

JAPANESE GOVERNMENT BONDS

Quarterly Newsletter of the Ministry of Finance of Japan

July 2009

WHAT'S NEW

【Alteration of JGB Issuance Plan FY2009】

Amid the worsening economic and financial situations that began in the summer of 2008, the government placed the top priority on economic recovery and drew up a series of stimulus measures in the total amount of 75 trillion yen, including fiscal measures of 12 trillion yen, by the end of 2008. Even after the end of 2008 exports and production greatly decreased on the back of worldwide economic recession, and employment situation continued to worsen. Thus, the Japanese economy continued to deteriorate further, and the financial situation grew even more serious, making it difficult for enterprises to procure funds. Considering that Japan was placed in such an "economic crisis", the government formulated the "Policy Package to Address Economic Crisis" in the total amount of 15.4 trillion yen (project expense: 56.8 trillion yen) on April 10, 2009.

The supplementary budget for FY2009 was formulated based on the "Policy Package to Address Economic Crisis", and as a result, the JGB issuance plan for FY2009 was revised on April 27, 2009.

- The JGB issuance amount for FY2009 totals 149.2 trillion yen, which has been increased 16.9 trillion yen over the FY2009 initial plan as a consequence of the supplementary budget. Therefore, the market issuance plan by JGB Types, that means JGBs issued by scheduled auctions, is increased by 16.9 trillion yen over the initial plan to 130.2 trillion yen.
- As for the market issuance plan by JGB Types, the issuance amount for each maturity zone ranging from short-term to super long-term is determined in a balanced manner in consideration of market trends, investors' needs, and debt management requirements in order to minimize impacts on the market.
- The average maturity of market issuance in FY2009 is lengthened by 2 months over the initial plan to seven years and six months.

While these measures are implemented, fiscal responsibility must be fulfilled in the medium term. Therefore, we will steadily promote efforts to maintain fiscal discipline, create a sustainable social insurance system and procure stable financial resources needed for creating the system, while responding to rapid changes in economic situation and implementing economic measures.

< Market Issuance Plan by JGB Types >

| | FY2009 (Initial) | | | FY2009 (Revised in April) | | | (b)-(a) |
|---------------------------------|------------------------|------|----------------|---------------------------------|-------------|----------------|------------------------|
| | (a) | | | (b) | | | |
| 40-year | ¥0.2 trillion | x 4 | ¥0.8 trillion | ¥0.2 trillion ¥0.3 trillion | x 1 x 3 | ¥1.1 trillion | +¥0.3 trillion |
| 30-year | ¥0.5 trillion | x 6 | ¥3.0 trillion | ¥0.5 trillion ¥0.6 trillion | x 2 x 4 | ¥3.4 trillion | +¥0.4 trillion |
| 20-year | ¥0.9 trillion | x 12 | ¥10.8 trillion | ¥0.9 trillion ¥1.1 trillion | x 3 x 9 | ¥12.6 trillion | +¥1.8 trillion |
| 10-year | ¥1.9 trillion | x 12 | ¥22.8 trillion | ¥1.9 trillion ¥2.1 trillion | x 3 x 9 | ¥24.6 trillion | +¥1.8 trillion |
| 5-year | ¥2.0 trillion | x 12 | ¥24.0 trillion | ¥2.0 trillion ¥2.3 trillion | x 3 x 9 | ¥26.7 trillion | +¥2.7 trillion |
| 2-year | ¥2.0 trillion | x 12 | ¥24.0 trillion | ¥2.0 trillion ¥2.4 trillion | x 3 x 9 | ¥27.6 trillion | +¥3.6 trillion |
| TBs (1-year) | ¥1.9 trillion | x 12 | ¥22.8 trillion | ¥1.9 trillion ¥2.3 trillion | x 3 x 9 | ¥26.4 trillion | +¥3.6 trillion |
| TBs (6-month) | | | ¥0.9 trillion | | | ¥0.9 trillion | - |
| 15-year Floating-rate | ¥0.3 trillion | x 1 | ¥0.3 trillion | ¥0.3 trillion | x 1 | ¥0.3 trillion | - |
| 10-year Inflation-Indexed | ¥0.3 trillion | x 1 | ¥0.3 trillion | ¥0.3 trillion | x 1 | ¥0.3 trillion | - |
| Auctions for Enhanced-liquidity | ¥0.15 trillion | x 24 | ¥3.6 trillion | ¥0.15 trillion ¥0.3 trillion | x 6 x 18 | ¥6.3 trillion | +¥2.7 trillion |
| Total to the Market | ¥113.3 trillion | | | ¥130.2 trillion | | | +¥16.9 trillion |

(Note1) In addition to the above plan, 40-year, 30-year, 20-year, 10-year, 5-year, 2-year, 15-year floating-rate and 10-year inflation-indexed bonds will be issued via Non-competitive price Auction II, which will be held for JGB Market Special Participants after the price(yield)-competitive auction (the amount assignable to each Market Special Participant will not exceed 15% of the amount awarded to it in the Competitive price Auction and Non-Competitive price Auction I or the yield-Competitive Auction).

(Note2) With regard to 6-month TBs, only the total amount is listed because TBs and FBs are issued as unified bills (Treasury Discount Bills) since Feb. 2009.

(Note3) The issuance of the 15-year Floating-rate Bonds and the 10-year Inflation-Indexed Bonds could be called off, taking in the market conditions.

< JGB Issuance Plan for FY2009 >

< Breakdown by Fiscal Needs >

(Unit: billion yen)

| | FY2009 (Initial) | FY2009 (Supplementary budget) | |
|---------------------------------|------------------|-------------------------------|-----------------|
| | (a) | (b) | (b)-(a) |
| New Financial Resource Bonds | 33,294.0 | 44,113.0 | 10,819.0 |
| Construction Bonds | 7,579.0 | 14,911.0 | 7,332.0 |
| Special Deficit-financing Bonds | 25,715.0 | 29,202.0 | 3,487.0 |
| Refunding Bonds | 90,991.4 | 90,991.4 | - |
| FILP Bonds | 8,000.0 | 14,100.0 | 6,100.0 |
| Total | 132,285.4 | 149,204.4 | 16,919.0 |

(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.

< Breakdown by Financing Methods >

(Unit: billion yen)

| | FY2009 (Initial) | FY2009 (Supplementary budget) | |
|---|------------------|-------------------------------|-----------------|
| | (a) | (b) | (b)-(a) |
| JGB Market Issuance (Calendar Base) | 113,300.0 | 130,200.0 | 16,900.0 |
| Non-price Competitive Auction II | 3,870.0 | 3,870.0 | - |
| Adjustment by Depleting Front-loaded Issuance | 209.3 | 228.3 | 19.0 |
| Subtotal Financed in the Market | 117,379.3 | 134,298.3 | 16,919.0 |
| Nonmarketable JGBs for Retail-Investors | 2,400.0 | 2,400.0 | - |
| OTC Sales for Households | 1,800.0 | 1,800.0 | - |
| Subtotal for Households | 4,200.0 | 4,200.0 | - |
| Public Sector (Bank of Japan) | 10,706.0 | 10,706.0 | - |
| Total | 132,285.4 | 149,204.4 | 16,919.0 |

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<Buy-back program>

In FY2009, the total amount of buy-back from the market is increased to 4.0 trillion yen, focusing on 15-year floating-rate bonds and 10-year inflation-indexed bonds. Specific allocation will be decided on a quarterly basis taking in the market conditions. The auction schedule for buy-back program in the second quarter (July-September) of FY2009 is as shown below.

| Auction Month | Issue | | |
|---------------|---------------------|------------------------|---------------------------|
| | 2,5,10,20and30-year | 15-year Floating-rate | 10-year Inflation-Indexed |
| Jul.09 | — | Approx.120 billion yen | Approx.220 billion yen |
| Aug.09 | — | Approx.80 billion yen | Approx.240 billion yen |
| Sep.09 | — | Approx.120 billion yen | Approx.220 billion yen |
| Total | — | Approx.320 billion yen | Approx.680 billion yen |

Note1. Allocated amounts are subject to change according to market situations.

