

Highlights of FY2013 Government Debt Management

Issuance Size

- The total issuance amount of the JGB for FY2013 is planned to be 170.5 trillion yen, making decrease from last year's initial budget. JGB market issuance amount (Calendar Base issuance) is to increase from the previous year, marking fifth consecutive year of increase. This is mainly because additional issuance necessary for the FY 2012 Supplementary Budget is deferred in FY2013.

Main Policies in FY2013

○ Well-Balanced Increase in Maturities and Development of 30-Year Bonds Market

- JGB market issuance from April 2013 will be increased, reflecting the needs and trends of the market: The FY2013 increase and the increase of issuance from February 2013 under the FY 2012 Supplementary Budget will be taken into account together in making the well-balanced increase of bonds in maturities. The average maturity of JGB market issuance is steadily lengthened to 7 years 11 months.
- The frequency of 30-Year Bonds issuance will be changed from 8 times a year to monthly issuance, to facilitate the development of 30-Year Bonds market.

○ Resuming the Issuance of Inflation-Indexed Bonds

- The issuance of Inflation-Indexed Bonds (JGBi) will be resumed with revised product design, that guarantee principal at maturity. The details such as when to resume will be examined through the discussions with market participants.

○ Reduction of the Issuance of Refunding Bonds by Using the Government Debt Consolidation Fund (GDCF)

- The balance of the GDCF has been maintained at the level which is enough to address operational risks (in case of facing difficulty in issuing Refunding Bonds owing to natural disaster, system trouble, etc.). As we are now capable of temporary borrowings from the Bank of Japan in cases when such risks arise, the amount of the GDCF is reduced to the level needed for preparing for incidental auction fails which cannot be covered by the borrowings from the BoJ. The reduction of the GDCF is planned to be allocated to redemption, and consequently, the refunding bond issuance will be reduced.

(Estimated GDCF balance : 10.2 trillion yen (end of FY 2012) → 3 trillion yen (end of FY2013))

JGB Issuance Plan for FY2013

<Breakdown by Legal Grounds>

(Unit: trillion yen)

	FY2012 (Initial)	FY2012 (Supplementary Budget)	FY2013 (Initial)
Construction Bonds, Special Deficit-Financing Bonds	44.2	49.5	42.9
Special Bonds for covering Public Pension Funding	—	2.6	2.6
Subtotal for the General Account	44.2	52.0	45.5
Reconstruction Bonds	2.7	2.4	1.9
FILP Bonds	15.0	15.0	11.0
Refunding Bonds	112.3	111.1	112.2
Total	174.2	180.5	170.5

<Breakdown by Financing Methods>

(Unit: trillion yen)

	FY2012 (Initial)	FY2012 (Supplementary Budget)	FY2013 (Initial)
Subtotal Financed in the Market	154.5	161.4	156.8
JGB Market Issuance (Calendar Base)	149.7	149.4	156.6
Subtotal for Households	3.0	2.4	2.0
BOJ Rollover	16.7	16.7	11.7
Total	174.2	180.5	170.5

(Reference) Buy-Back Program

- The buy-back operations will be carried out in the market up to approximately 2.7 trillion yen in FY2013.

JGB Issuance Plan for FY2013

<Breakdown by Legal Grounds>

(Unit: billion yen)

