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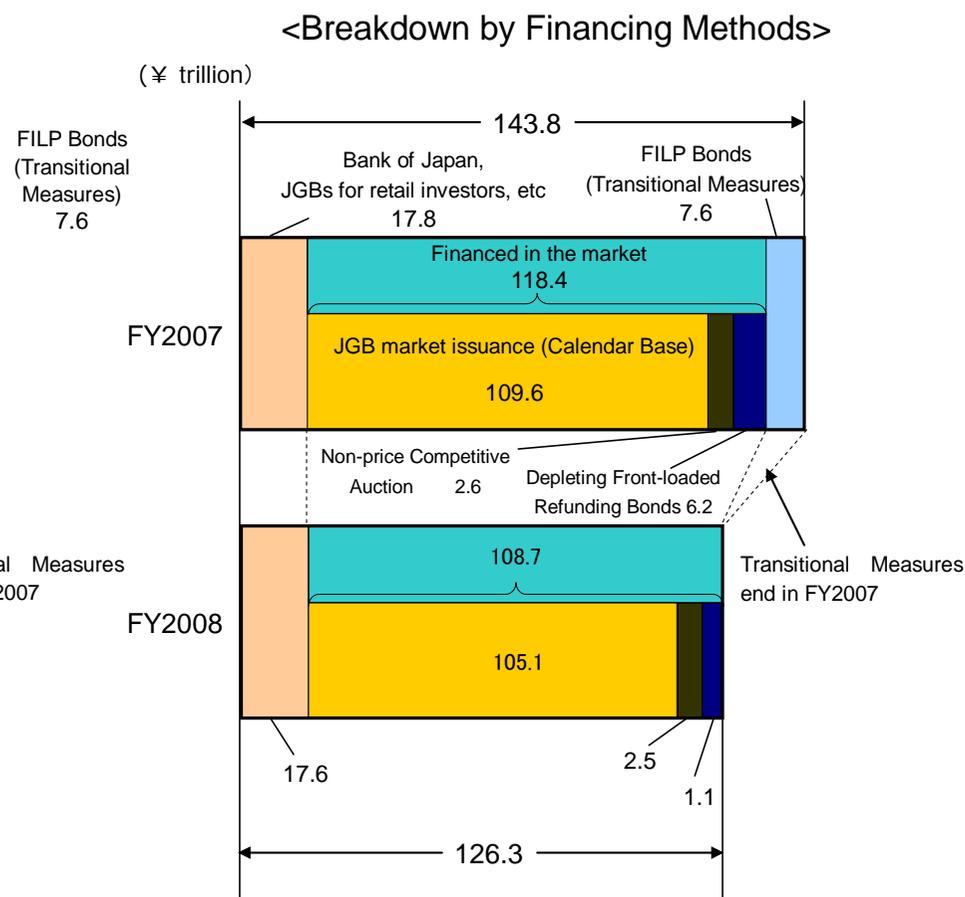
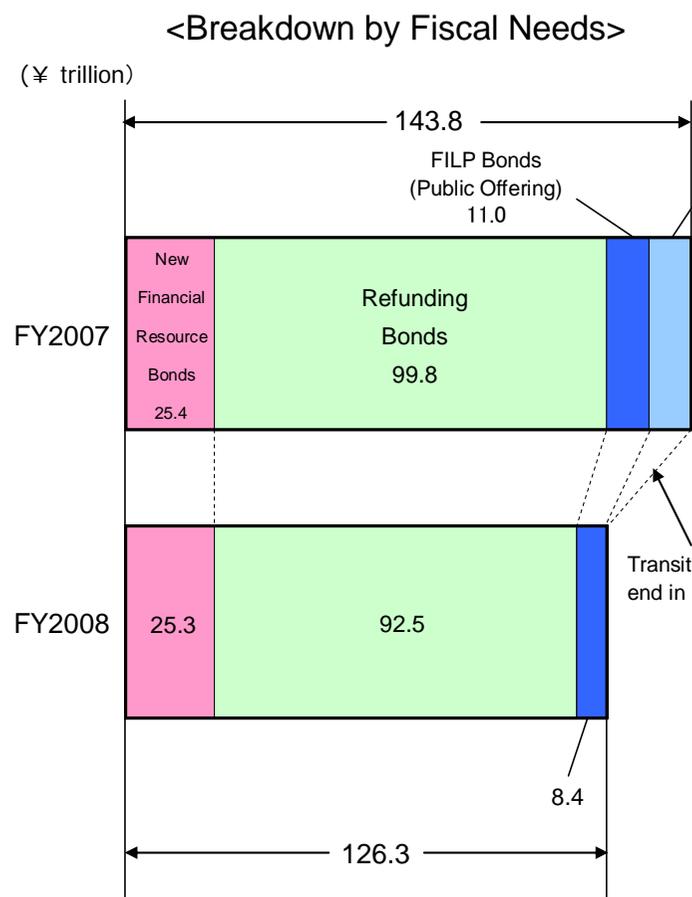
FY2008 JGB Issuance Plan

