery and park improvement projects
Funds	137,074	136,922	152	Management of 15 funds including an education fund
Advance Site Acquisition	25,524	25,524	-	Implementation of advance site acquisition projects
Government Bonds	651,242	651,136	106	Collective management of issue and redemption of city bonds
Total	1,315,705	1,309,422	6,284	

* Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

The city has established special accounts (13) and public enterprise accounts (6) in addition to general accounts.

Special accounts have been established for accounting separate from general revenues and expenditures in order to carry out specific works or allocate specific revenues to specific expenditures.

Settlement of Accounts of Public Enterprises for Fiscal Year 2006

(Million yen)

Account Name	Revenue	Expenditure	Balance	Description of Business
Hospital Business	23,027	24,207	(1,180)	Management and facility maintenance for a civilian hospital
Water Supply Business	51,684	50,449	1,235	Management and facility maintenance for a water supply business
Industrial Water Supply Business	843	804	39	Management and facility maintenance for an industrial water
Sewerage Business	77,949	76,322	1,627	Management and facility maintenance for a sewerage business
Bus Business	40,532	24,137	16,395	Management and facility maintenance for a city bus system business
Subway Business	82,454	87,436	(4,982)	Management and facility maintenance for a subway system business and construction of new lines
合 計	276,489	263,355	13,135	

* Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

The above accounts are related to extremely enterprise-like works which are run basically with the charges paid by recipients of resident services under an independent accounting system.

The bus business posted a large surplus due to the facts that extraordinary profit increased in connection with land selling and that no extraordinary loss in connection with transfer to reserves for retirement allowances was posted in the previous year.

Business Conditions of Public Enterprises in Fiscal Year 2006

(Million yen)

			Hospital Business	Water Supply Business	Industrial Water Supply Business	Sewerage Business	Bus Business	Subway Business
Balance Sheet	Assets	Total assets	30,843	360,633	12,191	1,029,219	21,093	824,597
		Fixed assets	29,030	315,344	10,731	977,750	18,336	813,904
		Current assets	1,812	45,290	1,459	50,991	2,757	10,693
		Offset account	-	-	-	478	-	-
	Liabilities	Total liabilities	3,457	46,057	381	24,884	46,538	305,229
		Fixed liabilities	-	30,233	47	1,309	31,013	286,574
		Current liabilities	3,457	15,824	334	23,575	15,526	18,654
	Shareholders' equity	Total shareholders' equity	27,385	314,576	11,810	1,004,335	(25,446)	519,368
		equity Owned capital	19,683	195,228	10,999	425,118	16,345	235,860
		Borrowed capital	14,109	109,197	233	552,958	11,317	463,021
Retained earnings		(6,406)	10,151	578	26,260	(53,107)	(179,513)	
Total liabilities and shareholders' equity		30,843	360,633	12,191	1,029,219	21,093	824,597	
Income Statement	Current income		23,027	51,684	843	77,949	40,532	82,454
	Current expenses		24,207	50,449	804	76,322	24,137	87,436
	Net income for the year		(1,180)	1,235	39	1,627	16,395	(4,982)
	Surplus at the beginning of the year		(6,893)	0	220	0	(72,631)	(313,540)
	Unappropriated earned surplus at year-end		(8,073)	1,235	259	1,627	(56,236)	(318,522)

* Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

Conditions of Funds in Fiscal Year 2006

Balance of Funds as of the End of Fiscal Year 2006

(Million yen)