	FY2012 (Initial)	FY2012 (Adjusted by Supplementary Budget)		FY2013 (Initial)		
	(a)	(b)	(b) - (a)	(c)	(c) - (a)	(c) - (b)
Construction Bonds	5,909.0	11,429.0	5,520.0	5,775.0	▲ 134.0	▲ 5,654.0
Special Deficit-Financing Bonds	38,335.0	38,036.0	▲ 299.0	37,076.0	▲ 1,259.0	▲ 960.0
Subtotal	44,244.0	49,465.0	5,221.0	42,851.0	▲ 1,393.0	▲ 6,614.0
Special Bonds for covering Public Pension Funding	—	2,584.2	2,584.2	2,611.0	2,611.0	26.9
Subtotal for the General Account	44,244.0	52,049.2	7,805.2	45,462.0	1,218.0	▲ 6,587.1
Reconstruction Bonds	2,682.3	2,403.3	▲ 279.0	1,902.6	▲ 779.7	▲ 500.7
FILP Bonds	15,000.0	15,000.0	—	11,000.0	▲ 4,000.0	▲ 4,000.0
Refunding Bonds	112,305.0	111,074.1	▲ 1,230.9	112,180.6	▲ 124.4	1,106.5
For matured Reconstruction Bonds	3,448.8	2,513.0	▲ 935.8	3,669.0	220.2	1,156.0
Total	174,231.3	180,526.6	6,295.3	170,545.2	▲ 3,686.1	▲ 9,981.3

<Breakdown by Financing Methods>

(Unit: billion yen)

	FY2012 (Initial)	FY2012 (Adjusted by Supplementary Budget)		FY2013 (Initial)		
	(a)	(b)	(b) - (a)	(c)	(c) - (a)	(c) - (b)
JGB Market Issuance (Calendar Base)	149,700.0	149,400.0	▲ 300.0	156,600.0	6,900.0	7,200.0
Non-Price Competitive Auction II	4,185.0	6,232.6	2,047.6	4,477.5	292.5	▲ 1,755.1
Adjustment between fiscal years	646.3	5,794.0	5,147.7	▲ 4,232.3	▲ 4,878.6	▲ 10,026.3
Subtotal Financed in the Market	154,531.3	161,426.6	6,895.3	156,845.2	2,313.9	▲ 4,581.3
Nonmarketable JGBs for Retail Investors	2,500.0	2,000.0	▲ 500.0	1,600.0	▲ 900.0	▲ 400.0
OTC Sales for Households	500.0	400.0	▲ 100.0	400.0	▲ 100.0	—
Subtotal for Households	3,000.0	2,400.0	▲ 600.0	2,000.0	▲ 1,000.0	▲ 400.0
BOJ Rollover	16,700.0	16,700.0	—	11,700.0	▲ 5,000.0	▲ 5,000.0
Total	174,231.3	180,526.6	6,295.3	170,545.2	▲ 3,686.1	▲ 9,981.3

- The total buy-back amount in the market is up to approximately 2.7 trillion yen in FY2013 (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 FY2013 is 20 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, 2-Year Bonds and Inflation-Indexed Bonds).

(Note4) "Adjustment between fiscal years" refers to leveling-off of issue amount between fiscal years through front-loading issuance and deferred issuance in the accounting adjustment term.

(Unit: trillion yen)

	FY2012 (Initial)		FY2012 (Adjusted by Supplementary Budget)			FY2013 (Initial)			
	(per time)	(total; a)	(per time)	(total; b)	(b) - (a)	(per time)	(total; 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	—	0.5 × 4 times 0.6 × 8 times	6.8	1.2	1.2
20-Year	1.2 × 12 times	14.4	1.2 × 12 times	14.4	—	1.2 × 12 times	14.4	—	—
10-Year	2.3 × 12 times	27.6	2.3 × 10 times 2.4 × 2 times	27.8	0.2	2.4 × 12 times	28.8	1.2	1.0
5-Year	2.5 × 12 times	30.0	2.5 × 10 times 2.7 × 2 times	30.4	0.4	2.7 × 12 times	32.4	2.4	2.0
2-Year	2.7 × 12 times	32.4	2.7 × 12 times	32.4	—	2.9 × 12 times	34.8	2.4	2.4
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	—
10-Year Inflation-Indexed	To be determined after practical discussions		To be determined after practical discussions				0.6	0.6	0.6
Auctions for Enhanced-Liquidity	0.6 × 12 months	7.2	0.6 × 12 months	7.2	—	0.6 × 12 months	7.2	—	—
Total		149.7		149.4	▲ 0.3		156.6	6.9	7.2