with Debt Management Policy Initiatives for FY2008

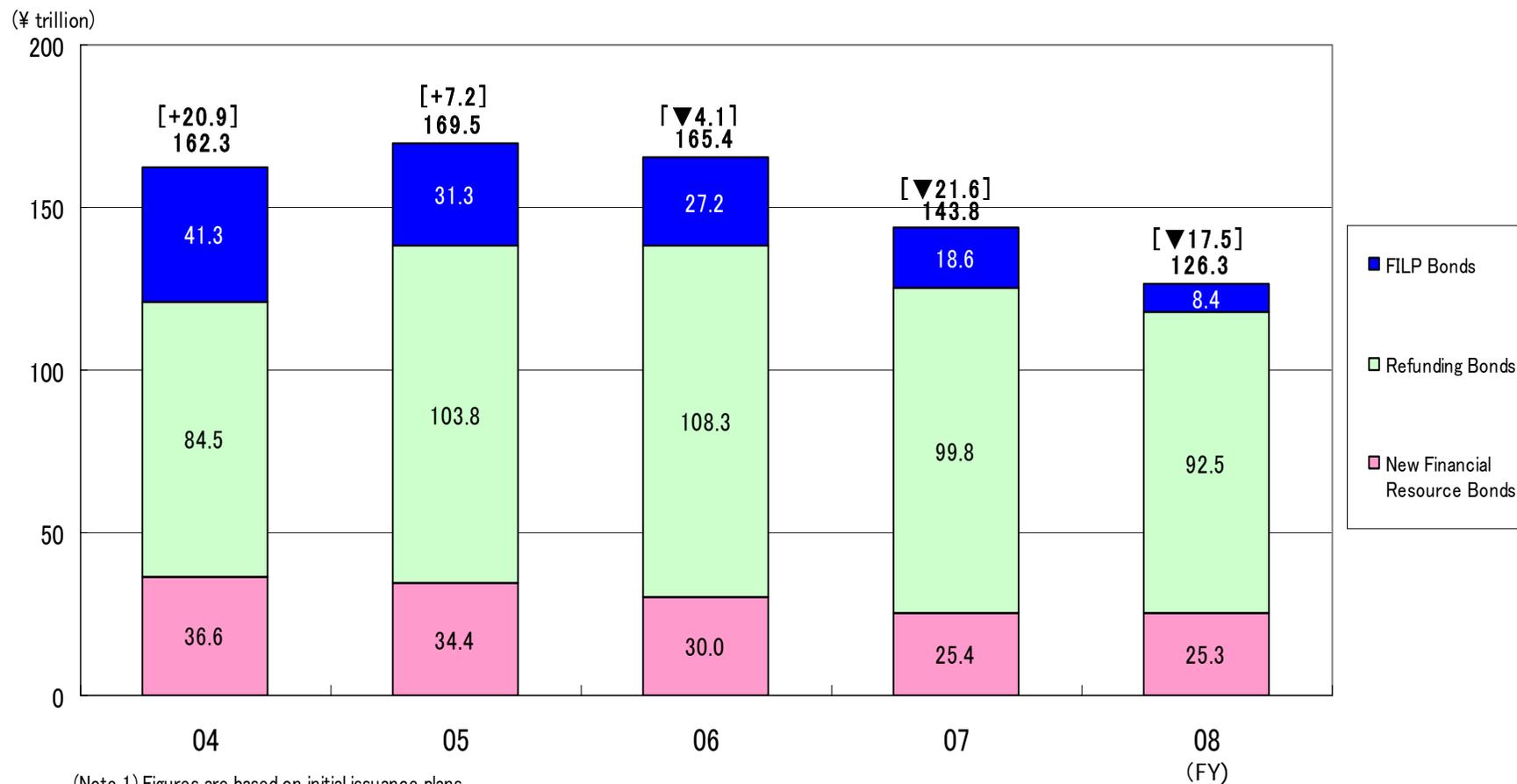
Ministry of Finance Japan



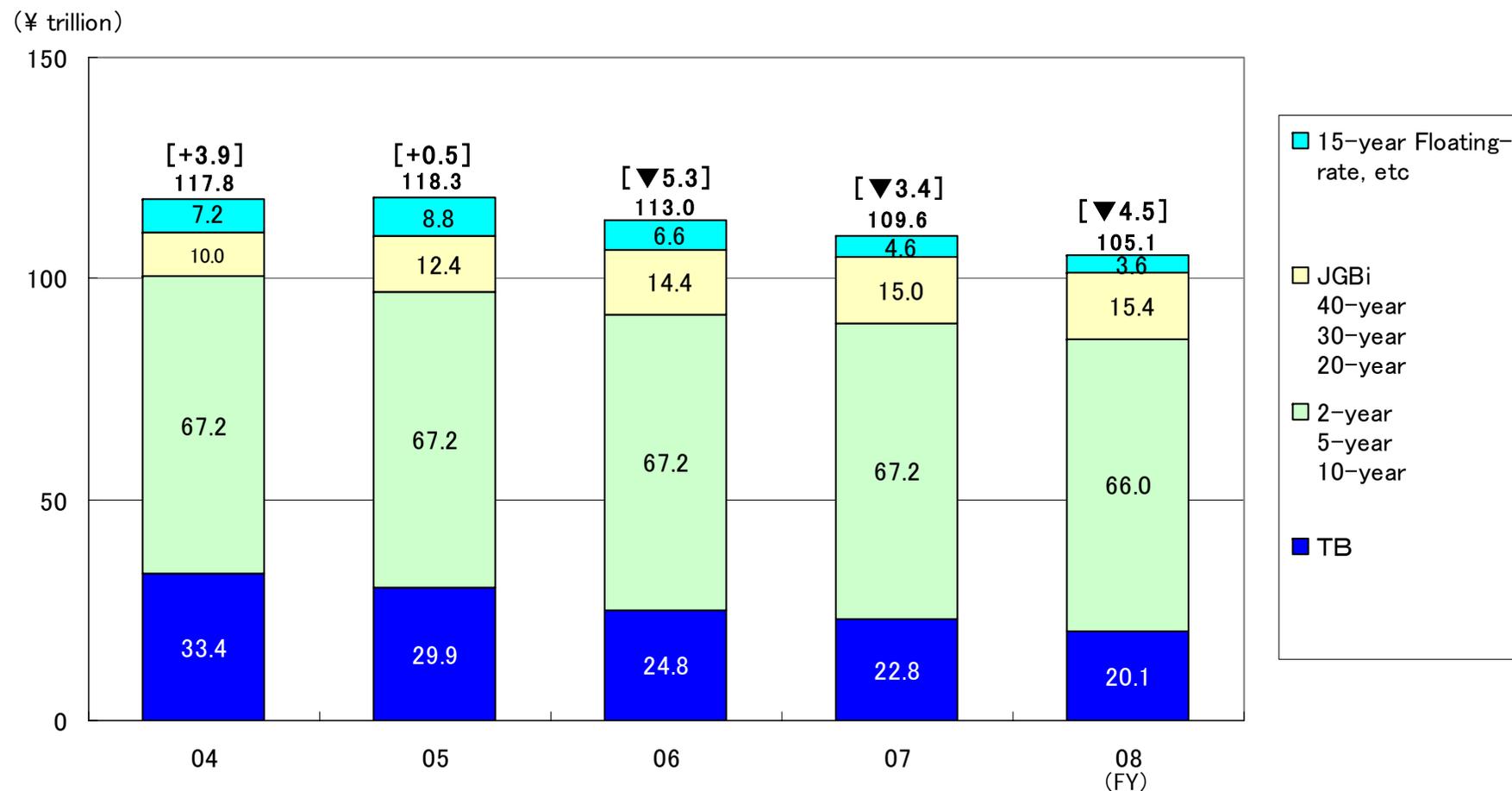
The Outline of FY2008 JGB Issuance Plan



Large Issuance Reduction for Two Consecutive Years



JGB Market Issuance (Calendar Base) Reduction for Three Consecutive Years

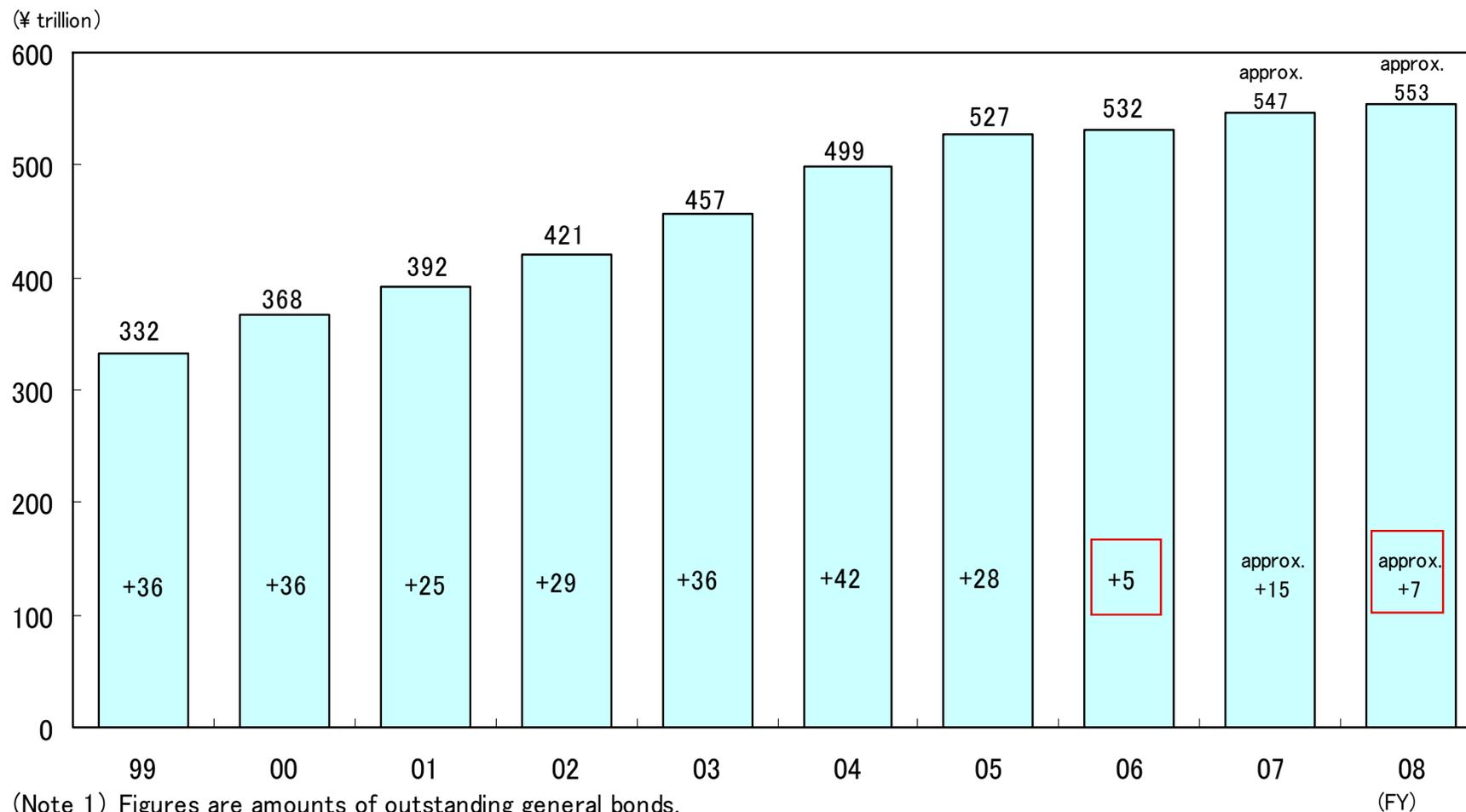


(Note 1) Figures of FY2004–2006 are actual, those of FY2007 are supplementary and those of FY2008 are based on initial issuance plans.