Note2. Ministry of Finance reserves the right to accept less than the announced amount.

Note3. The above mentioned buy-back amount for each month may be distributed through several separate auctions within the same month.

<Auctions for enhanced-liquidity>

The total amount of auctions for enhanced-liquidity is increased to 6.3 trillion yen (300 billion yen twice per month), from 3.6 trillion yen (150 billion yen twice per month). As for the second quarter (July-September) of FY2009 issues, the specific target issues are as shown below.

| | Jul. 2009 | Aug. 2009 | Sep. 2009 |
|---|-------------------------|-------------------------|-------------------------|
| 1. Target issues with remaining maturities from 5 to 15 years -10-years (issue number 265 to 298) -20-years (issue number 51 to 76) | Approx. 300 billion yen | Approx. 300 billion yen | Approx. 300 billion yen |
| 2. Target issues with remaining maturities from 15 to 29 years -20-years (issue number 77 to 108) -30-years (issue number 2 to 29) | Approx. 300 billion yen | Approx. 300 billion yen | Approx. 300 billion yen |

【Overseas IR】

○JGB Road Show in North America

In May-June 2009, MOF held the JGB North American Road Show in Boston, New York, San Francisco, and Los Angeles. It was the fourth time visit to Boston and Los Angeles, the fifth time to New York, and the third time to San Francisco.

○JGB Road Show in Scandinavia

In June 2009, MOF held the JGB Scandinavian Road Show in Stockholm, Oslo, Copenhagen, and London. It was the second time visit to Stockholm, Oslo and Copenhagen and the seventh time to London. In London, MOF joined the “Japan Fixed Income Forum” arranged by Euromoney on June 22nd.

2 JGB PRIMARY MARKET

Auction Results (Bonds)

| Auction Date | Type of Security | Issue Number | Maturity Date | Nominal Coupon | Amounts of Competitive Bids (billion yen) | Amounts of Bids Accepted (billion yen) | Yield at the Lowest Accepted Price | Yield at the Average Price | Amounts of Non-Competitive Bids Tendered /Accepted (billion yen) | Amounts of Bids Accepted at the Non-price-competitive Auction I (billion yen) | Amounts of Bids Accepted at the Non-price-competitive Auction II (billion yen) |
|--------------|------------------|--------------|---------------|----------------|---|--|------------------------------------|----------------------------|--|---|--|
| 4/ 2/2009 | 10-year | 299 | 3/20/2019 | 1.3% | 3,992.9 | 1,716.3 | 1.359% | 1.353% | 7.067 | 176.1 | 0.0 |
| 4/ 8/2009 | 5-year | 82 | 3/20/2014 | 0.9% | 5,099.9 | 1,822.5 | 0.847% | 0.840% | 3.557 | 173.7 | 0.0 |
| 4/14/2009 | 30-year | 30 | 3/20/2039 | 2.3% | 1,749.1 | 458.4 | 2.269% | 2.264% | - | 41.4 | 64.8 |
| 4/21/2009 | 20-year | 110 | 3/20/2029 | 2.1% | 2,132.2 | 820.4 | 2.100% | 2.092% | - | 78.7 | 32.2 |
| 4/23/2009 | 2-year | 280 | 5/15/2011 | 0.4% | 5,116.1 | 1,842.1 | 0.400% | 0.396% | 8.348 | 148.6 | 0.0 |
| 5/12/2009 | 10-year | 300 | 3/20/2019 | 1.5% | 4,414.0 | 1,734.5 | 1.454% | 1.451% | 7.752 | 156.9 | 251.6 |
| 5/14/2009 | 40-year | 2 | 3/20/2049 | 2.2% | 774.0 | 201.2 | 2.220% | - | - | - | 8.4 |
| 5/19/2009 | 5-year | 81 | 3/20/2014 | 0.8% | 4,836.9 | 1,832.9 | 0.806% | 0.802% | 3.889 | 162.7 | 185.9 |
| 5/26/2009 | 20-year | 110 | 3/20/2029 | 2.1% | 2,915.5 | 827.4 | 2.114% | 2.111% | - | 71.6 | 33.2 |
| 5/28/2009 | 2-year | 281 | 6/15/2011 | 0.4% | 5,213.1 | 1,860.9 | 0.357% | 0.353% | 6.591 | 131.4 | 0.0 |
| 6/ 2/2009 | 10-year | 301 | 6/20/2019 | 1.5% | 5,857.3 | 1,739.2 | 1.534% | 1.527% | 9.739 | 150.4 | 0.0 |
| 6/ 9/2009 | 30-year | 30 | 3/20/2039 | 2.3% | 1,781.9 | 460.0 | 2.271% | 2.265% | - | 38.8 | 8.5 |
| 6/11/2009 | 5-year | 83 | 6/20/2014 | 0.9% | 5,671.4 | 1,833.3 | 0.891% | 0.887% | 7.545 | 158.3 | 209.9 |
| 6/17/2009 | 20-year | 111 | 6/20/2029 | 2.2% | 2,978.8 | 827.8 | 2.128% | 2.123% | - | 71.5 | 88.3 |
| 6/25/2009 | 2-year | 282 | 7/15/2011 | 0.3% | 7,953.3 | 2,236.2 | 0.337% | 0.335% | 6.801 | 156.2 | 321.1 |

Auction results (Treasury Discount Bills)

