

Highlights of FY2012 Government Debt Management

Issue Amounts

- JGB total issuance amount for FY2012 is planned to be 174.2 trillion yen, while JGB market issuance amount (Calendar Base) is planned to be 149.7 trillion yen. Both amounts show an increase from their levels of the previous year, marking consecutive increases for four years on initial budget basis.

Main Policies in FY2012

○ Stable and Smooth Issuance of JGBs

- JGB total issuance amount in FY2012 is planned to reach the largest-ever amount on initial budget basis amid the unstable environment of the global financial market due to the European sovereign crisis etc. Through the process of dialogue with the market, JGB issuance plan was formulated based on the investor needs and market trends in order to achieve stable and smooth financing.
- Aiming at minimizing medium- to long-term refunding risk, the increase in JGB market issuance (Calendar Base) is allocated to 20-year and 10-year maturity ranges. The average maturity of the JGB market issuance was consequently lengthened to 7 years and 9 months in a stable manner.

○ Issuance of the “Reconstruction Bonds for Retail Investors” and the “Reconstruction Supporters’ Bonds for Retail Investors”

- Issuance of the “Reconstruction Bonds for Retail Investors”**
 - “Reconstruction Bonds for Retail Investors” will be continued to be issued to fund the expenditures for reconstruction from the Great East Japan Earthquake.
- Issuance of the “Reconstruction Supporters’ Bonds for Retail Investors”**
 - In addition, a new product will be issued from April 2012 with a view to encouraging a wide range of public to contribute to the reconstruction efforts with a low interest rate (0.05%) for the first three years.

○ Discussions and Preparation toward Resuming the Issuance of Inflation-Indexed Bonds

- Practical discussions will be held with market participants on detailed product designs etc toward resuming the issuance of Inflation-Indexed Bonds. The resumption is then expected with appropriate conditions in place.

JGB Issuance Plan for FY2012

〈Breakdown by Legal Grounds〉

(unit: trillion yen)

	FY2011 (initial)	FY2011 (Adjusted by 4th Supplementary Budget)	FY2012 (initial)
New Financial Resource Bonds	44.3	44.3	44.2
Reconstruction Bonds	-	11.6	2.7
FILP Bonds	14.0	16.5	15.0
Refunding Bonds	111.3	109.2	112.3
Total	169.6	181.5	174.2

〈Breakdown by Financing Methods〉

(unit: trillion yen)

	FY2011 (initial)	FY2011 (Adjusted by 4th Supplementary Budget)	FY2012 (initial)
Subtotal Financed in the Market	155.3	166.2	154.5
JGB Market Issuance (Calendar Base)	144.9	144.8	149.7
20-year	13.2	13.2	14.4
10-year	26.4	26.4	27.6
Subtotal for Households	2.5	3.5	3.0
JGBs for Retail Investors	2.0	3.0	2.5
BOJ Rollover	11.8	11.8	16.7
Total	169.6	181.5	174.2

(Reference) Buy-Back Program

- The buy-back operations will be carried out in the market up to approximately 3 trillion yen in FY2012.

JGB Issuance Plan for FY2012

<Breakdown by Legal Grounds>

(Unit: billion yen)

	FY2011 (Initial)	FY2011 (Adjusted by 4th Supplementary Budget)		FY2012 (Initial)		
	(a)	(b)	(b) - (a)	(c)	(c) - (a)	(c) - (b)
New Financial Resource Bonds	44,298.0	44,298.0	—	44,244.0	▲ 54.0	▲ 54.0
Construction Bonds	6,090.0	8,368.0	2,278.0	5,909.0	▲ 181.0	▲ 2,459.0
Special Deficit-Financing Bonds	38,208.0	35,930.0	▲ 2,278.0	38,335.0	127.0	2,405.0
Reconstruction Bonds	—	11,550.0	11,550.0	2,682.3	2,682.3	▲ 8,867.7
FILP Bonds	14,000.0	16,500.0	2,500.0	15,000.0	1,000.0	▲ 1,500.0
Refunding Bonds	111,296.3	109,154.4	▲ 2,141.9	112,305.0	1,008.7	3,150.6
For matured Reconstruction Bonds	—	—	—	3,448.8	3,448.8	3,448.8
Total	169,594.3	181,502.4	11,908.1	174,231.3	4,637.0	▲ 7,271.1

• The total buy-back amount in the market is up to approximately 3 trillion yen in FY2012 (Details of buy-back operations will be determined on a quarterly basis taking market conditions into consideration).