(Note 2) Figures in [] represent changes from the previous fiscal year.



Approx. ¥7 Trillion Increase of Outstanding JGBs Expected (Below ¥10 trillion increase is for the second time following FY2006 after FY1992)

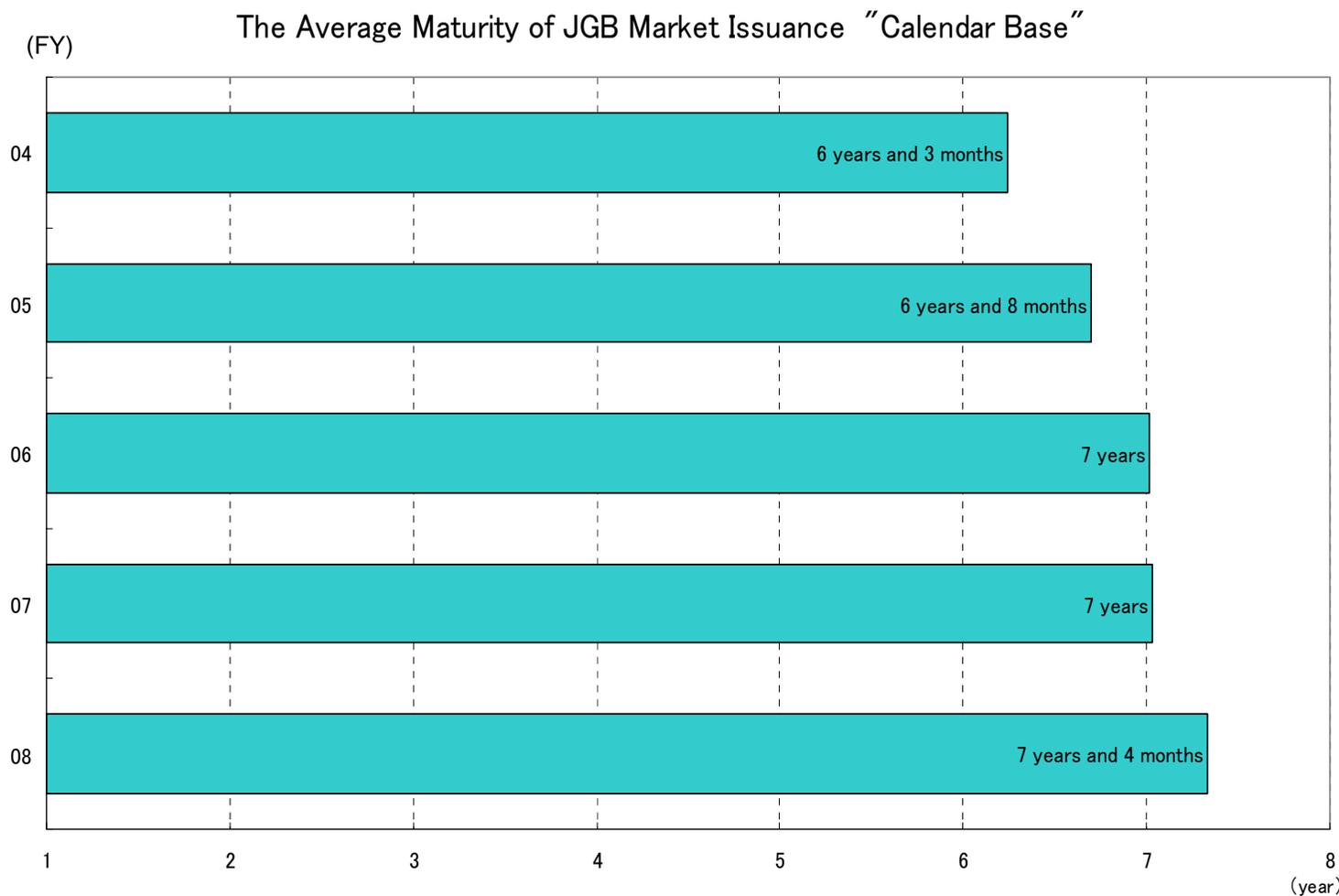


(Note 1) Figures are amounts of outstanding general bonds.

(Note 2) Figures in bar charts show the increase amount from the previous year.