| Auction Date | Type of Security | Issue Number | Maturity Date | Amounts of Competitive Bids (billion yen) | Amounts of Bids Accepted (billion yen) | Yield at the Lowest Accepted Price | Yield at the Average Price | Amounts of Bids Accepted at the Non-price-competitive Auction I (billion yen) |
|--------------|------------------|--------------|---------------|---|--|------------------------------------|----------------------------|---|
| 4/ 1/2009 | 3-month | 14 | 7/ 6/2009 | 17,086.10 | 5,076.25 | 0.2468% | 0.2436% | 370.70 |
| 4/ 6/2009 | 6-month | 15 | 10/ 9/2009 | 10,626.50 | 3,235.45 | 0.2469% | 0.2409% | 264.50 |
| 4/ 8/2009 | 3-month | 16 | 7/13/2009 | 16,824.30 | 5,067.90 | 0.2327% | 0.2287% | 381.00 |
| 4/ 9/2009 | Approx. 2-month | 17 | 6/ 3/2009 | 14,846.70 | 2,771.59 | 0.2011% | 0.1974% | 228.40 |
| 4/14/2009 | 1-year | 18 | 4/20/2010 | 6,571.00 | 1,785.20 | 0.2707% | 0.2657% | 114.75 |
| 4/15/2009 | 3-month | 19 | 7/21/2009 | 16,764.60 | 5,058.40 | 0.2163% | 0.2115% | 390.50 |
| 4/22/2009 | 3-month | 20 | 7/27/2009 | 18,121.37 | 5,025.78 | 0.2147% | 0.2118% | 417.10 |
| 4/28/2009 | 3-month | 21 | 8/ 3/2009 | 18,154.20 | 5,045.80 | 0.2095% | 0.2054% | 400.12 |
| 5/ 8/2009 | 3-month | 22 | 8/10/2009 | 18,259.70 | 5,406.21 | 0.2072% | 0.2047% | 338.70 |
| 5/12/2009 | 6-month | 23 | 11/10/2009 | 12,505.70 | 3,268.73 | 0.2327% | 0.2306% | 231.19 |
| 5/13/2009 | 3-month | 24 | 8/17/2009 | 19,306.70 | 5,328.26 | 0.2207% | 0.2191% | 420.63 |
| 5/15/2009 | 1-year | 25 | 5/20/2010 | 8,101.50 | 1,771.20 | 0.2476% | 0.2415% | 128.80 |
| 5/19/2009 | Approx. 2-month | 26 | 7/27/2009 | 16,281.20 | 3,265.17 | 0.1912% | 0.1912% | 234.80 |
| 5/20/2009 | 3-month | 27 | 8/24/2009 | 21,759.00 | 5,318.70 | 0.2006% | 0.1982% | 426.20 |
| 5/27/2009 | 3-month | 28 | 8/31/2009 | 23,593.86 | 5,336.32 | 0.1906% | 0.1882% | 412.60 |
| 6/ 3/2009 | 3-month | 29 | 9/7/2009 | 21,031.60 | 5,331.46 | 0.1886% | 0.1861% | 417.40 |
| 6/ 5/2009 | 6-month | 30 | 12/10/2009 | 14,645.60 | 3,232.07 | 0.1876% | 0.1856% | 267.90 |
| 6/ 9/2009 | Approx. 2-month | 31 | 8/ 4/2009 | 12,225.30 | 2,776.95 | 0.1642% | 0.1620% | 223.00 |
| 6/10/2009 | 3-month | 32 | 9/14/2009 | 19,273.80 | 5,324.05 | 0.1805% | 0.1781% | 424.82 |
| 6/15/2009 | 1-year | 33 | 6/21/2010 | 5,606.90 | 1,774.26 | 0.2150% | 0.2079% | 125.70 |
| 6/17/2009 | 3-month | 34 | 9/18/2009 | 21,532.30 | 5,333.88 | 0.1784% | 0.1746% | 415.00 |
| 6/24/2009 | 3-month | 35 | 9/29/2009 | 19,837.70 | 5,333.58 | 0.1607% | 0.1583% | 415.32 |

Auction Calendar for Jul. – Sep. 2009

| Auction Date | Issue | Auction Date | Issue | Auction Date | Issue | Auction Date | Issue |
|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|
| 7/ 1 (Wed) | T-Bills (3-month) | 7/22 (Wed) | 20-year | 8/17 (Mon) | T-Bills (1-year) | 9/ 8 (Tue) | 5-year |
| 7/ 2 (Thu) | 10-year | 7/28 (Tue) | Auction for Enhanced-liquidity | 8/18 (Tue) | 5-year | 9/ 9 (Wed) | T-Bills (3-month) |
| 7/ 7 (Tue) | T-Bills (6-month) | 7/29 (Wed) | T-Bills (3-month) | 8/19 (Wed) | T-Bills (3-month) | 9/14 (Mon) | T-Bills (Approx. 2-month) |
| 7/ 7 (Tue) | 40-year | 7/30 (Thu) | 2-year | 8/20 (Thu) | Auction for Enhanced-liquidity | 9/15 (Tue) | T-Bills (3-month) |
| 7/ 8 (Wed) | T-Bills (3-month) | 8/ 4 (Tue) | T-Bills (6-month) | 8/25 (Tue) | 20-year | 9/15 (Tue) | 20-year |
| 7/ 9 (Thu) | Auction for Enhanced-liquidity | 8/ 4 (Tue) | 10-year | 8/26 (Wed) | T-Bills (3-month) | 9/16 (Wed) | T-Bills (1-year) |
| 7/13 (Mon) | T-Bills (1-year) | 8/ 5 (Wed) | T-Bills (3-month) | 8/27 (Thu) | 2-year | 9/24 (Thu) | T-Bills (3-month) |
| 7/14 (Tue) | T-Bills (3-month) | 8/ 6 (Thu) | 30-year | 9/ 1 (Tue) | 10-year | 9/25 (Fri) | Auction for Enhanced-liquidity |
| 7/16 (Thu) | 5-year | 8/10 (Mon) | T-Bills (Approx. 2-month) | 9/ 2 (Wed) | T-Bills (3-month) | 9/29 (Tue) | T-Bills (3-month) |
| 7/21 (Tue) | T-Bills (Approx. 2-month) | 8/10 (Mon) | Auction for Enhanced-liquidity | 9/ 3 (Thu) | Auction for Enhanced-liquidity | 9/29 (Tue) | 2-year |
| 7/22 (Wed) | T-Bills (3-month) | 8/12 (Wed) | T-Bills (3-month) | 9/ 7 (Mon) | T-Bills (6-month) | | |

Note 1 : The above calendar may be charged or added in light of changes in circumstances. In such cases, it will be announced in advance.

Note 2 : Each issue amount will be announced about one week prior to each auction date.

Note 3 : The issue date of the Treasury Discount Bills auctioned on July 21,2009 is July 27,2009, and the maturity date is September 18,2009.

Note 4 : The issue date of the Treasury Discount Bills auctioned on August 10,2009 is August 14,2009, and the maturity date is October 2,2009.

Note 5 : The issue date of the Treasury Discount Bills auctioned on September 14,2009 is September 18,2009, and the maturity date is November 25,2009.

Total Bidding Amount of JGBs (Calculated by Duration) Top 10 (Jan. 2009 ~ Jun. 2009)

| | | | |
|---|-------------------------------------|----|--------------------------------|
| 1 | Bank of Tokyo-Mitsubishi UFJ, Ltd. | 6 | Goldman Sachs Japan Co., Ltd. |
| 2 | Nomura Securities Co., Ltd. | 7 | Barclays Capital Japan Limited |
| 3 | Daiwa Securities SMBC Co., Ltd. | 8 | Credit Suisse Japan Limited |
| 4 | Mitsubishi UFJ Securities Co., Ltd. | 9 | RBS Securities Japan Limited |
| 5 | Mizuho Securities Co., Ltd. | 10 | Deutsche Securities Inc. |

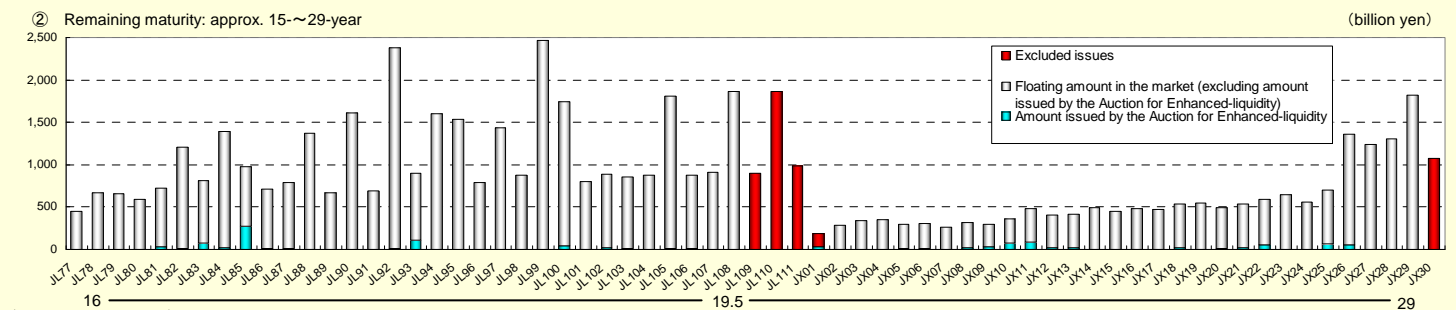
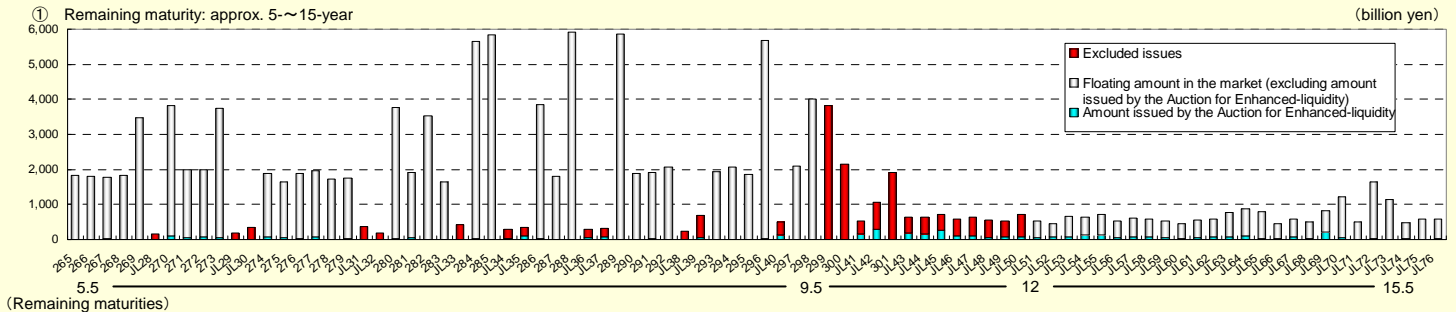
3 THE AUCTION FOR ENHANCED-LIQUIDITY AND JGB BUY-BACK