• The maximum amount of Front-Loaded Issuance of Refunding Bonds in FY2012 is 12 trillion yen.

(Note1) Figures may not sum up to total because of rounding.

(Note2) "JGB Market Issuance (Calendar Base)" refers to JGBs issued by scheduled auctions from April to next March.

(Note3) Non-price competitive auction II is an auction carried out after the price-competitive auction. The price offered is equal to the weighted average accepted price in the price-competitive auction. Only the JGB Market Special Participants are eligible to bid in this auction (The amount assignable to each Market Special Participant does not exceed 15% of the amount awarded to it in the price-competitive auction).

Non-price competitive auction II is estimated to be 3.75% of the JGB Market Issuance (40-Year, 30-Year, 20-Year, 10-Year, 5-Year and 2-Year Bonds).

<Breakdown by Financing Methods>

(Unit: billion yen)

	FY2011 (Initial)	FY2011 (Adjusted by 4th Supplementary Budget)		FY2012 (Initial)		
	(a)	(b)	(b) - (a)	(c)	(c) - (a)	(c) - (b)
JGB Market Issuance (Calendar Base)	144,900.0	144,800.0	▲ 100.0	149,700.0	4,800.0	4,900.0
Non-Price Competitive Auction II	4,005.0	6,728.8	2,723.8	4,185.0	180.0	▲ 2,543.8
Adjustment by Depleting Front-Loaded Issuance	6,389.3	14,673.5	8,284.3	646.3	▲ 5,743.0	▲ 14,027.2
Subtotal Financed in the Market	155,294.3	166,202.4	10,908.1	154,531.3	▲ 763.0	▲ 11,671.1
Nonmarketable JGBs for Retail Investors	2,000.0	3,000.0	1,000.0	2,500.0	500.0	▲ 500.0
OTC Sales for Households	500.0	500.0	—	500.0	—	—
Subtotal for Households	2,500.0	3,500.0	1,000.0	3,000.0	500.0	▲ 500.0
BOJ Rollover	11,800.0	11,800.0	—	16,700.0	4,900.0	4,900.0
Total	169,594.3	181,502.4	11,908.1	174,231.3	4,637.0	▲ 7,271.1

<Market Issuance Plan by JGB Types>

(Unit: trillion yen)

	FY2011 (Initial)			FY2011 (Adjusted by 4th Supplementary Budget)			FY2012 (Initial)		
	(a)		(b)	(b) - (a)		(c)		(c) - (a)	(c) - (b)
40-Year	0.4 × 4 times	1.6	0.4 × 4 times	1.6	—	0.4 × 4 times	1.6	—	—
30-Year	0.7 × 8 times	5.6	0.7 × 8 times	5.6	—	0.7 × 8 times	5.6	—	—
20-Year	1.1 × 12 times	13.2	1.1 × 12 times	13.2	—	1.2 × 12 times	14.4	+ 1.2	+ 1.2
10-Year	2.2 × 12 times	26.4	2.2 × 12 times	26.4	—	2.3 × 12 times	27.6	+ 1.2	+ 1.2
5-Year	2.4 × 12 times	28.8	2.4 × 8 times 2.5 × 4 times	29.2	+ 0.4	2.5 × 12 times	30.0	+ 1.2	+ 0.8
2-Year	2.6 × 12 times	31.2	2.6 × 8 times 2.7 × 4 times	31.6	+ 0.4	2.7 × 12 times	32.4	+ 1.2	+ 0.8
TBs (1-Year)	2.5 × 12 times	30.0	2.5 × 12 times	30.0	—	2.5 × 12 times	30.0	—	—
TBs (6-Month)		0.9		—	▲ 0.9		0.9	—	+ 0.9
10-Year Inflation-Indexed		—		—	—	To be determined after practical discussions (*)			
Auctions for Enhanced-Liquidity	0.6 × 12 months	7.2	0.6 × 12 months	7.2	—	0.6 × 12 months	7.2	—	—
Total		144.9		144.8	▲ 0.1		149.7	+ 4.8	+ 4.9

(Note1) In FY2012, 40-Year Bonds will be issued in May, August, November and February, while 30-Year Bonds will be issued in April, June, July, September, October, December, January and March.