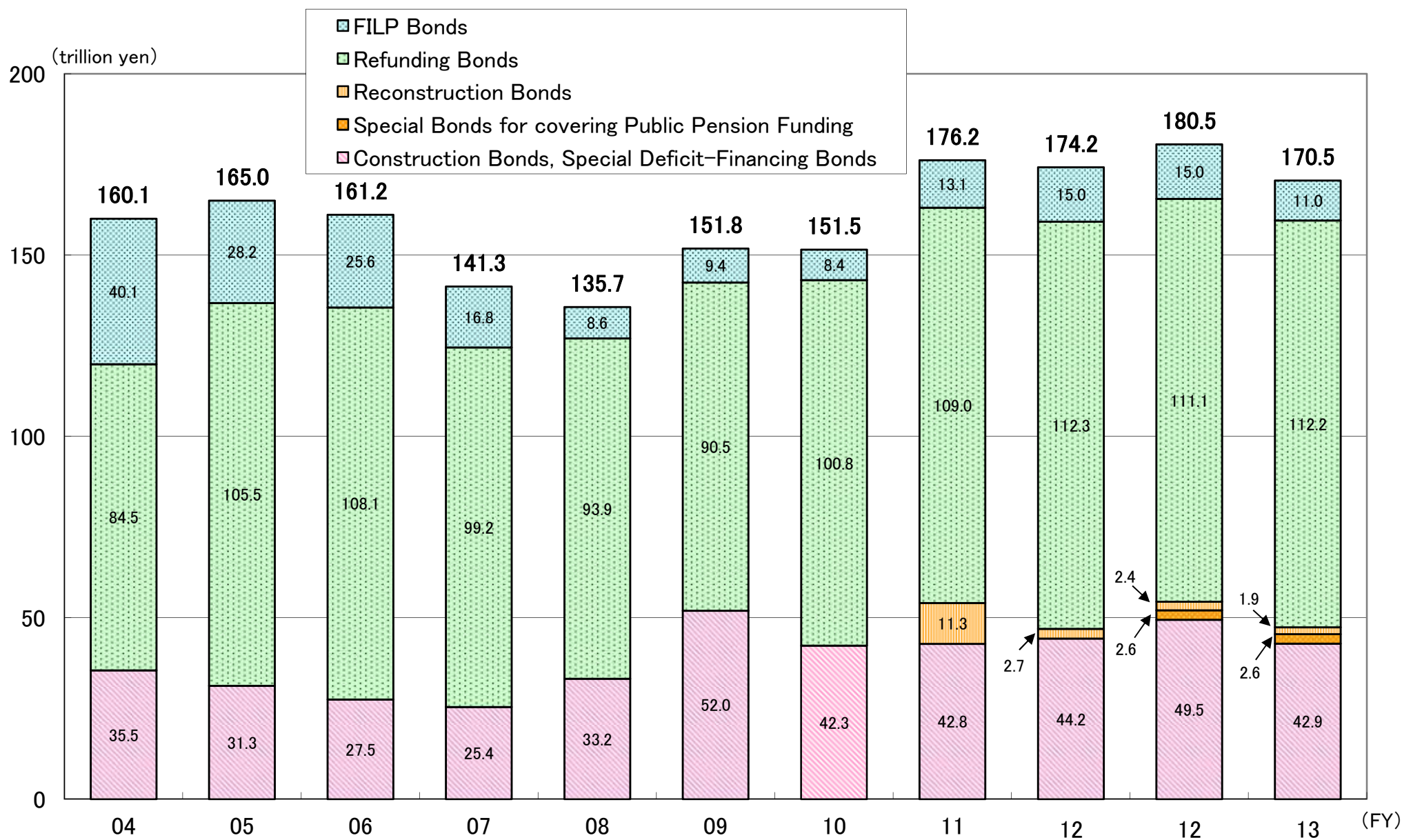
(Note1) 40-Year Bonds will be issued in May, August, November and February.

(Note2) 30-Year Bonds will be issued 0.5 trillion yen in May, August, November and February and will be issued 0.6 trillion yen in other months.