Issues Re-opened through the Recent Auctions for Enhanced-liquidity

| Auction Date | Securities | Issue Numbers | | | | | | | | | | | | | | | | | | | |
|--------------|------------|---|------|------|------|------|------|------|------|------|------|------|-----|-----|------|------|------|------|-----|-----|-----|
| | | Re-opened Amounts (billion yen. face value) | | | | | | | | | | | | | | | | | | | |
| 6/23/2009 | 10-year | #274 | #286 | #290 | #291 | #43 | #45 | #46 | #47 | #48 | #49 | #50 | #51 | #53 | #55 | #56 | #58 | #59 | #64 | #66 | #67 |
| | 20-year | 33.0 | 18.2 | 1.7 | 1.7 | 21.0 | 0.5 | 8.8 | 12.3 | 9.1 | 0.5 | 11.0 | 1.0 | 1.0 | 1.0 | 7.5 | 7.2 | 2.0 | 1.6 | 7.0 | 3.5 |
| 6/ 4/2009 | 20-year | #76 | #80 | #81 | #85 | #98 | #102 | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | #9 | #11 | #12 | #13 | #14 | #15 |
| | 30-year | 1.5 | 1.5 | 0.1 | 31.8 | 0.1 | 2.0 | 21.2 | 0.3 | 1.5 | 2.3 | 1.1 | 0.6 | 5.0 | 3.4 | 11.2 | 1.0 | 9.8 | 8.8 | 1.0 | 2.0 |
| | | #18 | #19 | #20 | #21 | #22 | #25 | #26 | #29 | | | | | | | | | | | | |
| 5/21/2009 | 10-year | #270 | #271 | #272 | #273 | #274 | #275 | #45 | #47 | #48 | #49 | #51 | #56 | #65 | #70 | #72 | #74 | | | | |
| | 20-year | 25.0 | 9.6 | 11.8 | 3.6 | 15.3 | 32.3 | 14.6 | 5.2 | 1.3 | 6.0 | 1.5 | 0.2 | 1.1 | 14.6 | 6.1 | 1.5 | | | | |
| 5/ 8/2009 | 20-year | #81 | #82 | #83 | #84 | #85 | #87 | #93 | #94 | #100 | #102 | #105 | #1 | #5 | #6 | #8 | #9 | #10 | #11 | #12 | #13 |
| | 30-year | 5.6 | 2.0 | 12.8 | 4.5 | 2.6 | 2.0 | 13.0 | 2.0 | 19.5 | 7.2 | 3.0 | 3.6 | 6.0 | 5.0 | 3.0 | 8.1 | 12.0 | 1.0 | 1.7 | 4.0 |
| | | #18 | #21 | #22 | #29 | | | | | | | | | | | | | | | | |
| 4/16/2009 | 10-year | #270 | #271 | #272 | #291 | #296 | #63 | #64 | #69 | | | | | | | | | | | | |
| | 20-year | 10.0 | 36.0 | 37.1 | 13.7 | 24.8 | 0.6 | 1.0 | 26.0 | | | | | | | | | | | | |
| 4/ 6/2009 | 20-year | #76 | #81 | #85 | #93 | #100 | #102 | #103 | #105 | #106 | #2 | #5 | #6 | #8 | #9 | #10 | #11 | #12 | #26 | | |
| | 30-year | 0.5 | 4.0 | 4.9 | 3.0 | 24.8 | 13.6 | 6.0 | 2.9 | 10.3 | 3.0 | 3.0 | 5.0 | 0.8 | 0.5 | 21.5 | 28.0 | 9.5 | 8.5 | | |

Note : Red shows 10-year and blue shows 30-year coupon-bearing bonds.

Target Zones of the Auction for Enhanced-liquidity for the Second Quarter of FY 2009

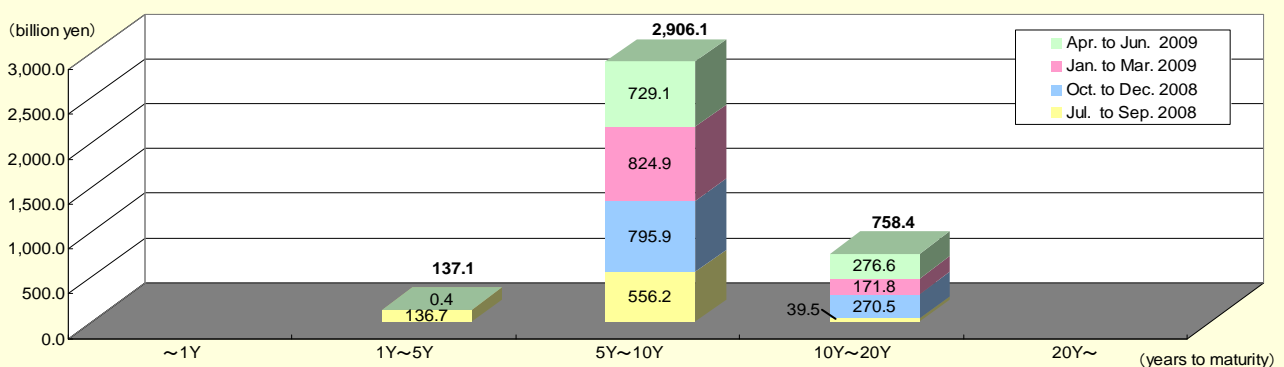


Note : JL shows 20 - year JGBs. JX shows 30 - year JGBs. Outstanding amount is at the end of June 2009.