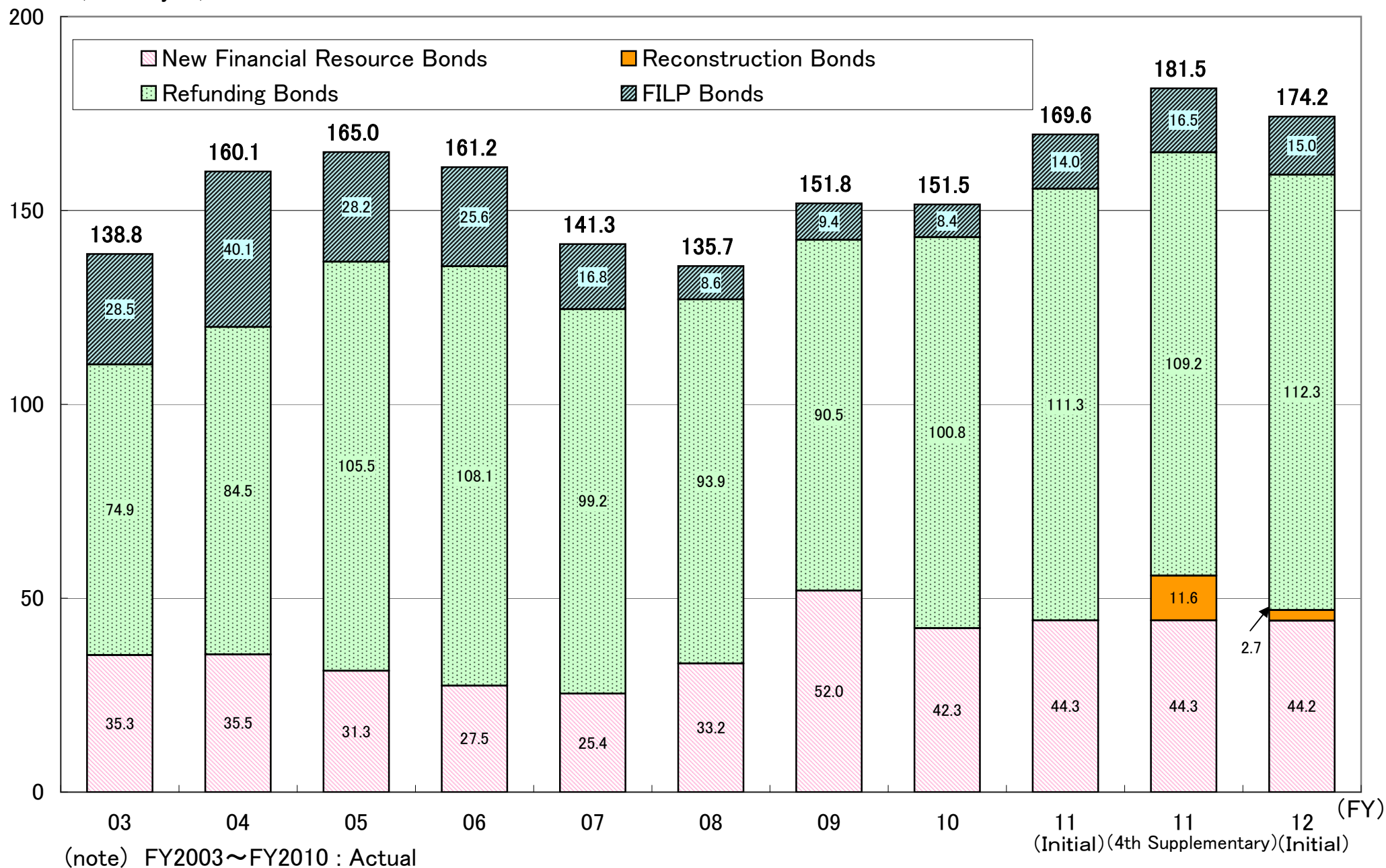
(Note2) With regard to TBs(6-Month), only the total amount is listed since TBs and FBs are issued as unified bills (T-Bills).