(Note3) The issuance of Inflation-Indexed Bonds (JGBi) will be resumed with revised product design, that guarantee principal at maturity. The details such as when to resume will be examined through the discussions with market participants.

(Note4) Details of Auctions for Enhanced-Liquidity will be determined on a quarterly basis taking market conditions into consideration.

Historical Changes in JGB Issuance Plan

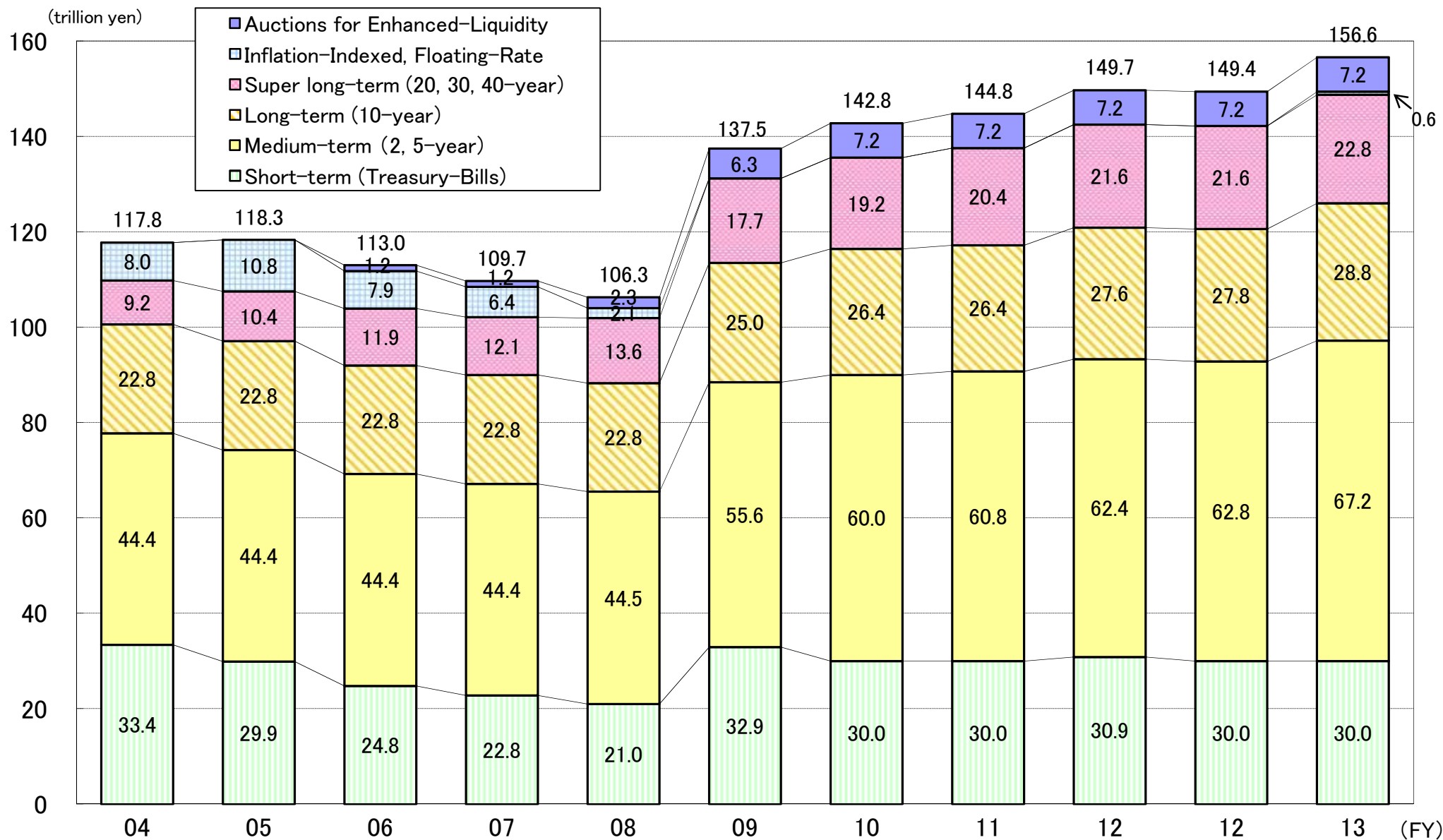


(note1) FY2004 ~ FY2011 : Actual figures

(note2) Figures may not sum up to total because of rounding.