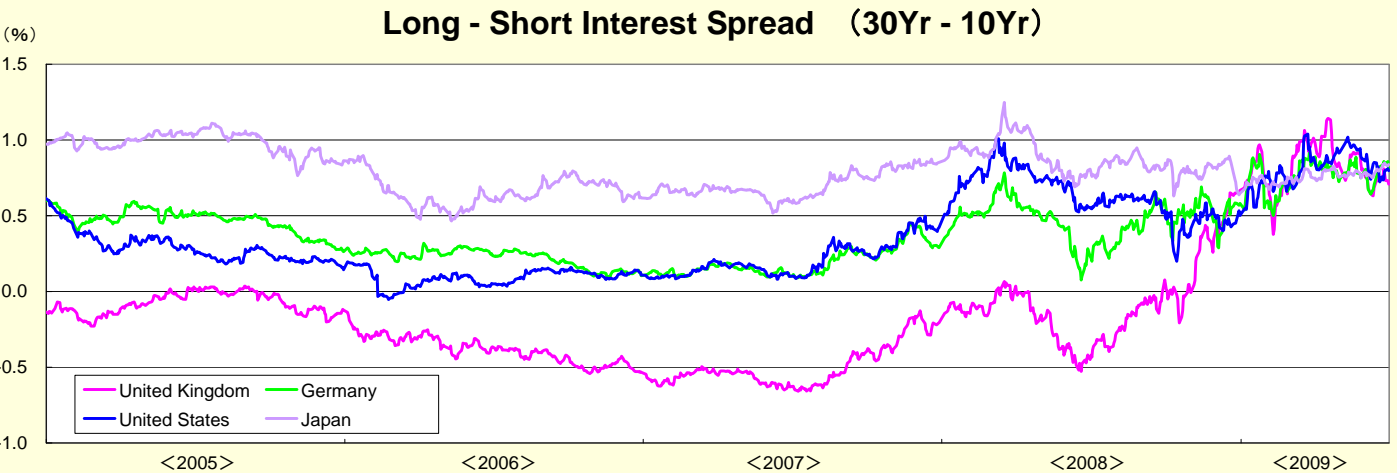
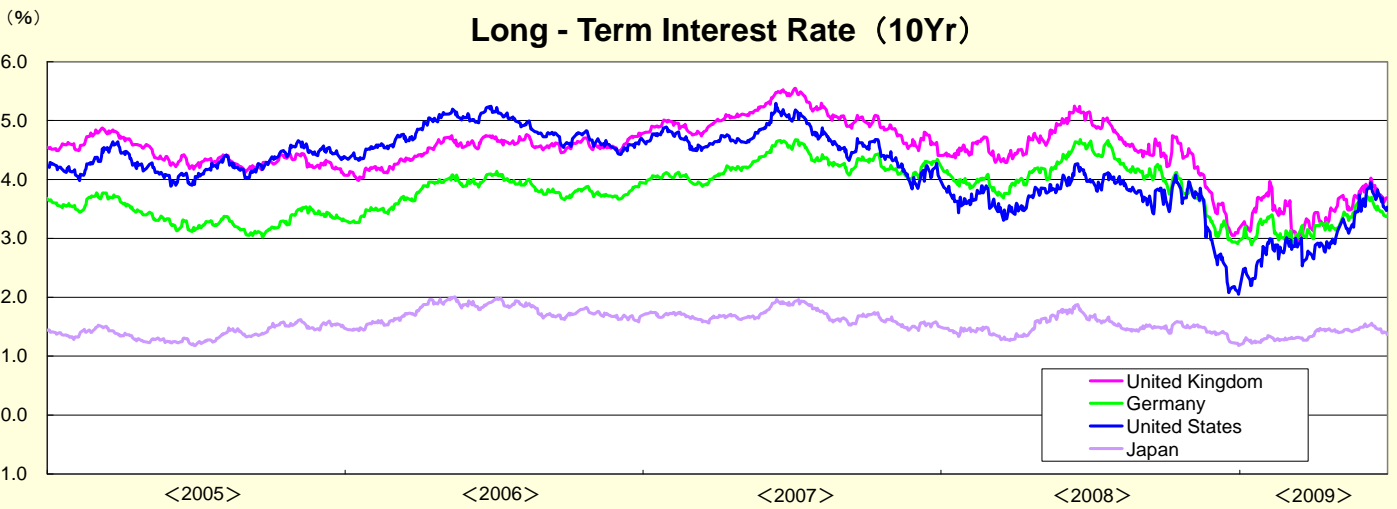
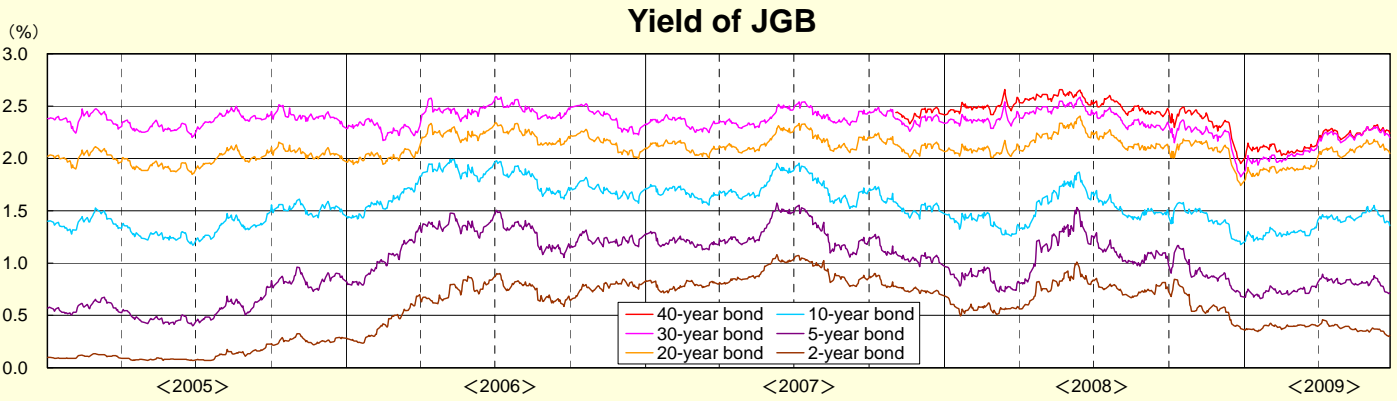
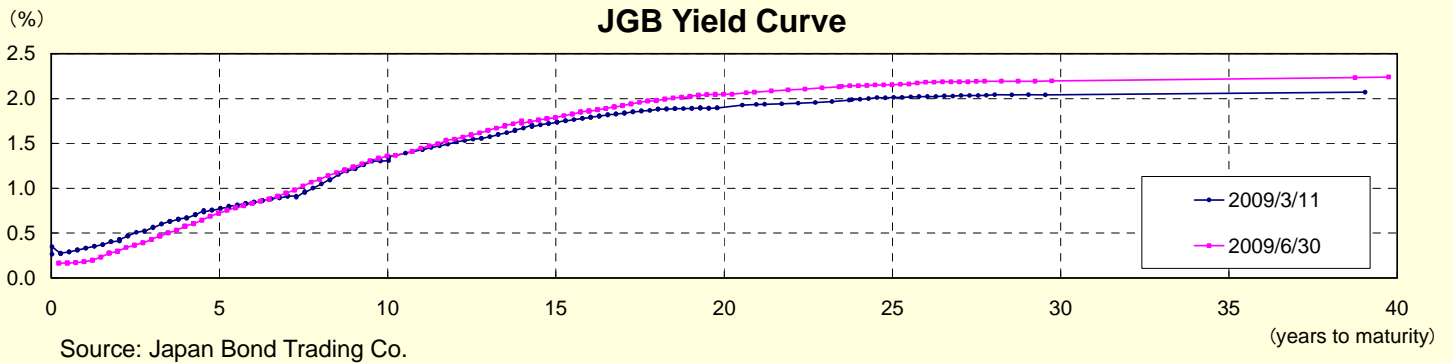
JGB Buy-back Results

| Remaining Years to Maturity | ~1yr | 1yr~5yr | 5yr~10yr | 10yr~20yr | 20yr~ | Coupon STRIPS | Total |
|-----------------------------|------|---------|----------|-----------|-------|---------------|-------|
| June 2009 | - | 0.4 | 234.4 | 88.5 | - | - | 323.3 |
| May 2009 | - | - | 234.4 | 126.4 | - | - | 360.8 |
| April 2009 | - | - | 260.3 | 61.7 | - | - | 322.0 |