(Note3) Details of Auctions for Enhanced-Liquidity will be determined on a quarterly basis taking market conditions into consideration.

(*) Practical discussions will be held with market participants on detailed product designs etc toward resuming the issuance of Inflation-Indexed Bonds. The resumption is then expected with appropriate conditions in place.

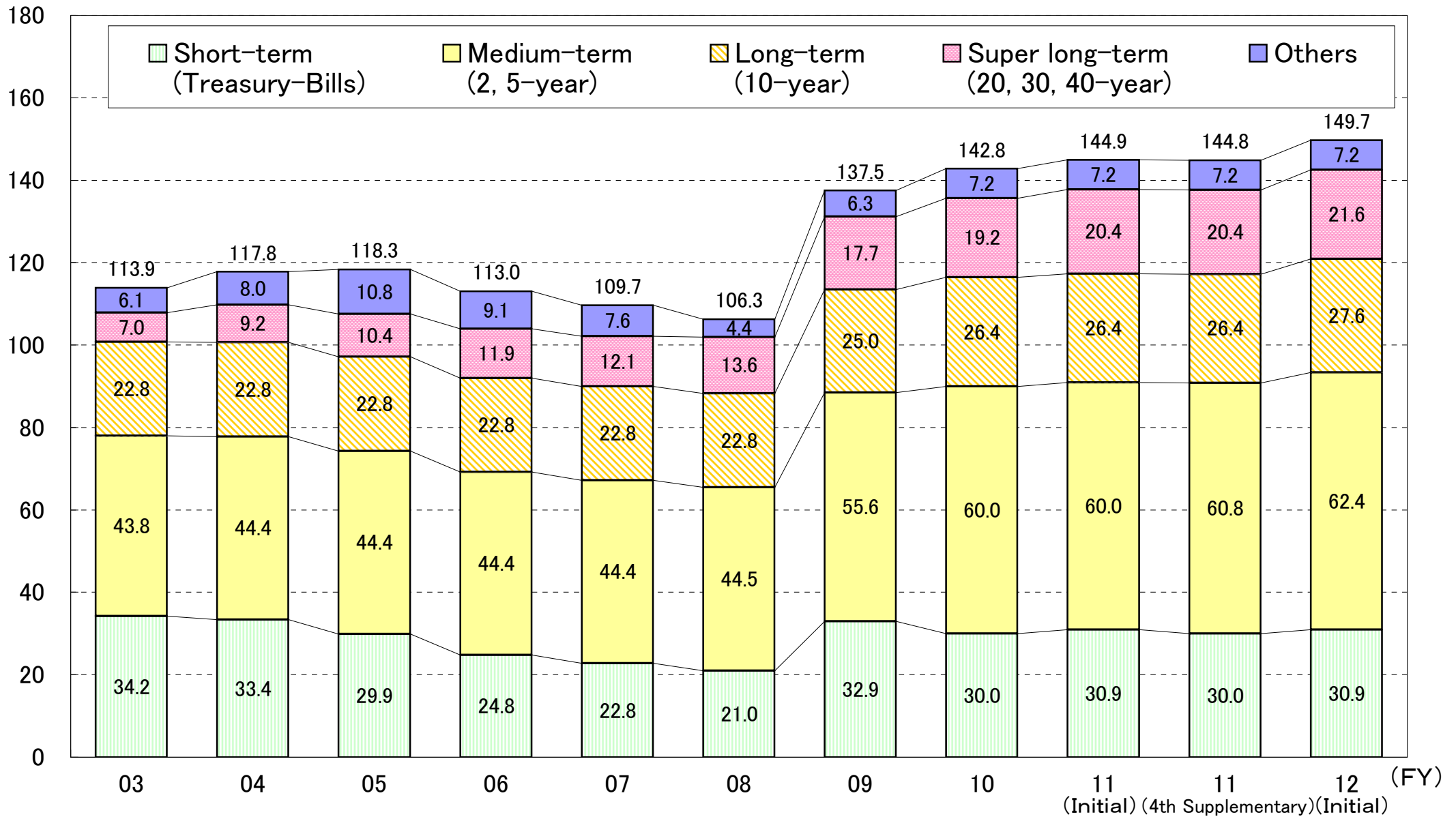
Historical Changes in JGB Issuance Plan

(trillion yen)