(Initial)(Supplementary)(Initial)

Historical Changes in Market Issuance Plan by JGB Types

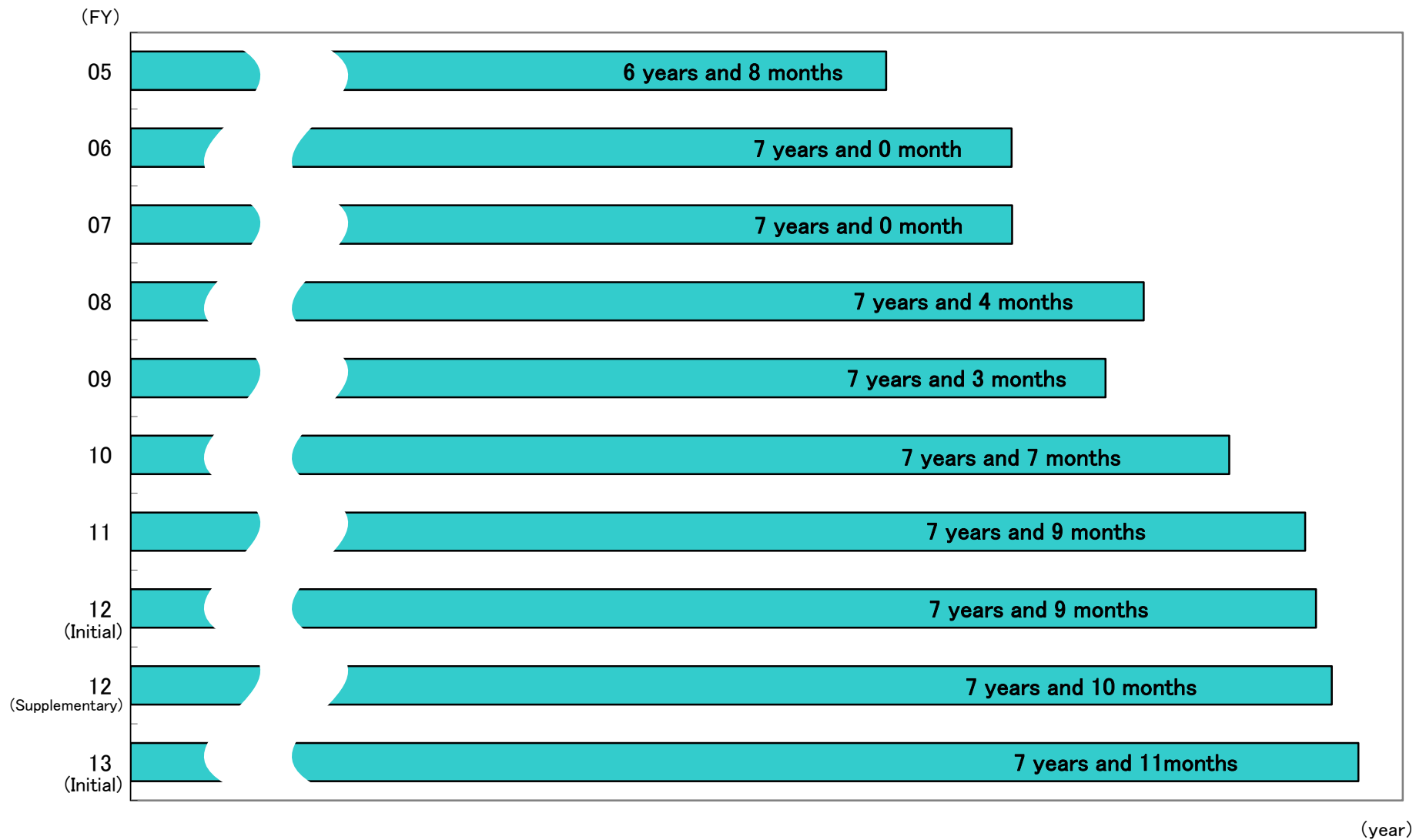


(note1) FY2004 ~ FY2011 : Actual figures

(Initial) (Supplementary) (Initial)