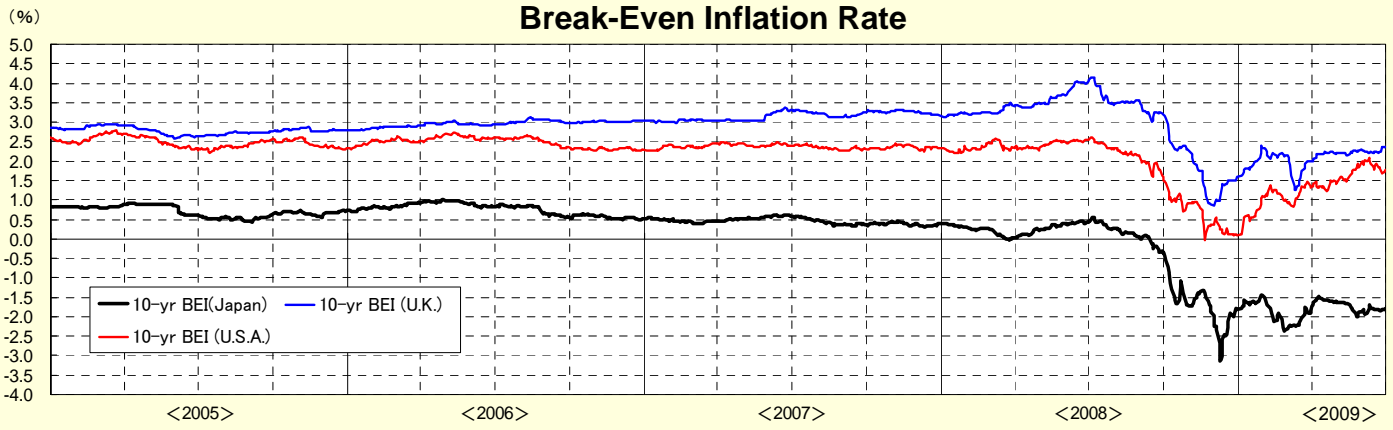
Buy-back Amount from the Market



4 JGB SECONDARY MARKET

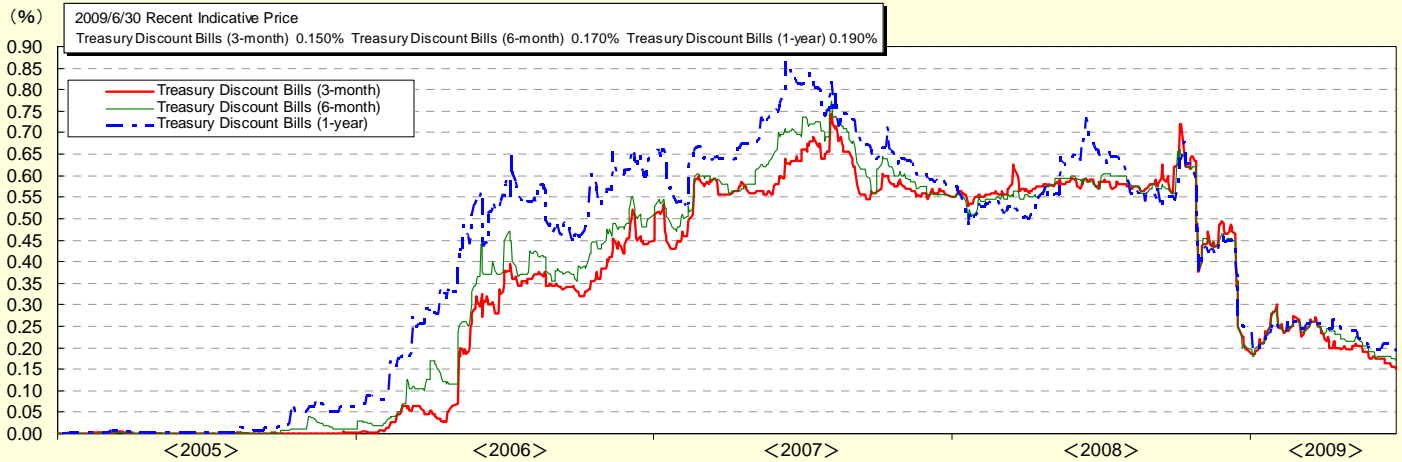


Break-Even Inflation Rate



Source: Japan; Japan Bond Trading Co., U.S.A., U.K.: Bloomberg

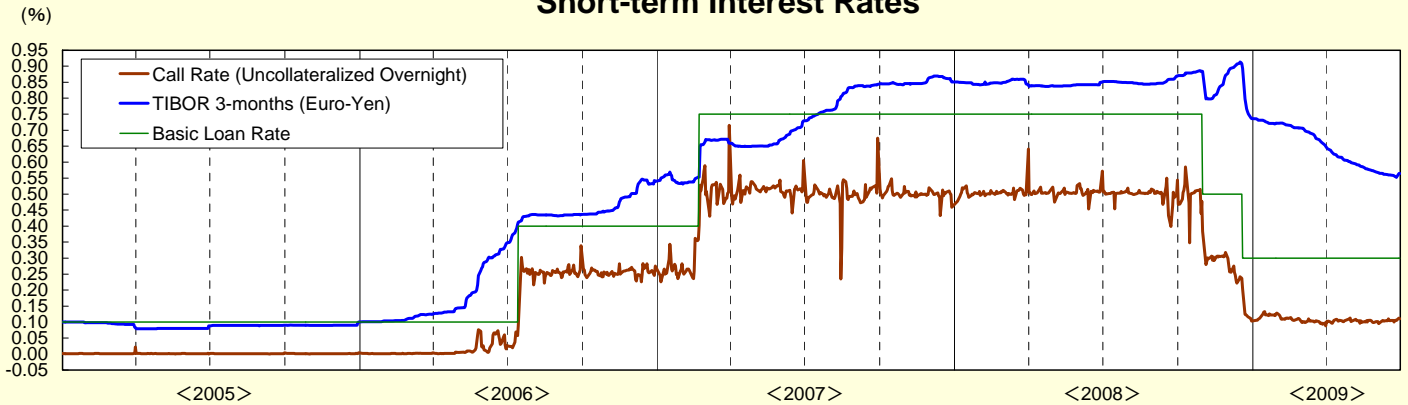
Short-term Interest Rates of Treasury Discount Bills



Note: The Interest rates of FBs (13-weeks, 6-months) and TBs (6-months, 1-year) are used up till Jan, 2009.