Historical Changes in Market Issuance Plan by JGB Types

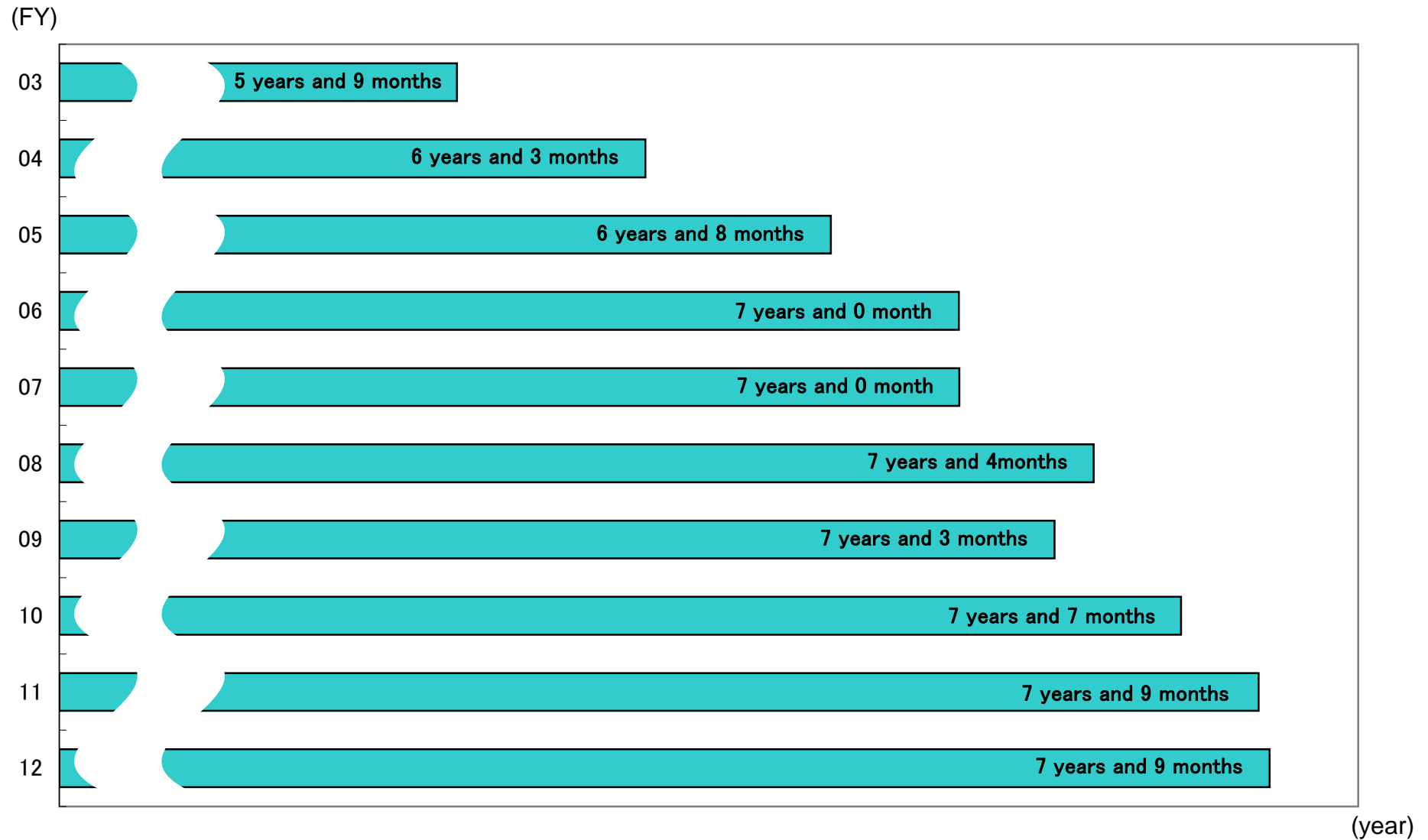
(trillion yen)