Average Maturity Lengthened



(Note) FY2004~2006 : Actual figures
FY2007 : Figure based on the revised issuance plan announced with supplementary budget
FY2008 : Figure based on the initial issuance plan



Unified Issuance of Financing Bill (FB) and Treasury Bill (TB)

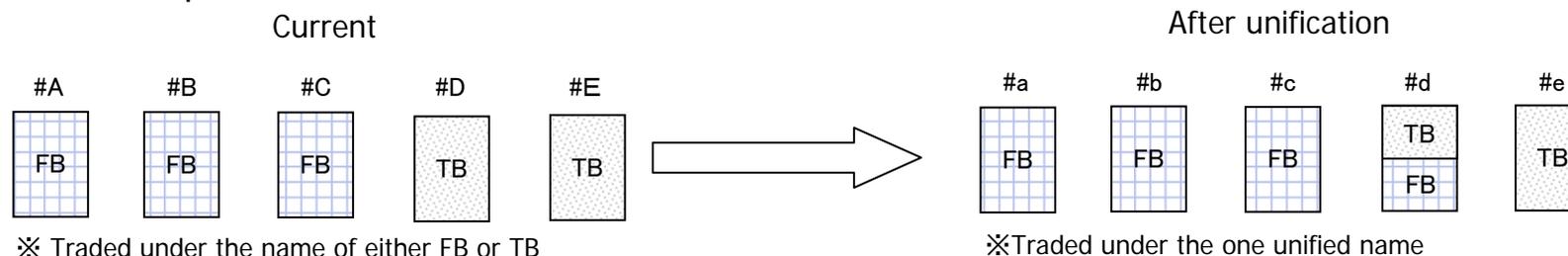
1. Current Situation

6-month discount bills are issued as either FB or TB at an issuance. Under this issuance scheme, annual issuance amount of TB must be adjusted in a size of issuance lots.



By issuing both FB and TB as one unified bill, annual issuance amount of TB can be set minutely, which helps flexible planning of our issuance plan.

2. Basic Concept



- ☆ Only the name of the securities traded in the market will be changed while current treatments in the fiscal system of FB and TB are unchanged.
- ☆ Under the name of unified bill, current FB, TB and composite bill including both of them are issued.



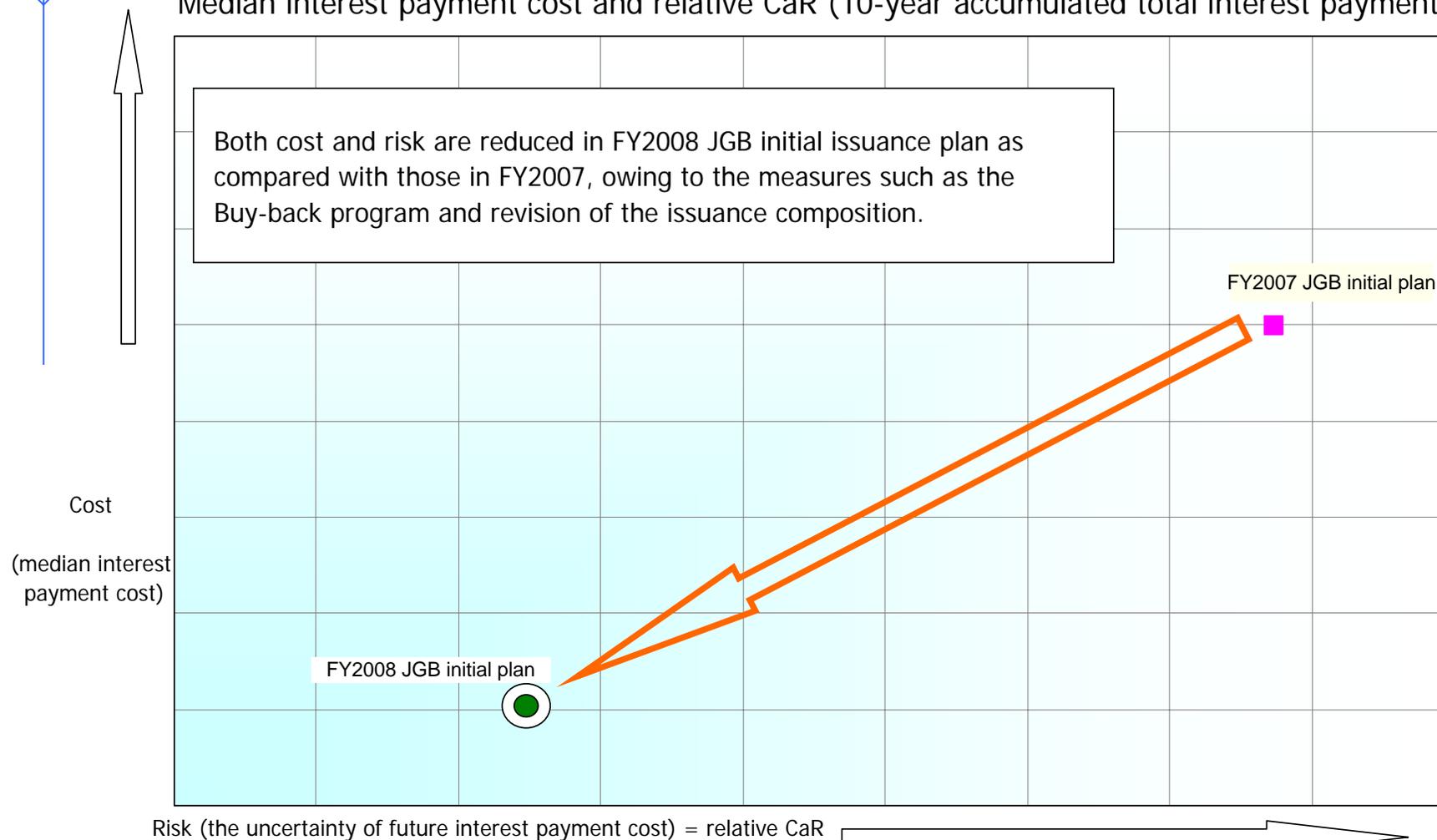
Practical preparations including system developments are under way in order to start unified issuance within FY2008.

(Note) The issuance lots are ¥3 trillion bimonthly, ¥4.5 trillion weekly, and ¥3 trillion monthly for 2-month FB, 3-month FB, and 6-month FB, respectively, as of December 2007.