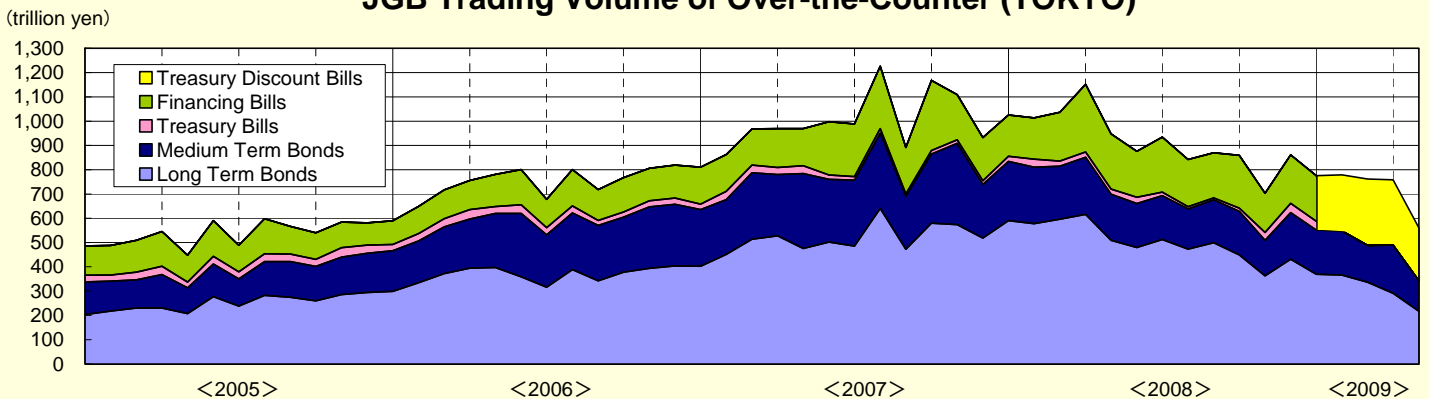
Source: Japan Bond Trading Co.

Short-term Interest Rates



Source: Bank of Japan, Japan Banker Association

JGB Trading Volume of Over-the-Counter (TOKYO)

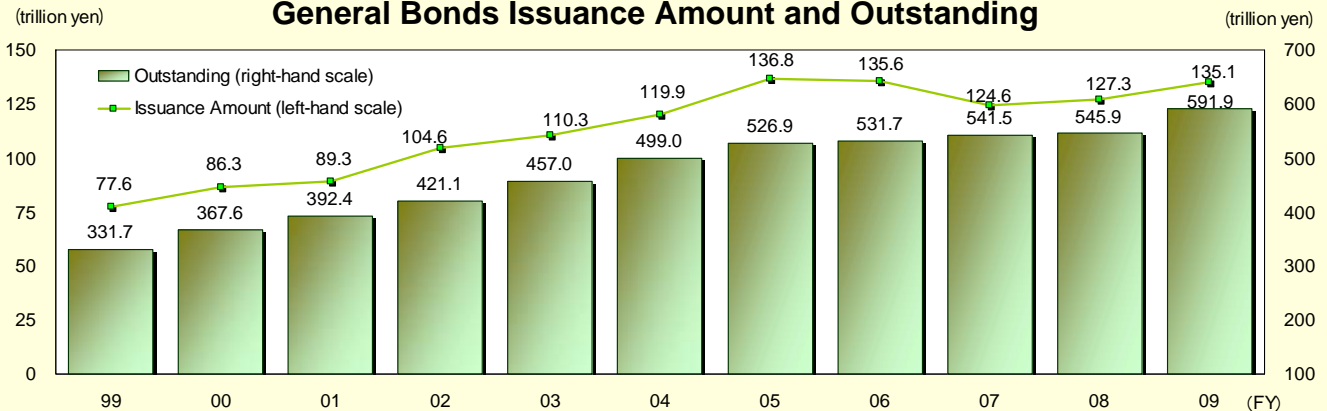


Note: For the Treasury Discount Bills, the Interest rates of FBs (13-weeks, 6-months) and TBs (6-months, 1-year) are used up till Jan, 2009.

Source: Japan Securities Dealers Association

5 JGB OUTSTANDING

General Bonds Issuance Amount and Outstanding

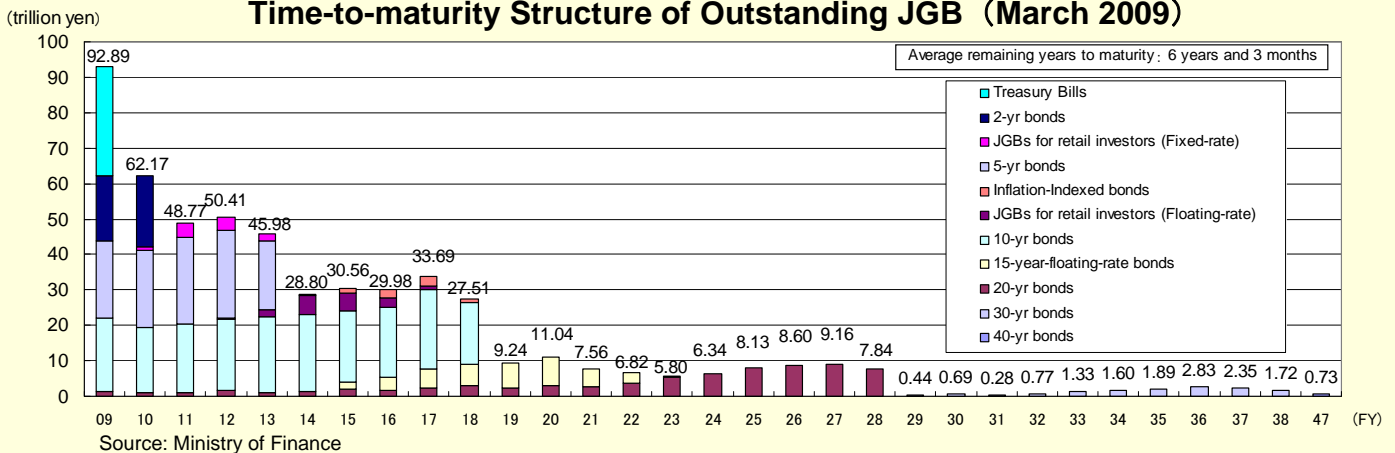


Note 1: Issuance Amount: revenue basis, FY1999-2007: actual, FY2008: second supplementary budget, FY2009: supplementary budget.

Note 2: Outstanding: nominal basis, FY1999-2008: actual, FY2009: estimates.

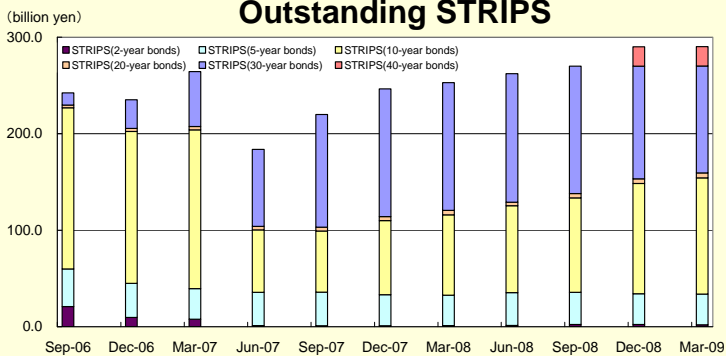
Source: Ministry of Finance

Time-to-maturity Structure of Outstanding JGB (March 2009)



Source: Ministry of Finance

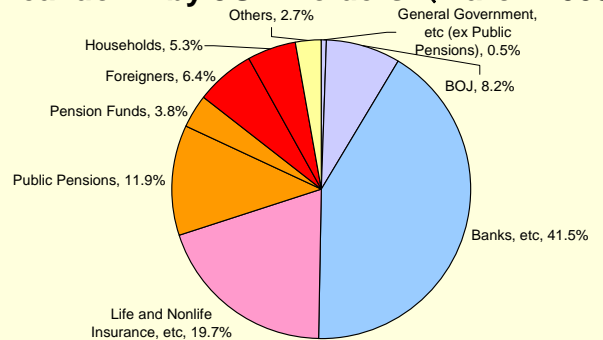
Outstanding STRIPS



Note: Outstanding STRIPS means outstanding amount of principal of strippable JGBs held in stripped form.