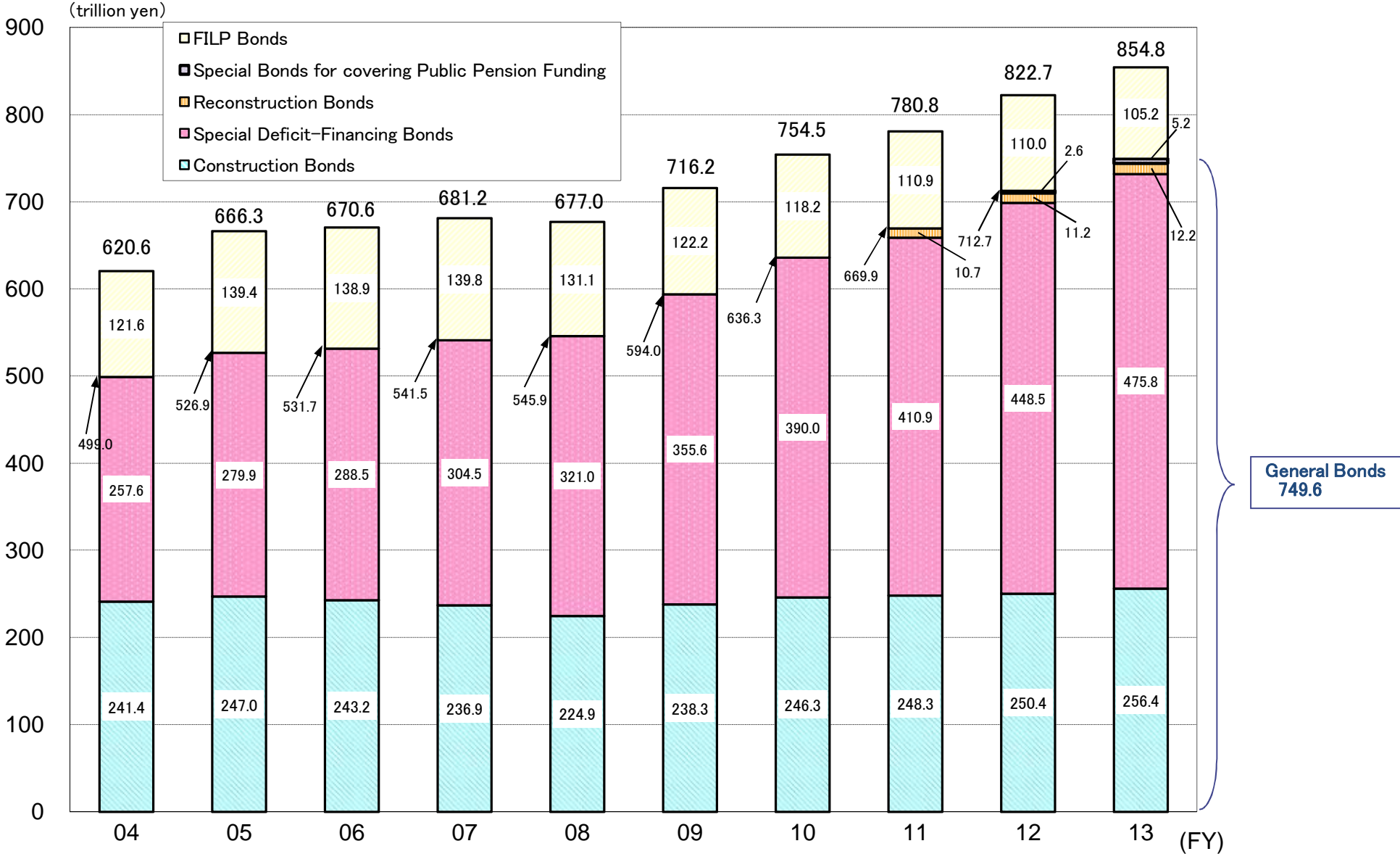
(note2) The short-term JGBs are discount bonds. The medium-, long-, and super long-term bonds are the bonds with fixed-rate coupons.