Cost-at-Risk (CaR) Analysis

Median interest payment cost and relative CaR (10-year accumulated total interest payments)

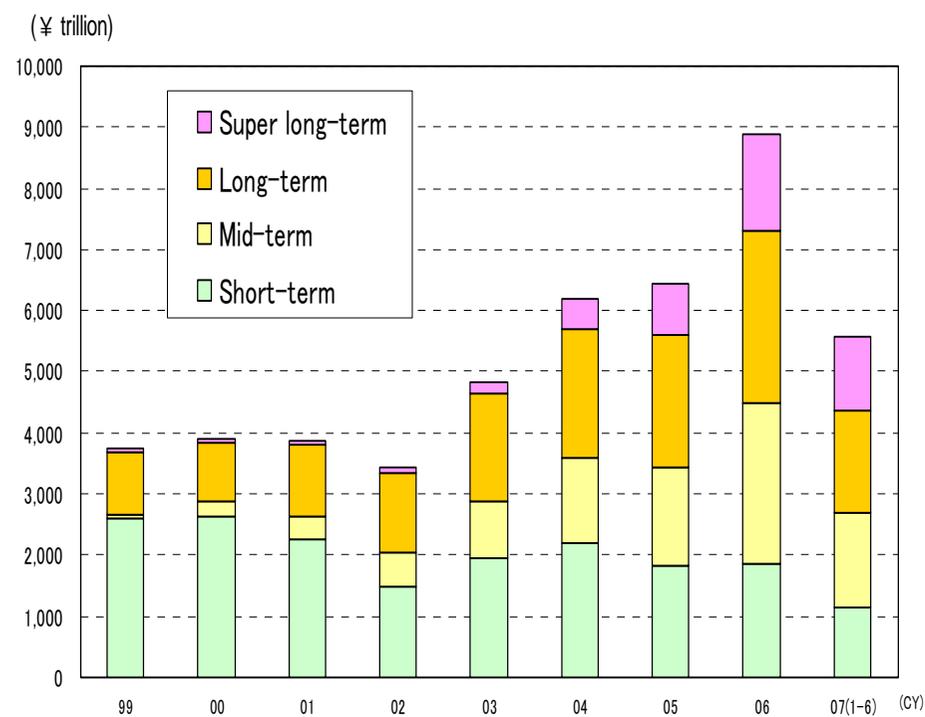


(Note) Relative CaR : the difference between the interest payment cost of the point of 95 percentile and the median interest payment cost in simulation result



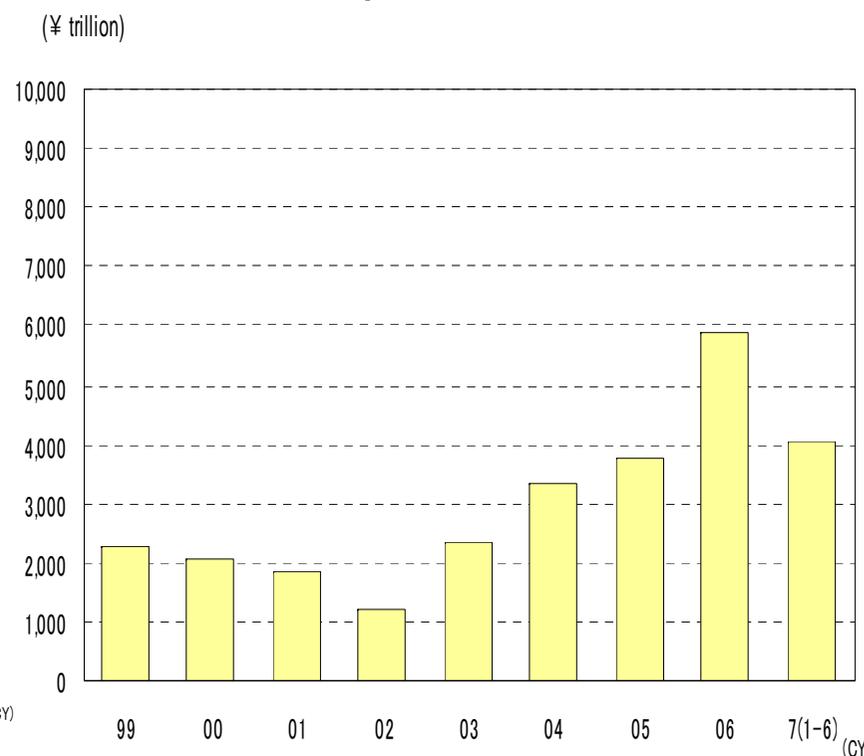
Development of the JGB Secondary Market

Trade Volume



(Note) including FBs, excluding bond lending repo
 (Source) Japan Securities Dealers Association

Repo Transaction

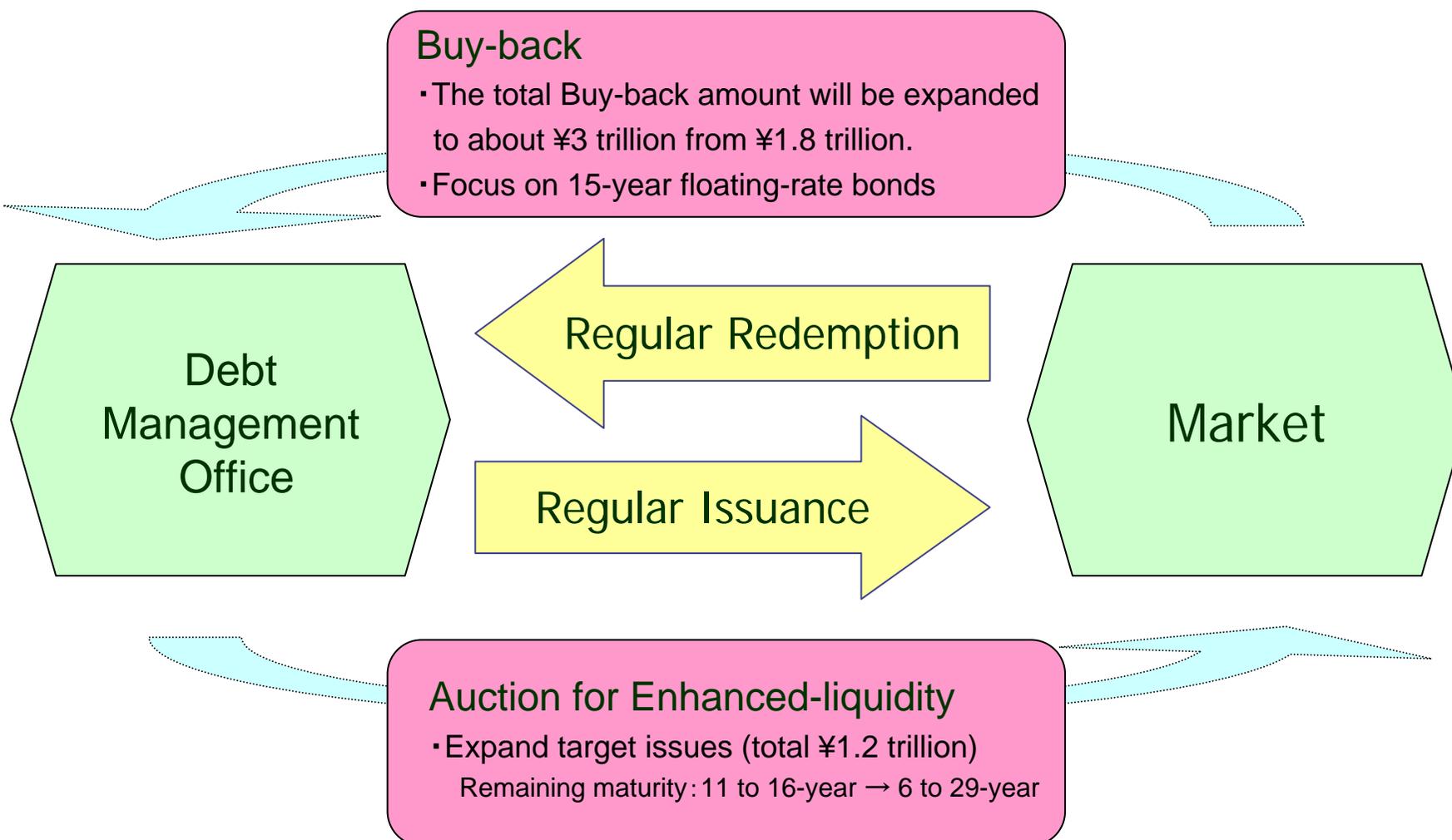


(Note) including FBs, excluding bond lending repo
 (Source) Japan Securities Dealers Association