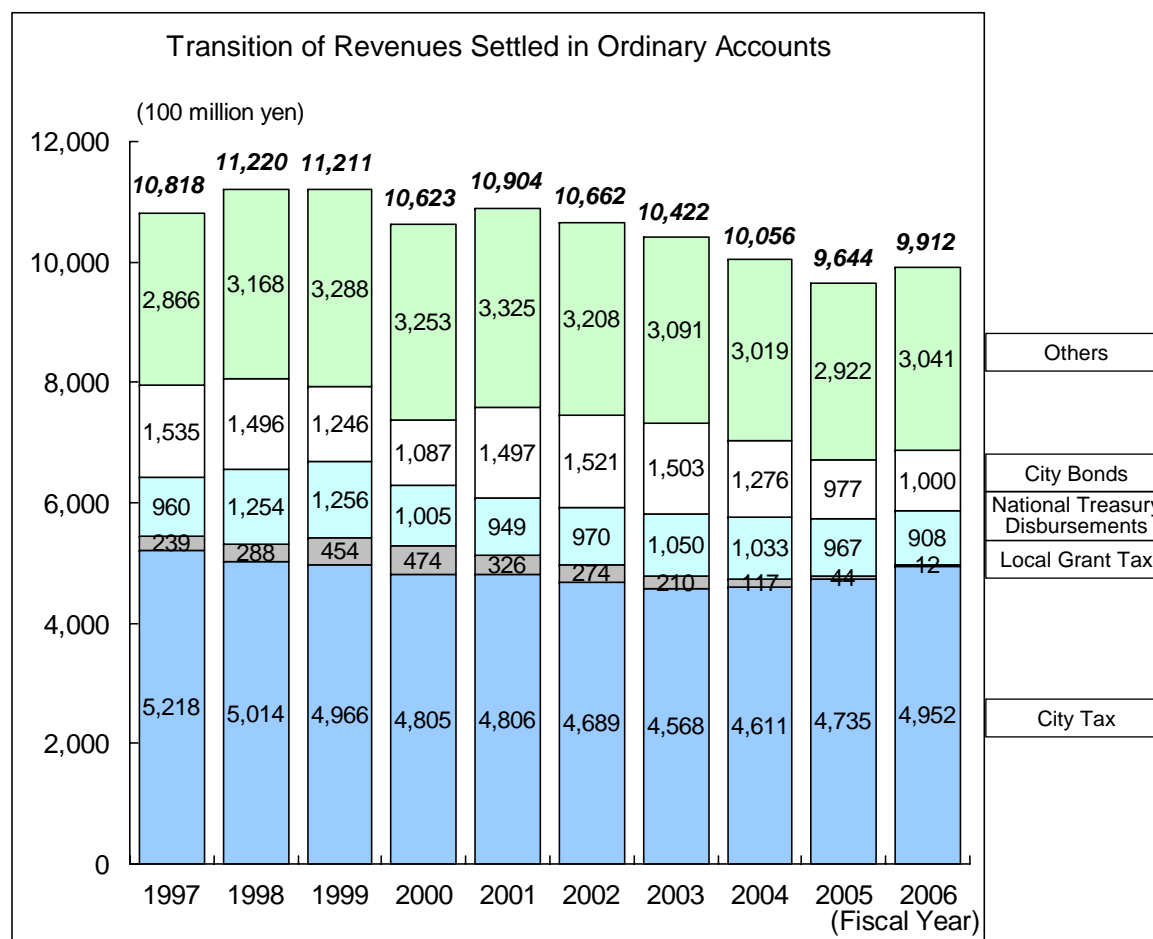
Name of Fund	Balance	Outline of Funds
Bond Redemption Fund	146,898	A fund to secure financial sources for redemption of city bonds through a planned accumulation
(For Bullet Redemption)	(145,500)	A fund to secure financial sources for bullet redemption of publicly offered city bonds, etc.
Financial Adjustment Fund	2,122	A fund to make adjustment among the financial sources for different fiscal years through accumulation of excess financial sources and reversal of reserves
Special Purpose Funds	22,797	Funds to apply reserves and investment income to specific purposes/works
Reserve Fund for Compensation for Fire Damage, etc.	8,614	
Reserve Fund for International Exchange Programs	2,270	
Reserve Fund for Cultural Promotion Programs	1,406	
Reserve Fund for Nursing Care Benefit Expenses	1,206	
Environmental Conservation Fund	607	
9 Other Funds	8,695	
Fixed-amount Funds	4,514	Funds to make investment within a fixed amount through repeated purchases and sales of land/works of art
Land Fund	4,000	
2 Other Funds	514	
Total	176,331	

* Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

Financial Structure of Nagoya City (Revenues)

Among the city's revenues settled, city tax revenues had remained almost flat in spite of susceptibility to special tax reductions and a stagnant economy and, in recent years, have accounted for an increasing proportion of the entire revenues.

The proportion of revenues from issue of city bonds had been going up as a result of social capital improvements in response to national economic packages and issue of tax reduction covering bonds and extraordinary financial measure bonds to cover the decrease in revenues due to special tax reductions. However, the proportion has been gradually going down as a result of efforts for restraint on issue of bonds in consideration for the fact that proceeds for principal and interest redemption have placed an increasing burden on financial management year by year.