The Average Maturity of JGB Market Issuance



(note) FY2005~FY2011: Actual figures

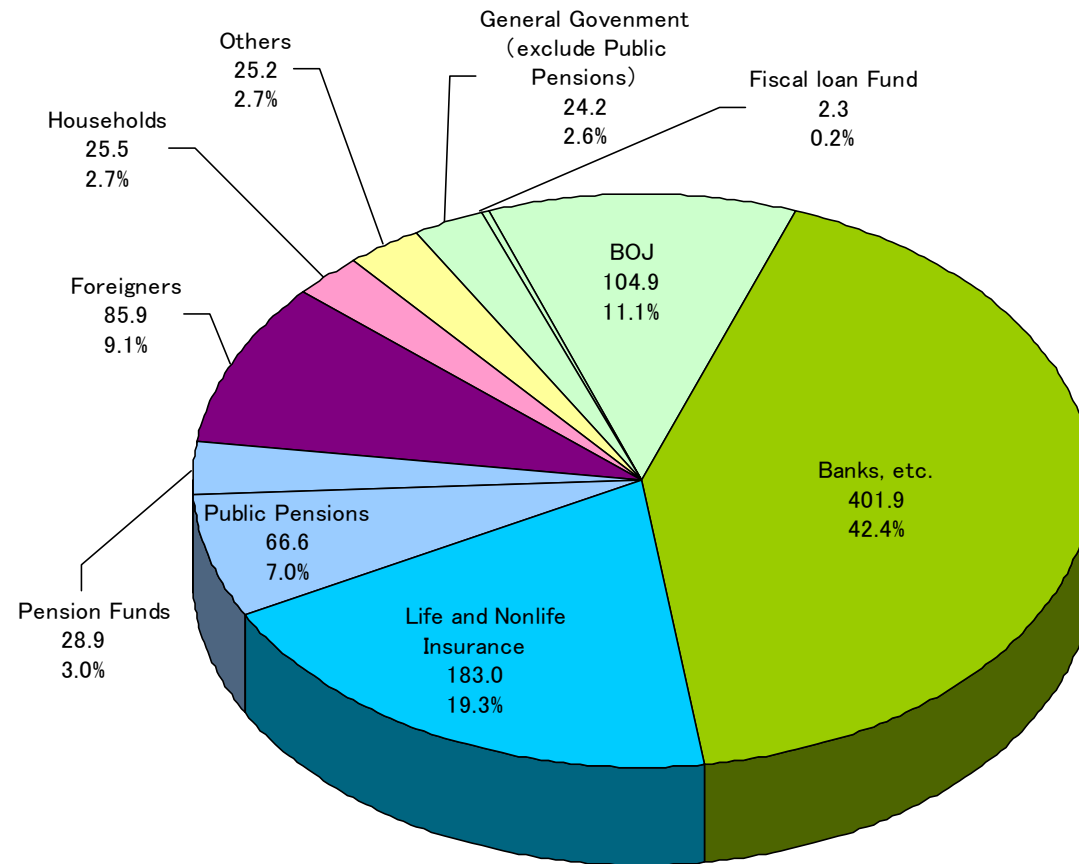
Outstanding Amount of JGBs



(note1) Figures may not sum up to total because of rounding.
 (note2) FY2004 ~ FY2011: Actual figures, FY2012 ~ FY2013: 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. 2012(QE))



Total 948.4 trillion yen

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

(Note1) "JGB" includes FILP Bonds and T-Bills.

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

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