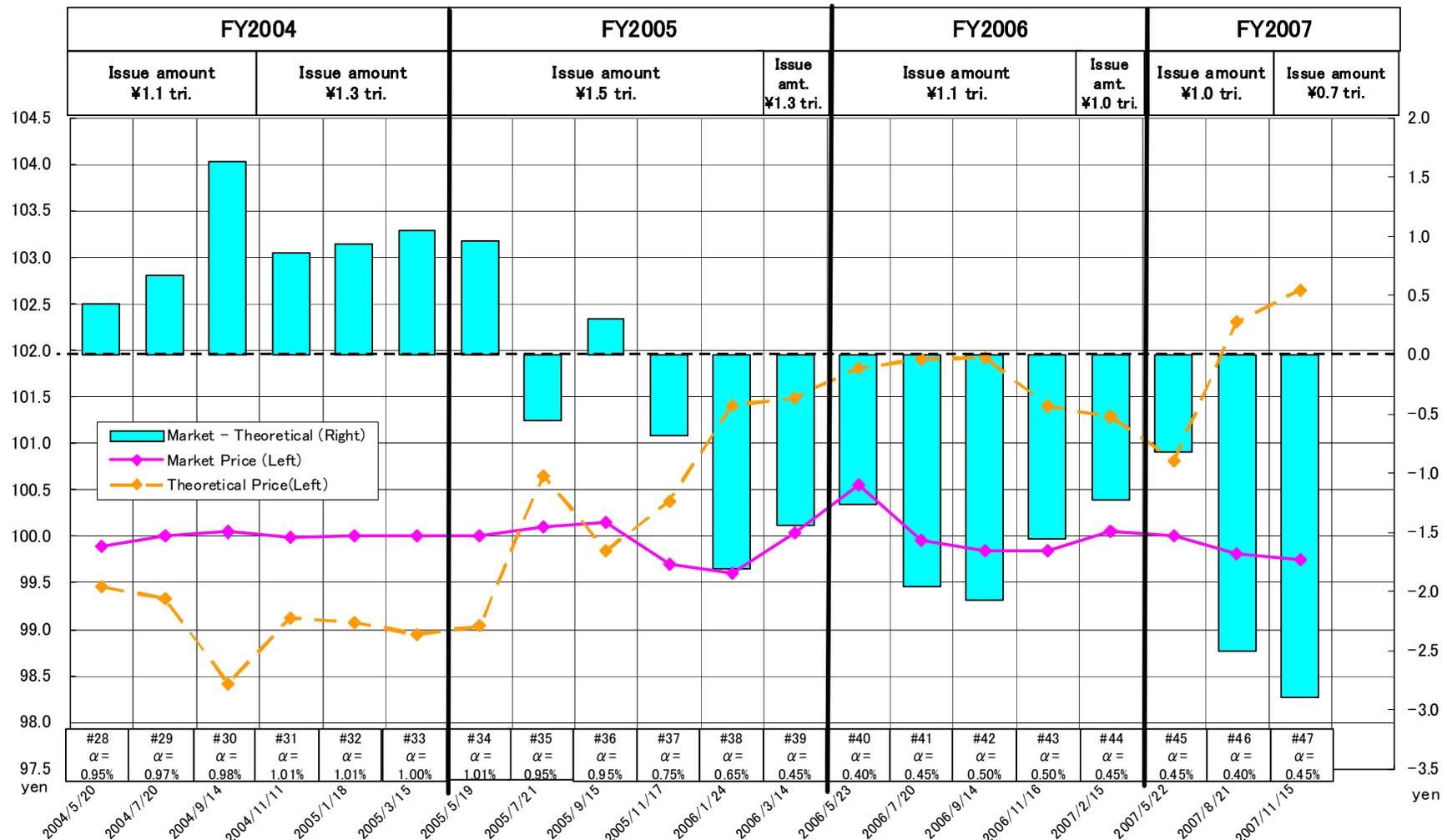
Enhancing Market Liquidity

Buy-back and Auction for Enhanced-liquidity Function Together like Two Wheels of a Cart





The Difference between Market Prices and Theoretical Prices of 15-year Floating-rate bonds