(note) FY2003~FY2010 : Actual

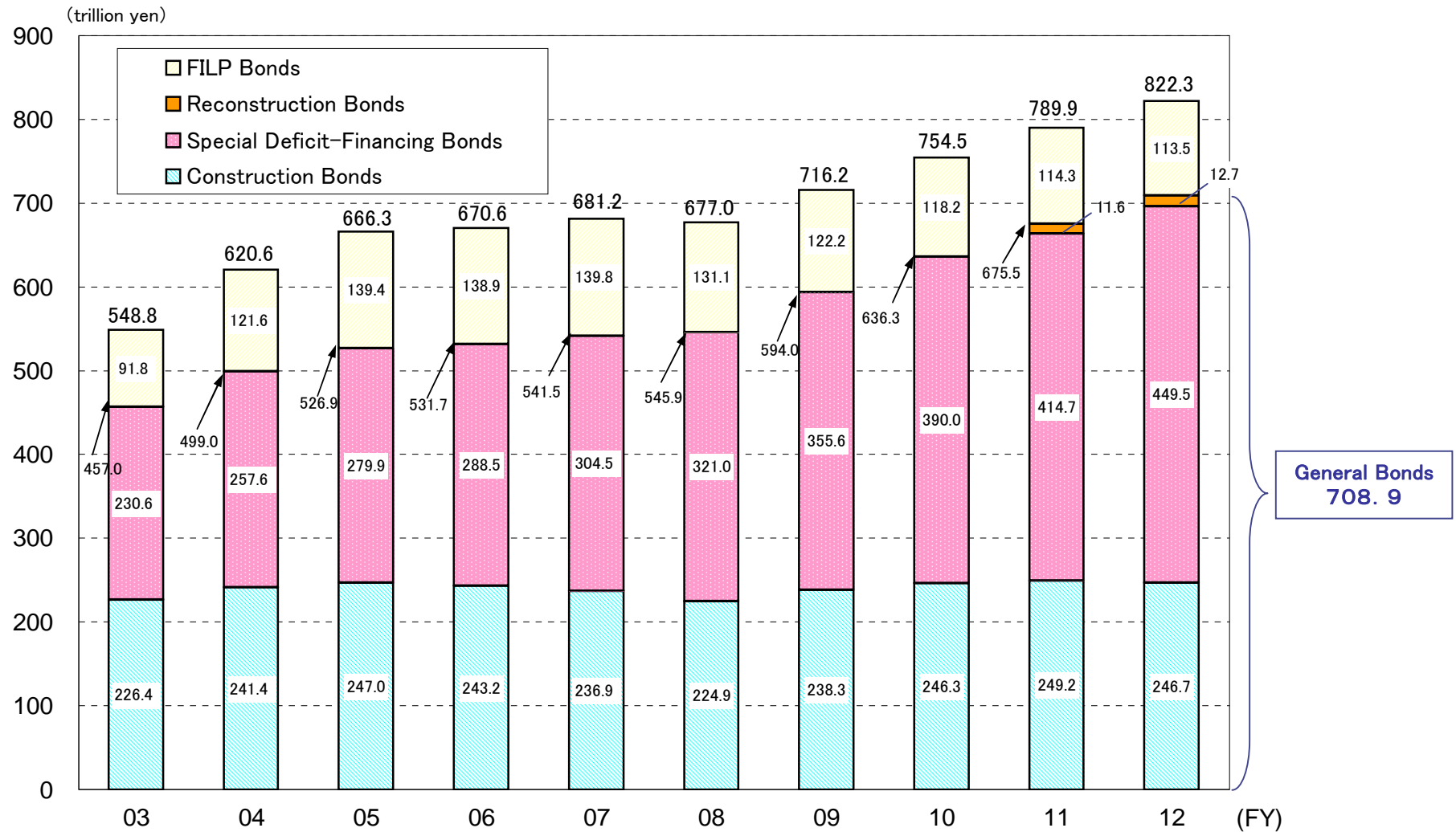
(Initial) (4th Supplementary) (Initial)