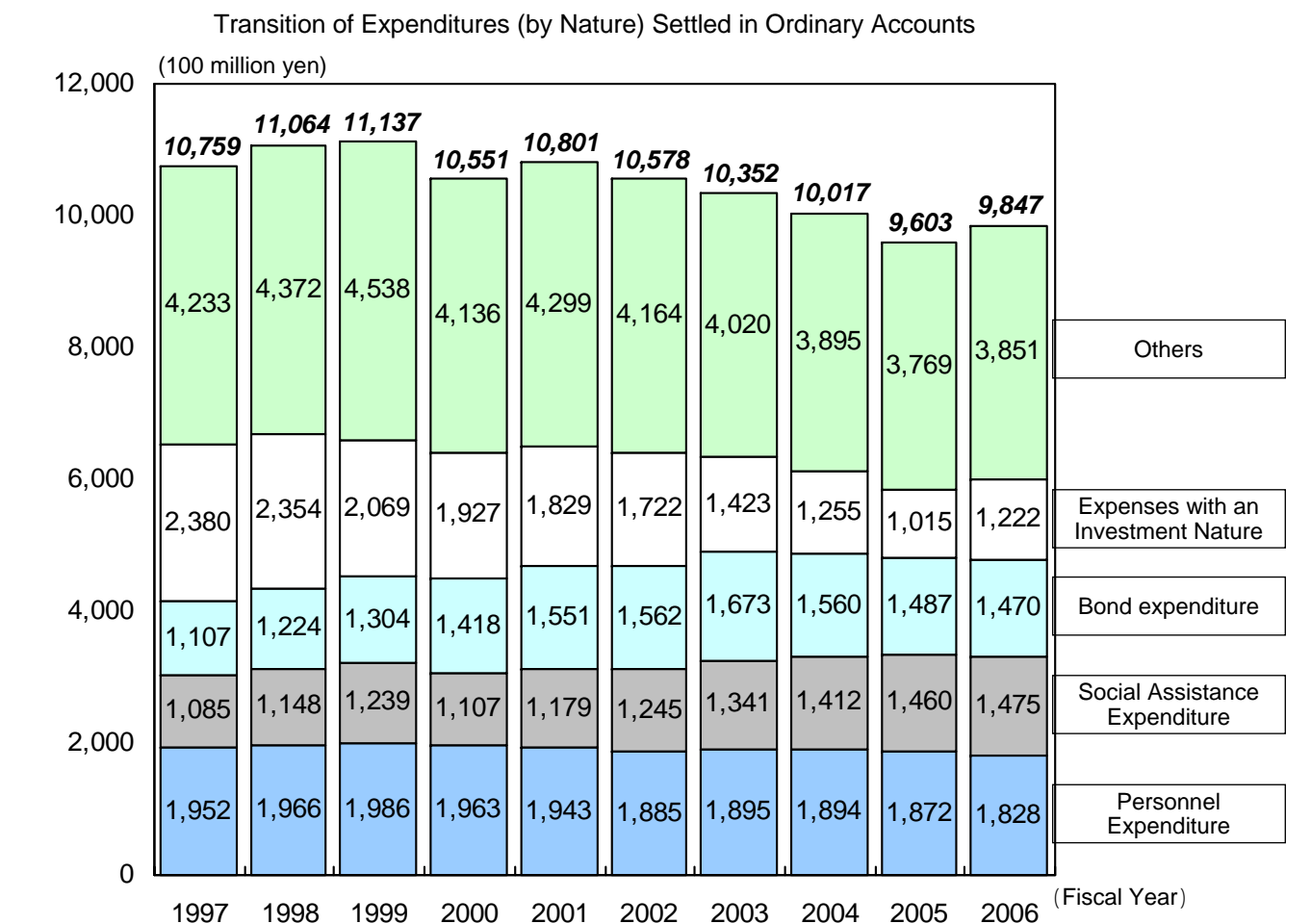


* Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

Financial Structure of Nagoya City (Expenditures)

Among expenditures classified by nature, expenses with an investment nature for fiscal year 2006 was approximately half of those for fiscal year 1997 as a result of efforts for restraint in consideration for severe financial conditions and a future increase in bond expenditure.

Although bond expenditure had been on a rise due to accumulated increase in outstanding city bonds issued in the past economic packages, it peaked in fiscal year 2003 and has been decreasing since fiscal year 2004.



* Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

Business Conditions of Auxiliary Organizations in Fiscal Year 2006

(Million yen)

			Nagoya City Land Development Corporation	Nagoya City Housing Supply Corporation	Nagoya Express Authority	24 Other Entities
Conditions of Contributions	Contributions		20	50	274,321	25,137
	Contributions by the City		20	50	137,161	14,437
	(Contribution Ratio)		100%	100%	50%	
	Number of Entities Invested		1	1	2	
Balance Sheet	Assets	Total assets	134,765	32,187	1,496,134	168,022
		Fixed assets	24	26,240	1,478,479	123,430
		Current assets	134,741	5,947	15,694	44,585
		Deferred account	-	-	1,961	7
	Liabilities	Total liabilities	133,348	29,096	1,221,813	149,406
		Fixed liabilities	120,951	13,852	1,206,522	105,044
		Current liabilities	12,397	15,245	15,290	44,363
	Net assets		1,418	3,091	274,321	18,616
	Total liabilities and net assets		134,765	32,187	1,496,134	168,022
Income Statement	Current income		39,671	19,731	57,486	65,183
	Current expenses		39,636	18,655	57,486	68,459
	Net income for the year		35	1,076	-	(3,276)
	Surplus at the beginning of the year		1,363	1,965	-	(9,247)
	Unappropriated earned surplus at year-end		1,398	3,041	-	(12,523)

* The above data is prepared with respect to entities half or more of whose fundamental property has been invested by the city.
Respective figures are rounded off to the nearest million, which may result in inconsistencies between totals and breakdowns.