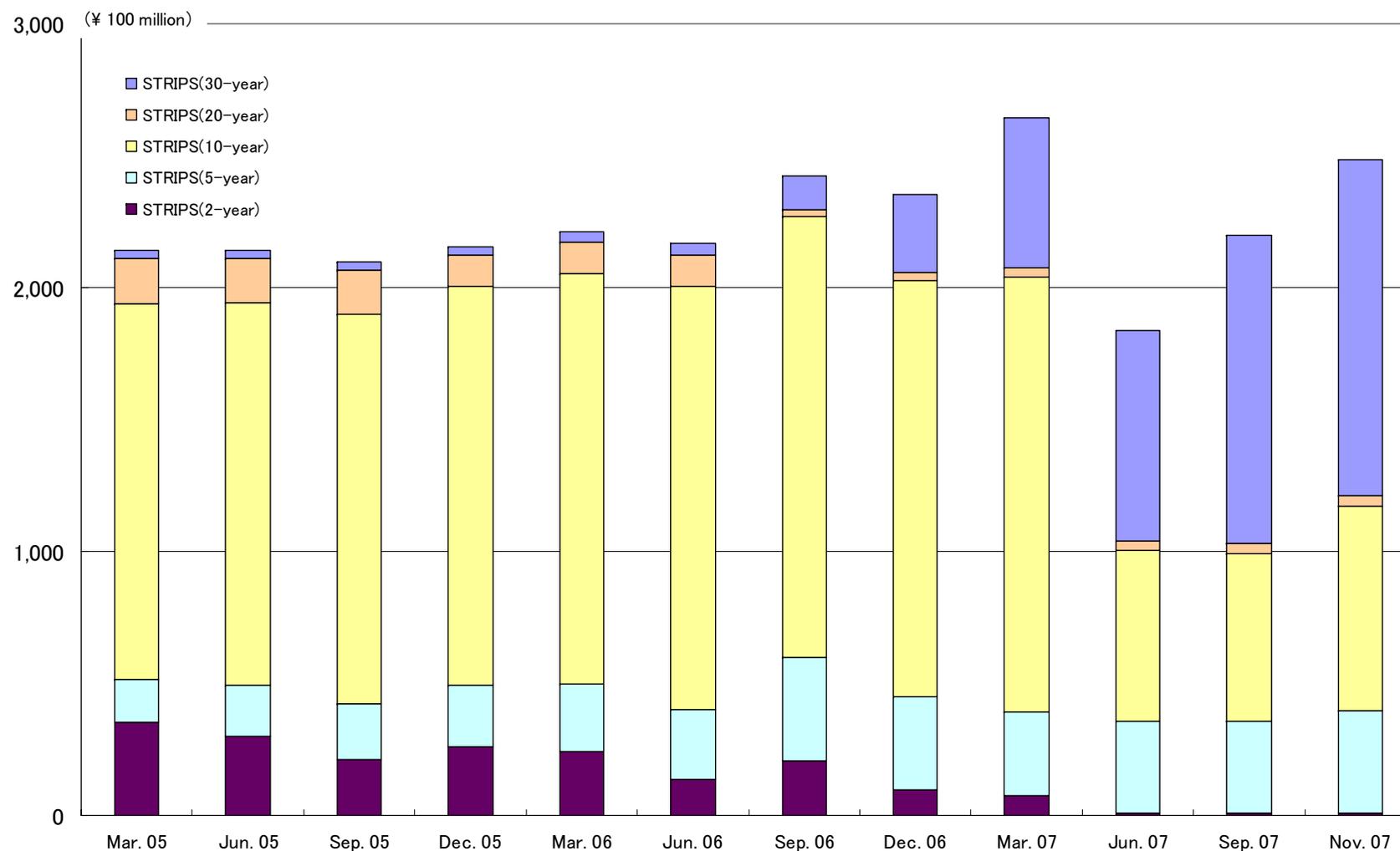


Market Price : Closing quotations reported to Japan Securities Dealers Association of 15-year Floating-rate bonds Issued on the auction day

Theoretical Price : Theoretical price of 15-year Floating-rate bonds calculated by QUICK on the auction day



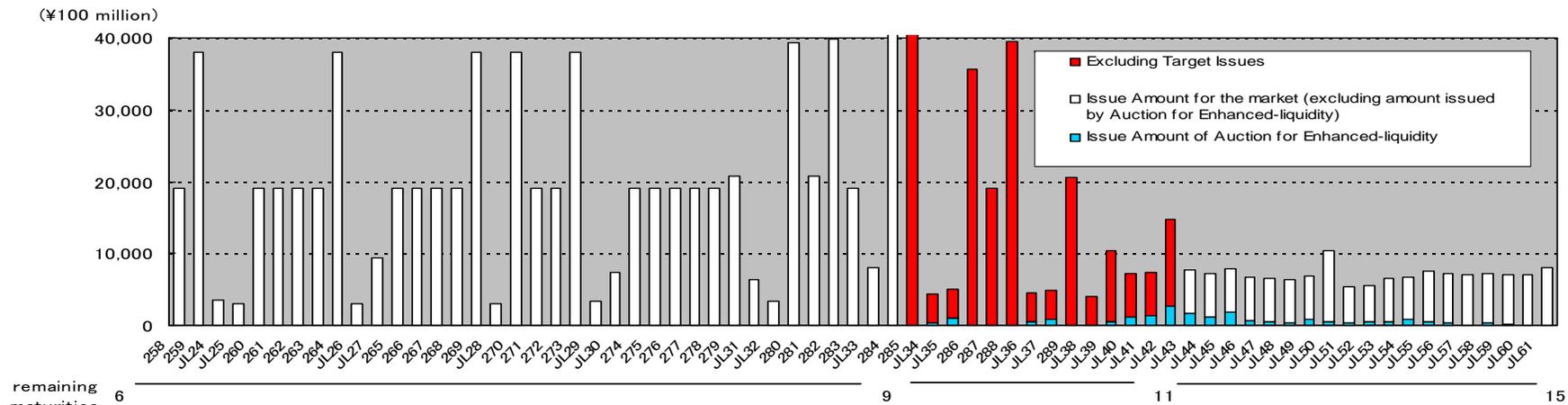
Outstanding STRIPS Bonds



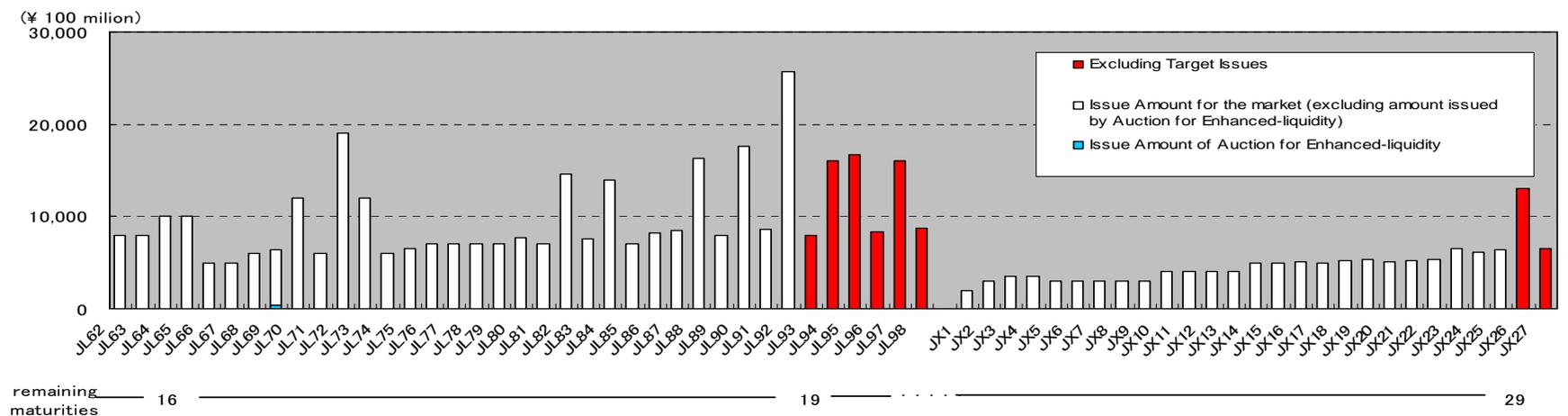


Expand Target Issues of Auction for Enhanced-liquidity

① 6 to 15-year



② 16 to 29-year

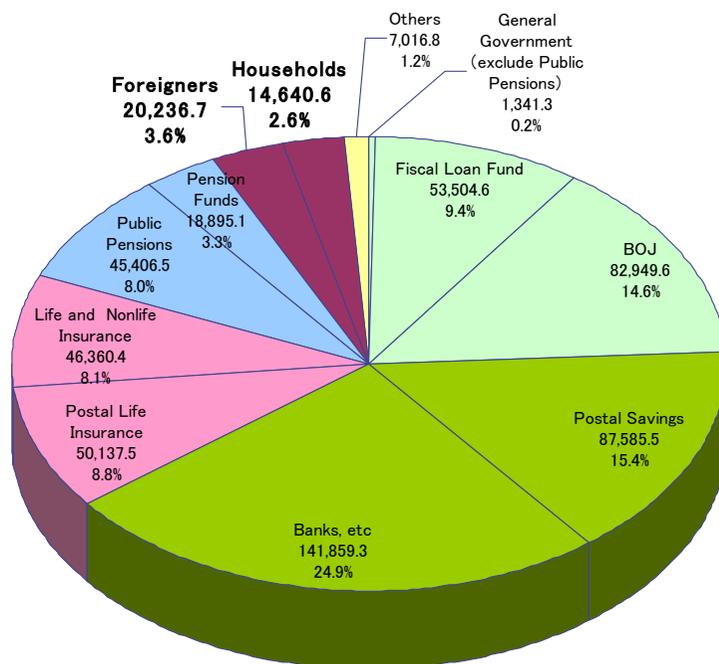


(Note) Remaining maturities are as of Mar. 2008. JL stands for 20-year bonds, JX stands for 30-year bonds and others stand for 10-year bonds.