The Average Maturity of JGB Market Issuance



(Note) FY2003-2010: Actual figures, FY2011: Figure based on 4th Supplementary budget,
FY2012: Figure based on the initial issuance plan

Outstanding Amount of JGBs



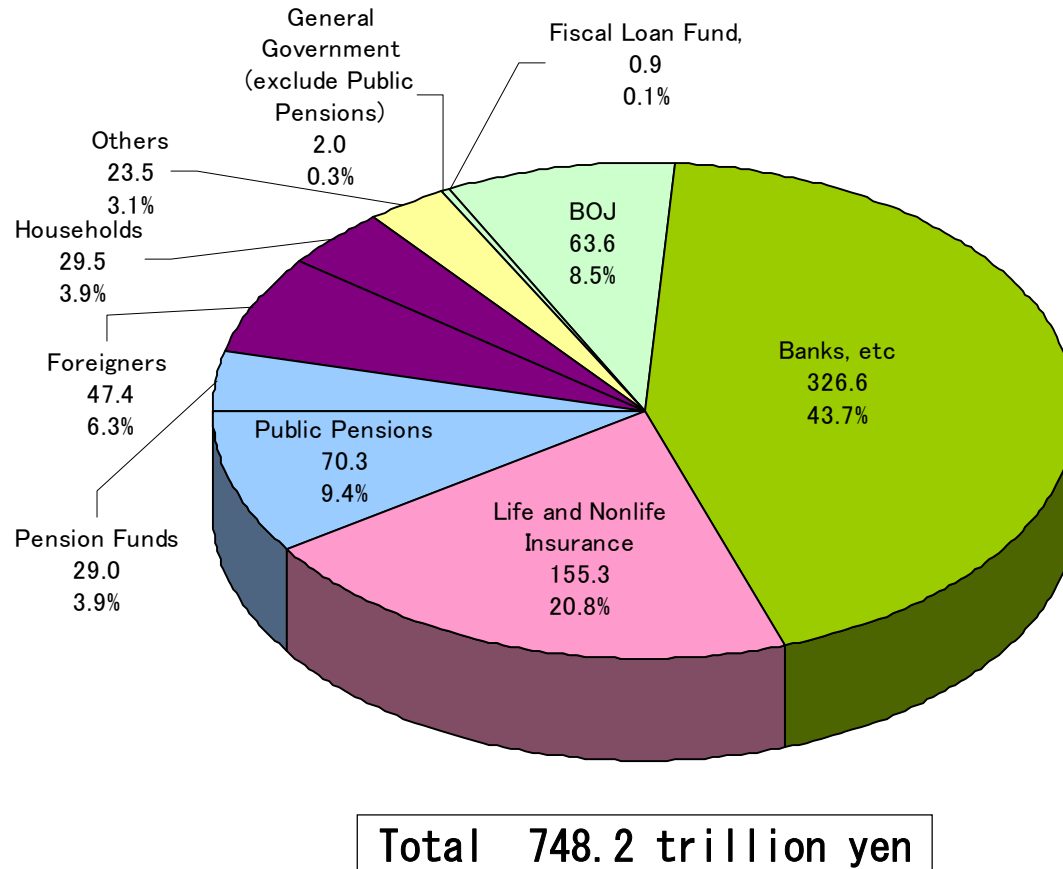
(note1) Figures are based on nominal amount.

(note2) FY2003 ~ FY2010 : Actual FY2011 ~ FY2012 : Estimates

(note3) Special Deficit-financing Bonds include Refunding Bonds which were issued resulting from the takeover of debts transferred.

Breakdown of JGB Holders

(The end of Sep. 2011(QE))



(Source) Bank of Japan, "Flow of Funds"

(Note1) "JGB" includes FILP Bonds, does not include T-Bills.

(Note2) "Banks, etc." includes Japan Post Bank, "Securities investment trust" and "Securities Companies."

(Note3) "Life and Nonlife Insurance" includes Japan Post Insurance.