Balance Sheet (Ordinary Accounts) for Fiscal Year 2006

(100 million yen)

Debit		Credit	
[Assets]		[Liabilities]	
Tangible fixed assets	32,691	Fixed liabilities	17,821
(Land	14,746)	City bonds (scheduled to be redeemed in and after fiscal year 2008)	16,431
Investments, etc.	7,590	Debt burden	71
Investments and contributions	5,045	Reserves for retirement allowances	1,319
Loans	2,292	Current liabilities	1,080
Funds	253	City bonds (scheduled to be redeemed in fiscal year 2007)	1,080
Current assets	251		
Cash and deposits	89	Total liabilities	18,901
Accounts receivable	162		
		[Net Assets]	
		National treasury disbursements	5,503
		Prefectural disbursements	700
		General financial sources, etc.	15,428
		Total net assets	21,631
Total Assets	40,532	Total liabilities and Net Assets	40,532

* Information concerning debt burden

(i) Debt burden relating to purchase of properties, etc.	76.1 billion yen
(ii) Debt burden relating to debt guarantee or loss compensation	5,718.2 billion yen
Breakdown	<div> <div>3 public corporations</div> <div>Jointly issued bonds</div> <div>Others</div> </div> <div> <div>544.3 billion yen</div> <div>5,113.7 billion yen</div> <div>60.2 billion yen</div> </div>
(iii) Debt burden relating to interest subsidies	0.1 billion yen

Debit		Credit	
[Assets]		[Liabilities]	
Tangible fixed assets	54,306	Fixed liabilities	31,697
(Land	15,913)	City bonds (scheduled to be redeemed in and after fiscal year 2008)	29,259
Investments, etc.	5,666	Debt burden	71
Investments and contributions	2,404	Reserves	2,130
Loans	2,236	Others	237
Funds	318	Current liabilities	3,616
Others	708	City bonds (scheduled to be redeemed in fiscal year 2007)	2,941
Current assets	1,338	Others	675
Cash and deposits	468		
Accounts receivable	401	Total liabilities	35,313
Others	469		
		[Net Assets]	
Deferred account	5		
		Total net assets	26,002
Total Assets	61,315	Total liabilities and Net Assets	61,315

0.1 billion yen

Administrative Cost Statement (Ordinary Accounts) for Fiscal Year 2006

Administrative Cost

Category	Total Amount (100 million yen)	Component Ratio (%)	Per Capita Amount (Thousand yen)
Cost relating to individuals	1,835	23.1	85.2
Personnel expenditure	1,658	20.8	77.0
Transfer to reserves for retirement allowances, etc.	177	2.3	8.2
Cost relating to objects	2,041	25.6	94.7
Cost of supplies	756	9.5	35.1
Maintenance and repair expenditure	257	3.2	11.9
Depreciation cost	1,028	12.9	47.7
Transfer expenditure	3,696	46.4	171.6
Social assistance expenditure	1,475	18.5	68.5
Subsidy expenditure	1,277	16.0	59.3
Transfers	605	7.6	28.1
Ordinary construction work expenditure (including subsidies to other entities)	339	4.3	15.7
Other cost	387	4.9	17.9
Bond expenditure (only including interest)	365	4.6	16.9
Amount of loss from non-payment	22	0.3	1.0
Total Administrative Cost A	7,959	100	369.4

Items of Income

Category	Total Amount (100 million yen)
Usage charge/commissions	994
National/Prefectural disbursements	1,021
General financial sources	5,911
Total income B	7,926
Amortization of net assets and national/prefectural disbursements C	233
General financial sources, etc. at the beginning of the year	15,533
Change in balance of general financial sources (D = B - A + C)	200
Adjustment	-305
General financial sources, etc. at year-end	15,428

* Per capita amounts are based on the population entered in the basic resident register as of the end of fiscal year 2006 (2,154,287 people).

An administrative cost statement is prepared to recognize activities for offering of administrative services not leading to formation of assets, including personal services and benefit package services, from the perspective of cost.

Disclaimer

- This report has been prepared by City of Nagoya for informational purposes only. It is not intended for sales purposes or as an offer to subscribe to a certain issue.
- This material has been prepared using various types of data believed to be reliable at the time. However, this is not a guarantee of its accuracy and completeness. Moreover, while future outlooks and projections indicated in this data are at present believed to be appropriate for City of Nagoya within the scope presented here, this is not a promise of their being realized in the future.
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