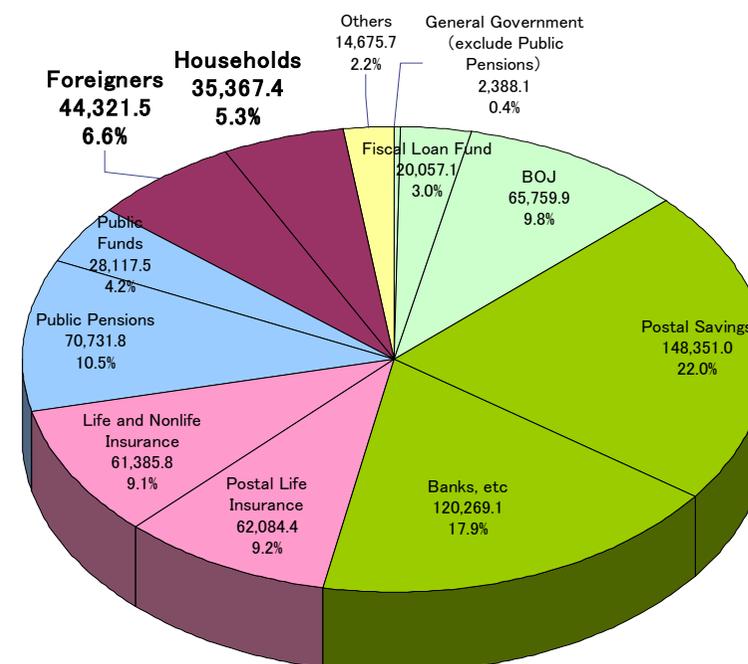
Breakdown of JGB Holders

(¥ billion)



Total 569,933.9 billion yen

The end of Mar. 2004



Total 673,509.3 billion yen

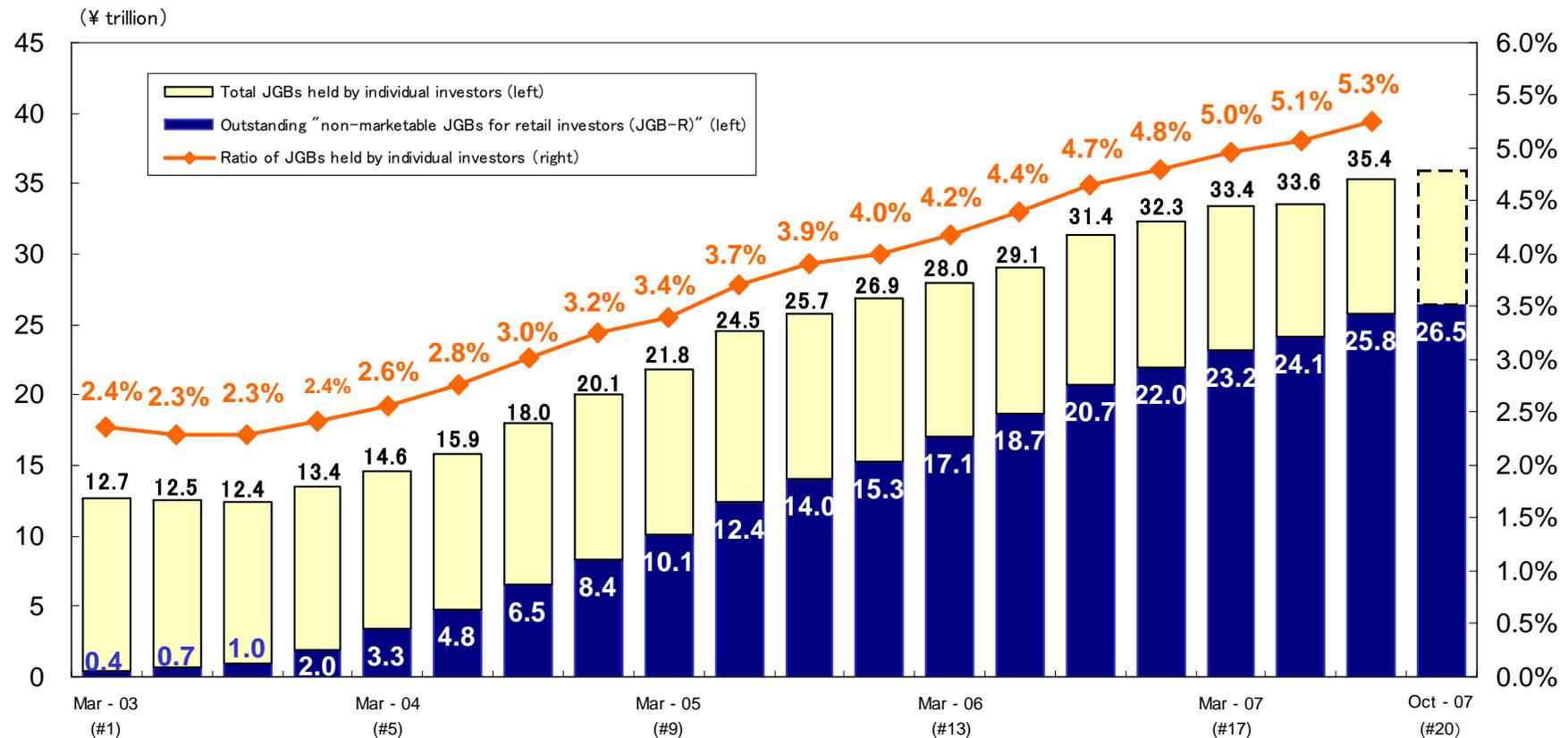
The end of Sep. 2007

(QE)

(Note) "Banks, etc" contains "other financial institutions"
 (Source) Bank of Japan "Flow of Funds"



Households Increase JGB Holding



(Note 1) Outstanding "non-marketable JGBs for retail investors" as of Oct. 2007 is [aggregate issues of ¥28.7 trillion] - [redemption before maturity of ¥2.2 trillion].

(Note 2) The numbers are issue numbers of the most recent issued 10-year floating-rate non-marketable JGBs for retail investors whose issuance amount is included in the figure of each bar graph.



JGB IR Tours in 2007

- MOF has held JGB IR at total 27 cities.
- MOF has held seminars at total 19 cities*. Approx. 1,500 people attended them.
- In addition to seminars, individual meetings have been organized at below cities.

* Including total five cities where MOF participated in private sponsored conferences as a part of IR tours.