Source: Ministry of Finance

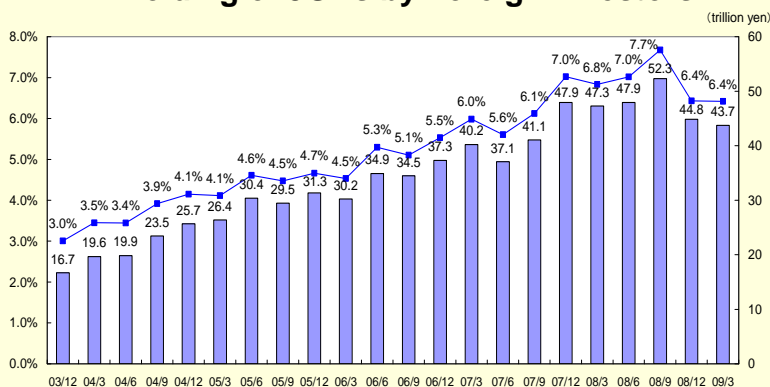
Breakdown by JGB Holders (March 2009)



Note: From preliminary figures of the end of December 2007, financial institutions include Japan Post Bank, life and nonlife insurance include Japan Post Insurance.

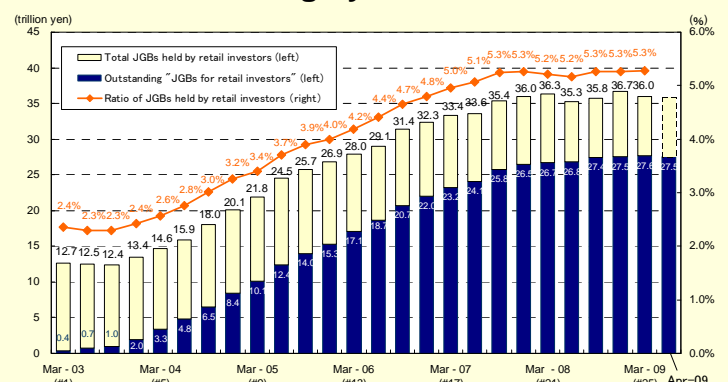
Source: Bank of Japan

Holding of JGBs by Foreign Investors



Source: Bank of Japan

JGB Holding by Retail Investors



Note: Outstanding "JGBs for retail investors" at Apr -09 is [aggregate issues of ¥31.9 trillion]-[redemption before maturity of ¥4.4 trillion].

Source: Ministry of Finance, Bank of Japan

6 ECONOMIC AND FINANCIAL TREND

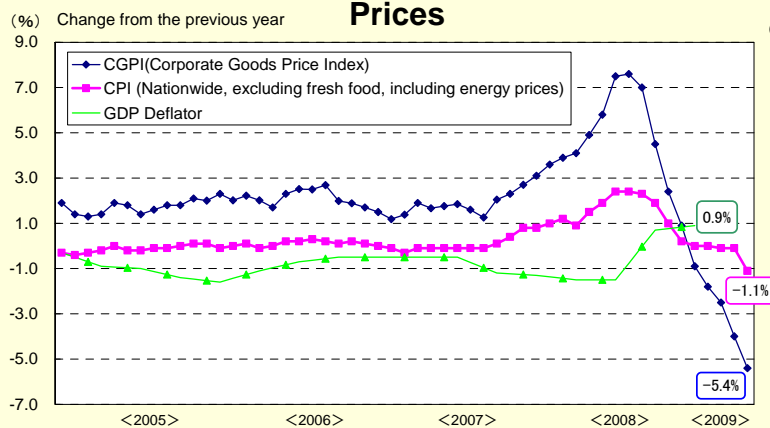
Economic Indicator

| | FY2005 | FY2006 | FY2007 | FY2008 | | | | FY2009 |
|---|--------|--------|--------|-----------|-----------|-----------|-----------|--------|
| | | | | Jan.-Mar. | Apr.-Jun. | Jul.-Sep. | Oct.-Dec. | |
| Real GDP (chained 2000) | 2.3 | 2.3 | 1.8 | 0.4 | -0.6 | -0.7 | -3.6 | -3.8 |
| Domestic Demand | (1.8) | (1.4) | (0.6) | (0.3) | -(1.1) | -(0.7) | -(0.3) | -(2.3) |
| Private Consumption | 1.8 | 1.1 | 0.9 | 1.4 | -1.0 | 0.1 | -0.8 | -1.1 |
| Residential Investment | -1.2 | -0.2 | -13.5 | 5.0 | -2.0 | 3.1 | 5.3 | -5.5 |
| Non-Resi. Investment | 6.2 | 5.5 | 2.1 | 1.3 | -2.9 | -4.2 | -6.4 | -8.9 |
| Public Investment | -5.6 | -8.8 | -6.3 | -5.2 | -0.7 | 1.0 | -0.1 | 0.1 |
| Net Exports | (0.5) | (0.8) | (1.3) | (0.0) | (0.5) | -(0.1) | -(3.2) | -(1.4) |
| Index of Industrial Production (2005 av.=100) | 1.6 | 4.6 | 2.7 | 0.3 | -1.3 | -3.2 | -11.3 | -22.1 |
| Unemployment Rate | 4.4 | 4.1 | 3.8 | 3.8 | 4.0 | 4.0 | 4.0 | 4.4 |

Note: Percent changes from previous period (quarterly figures are seasonally adjusted). The figures in () indicate the contribution to change in GDP.

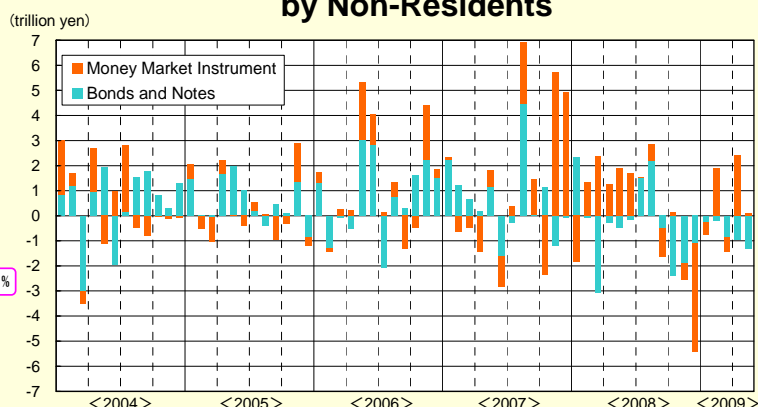
Source: Cabinet Office; Ministry of Economy, Trade and Industry; Ministry of Internal Affairs and Communications

Prices



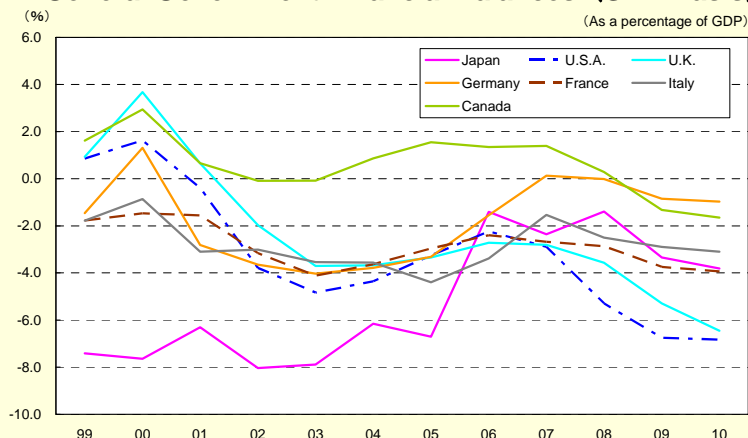
Source: Cabinet Office, Ministry of Internal Affairs and Communications, Bank of Japan

Debt Securities Investment in Japan by Non-Residents



Source: Ministry of Finance

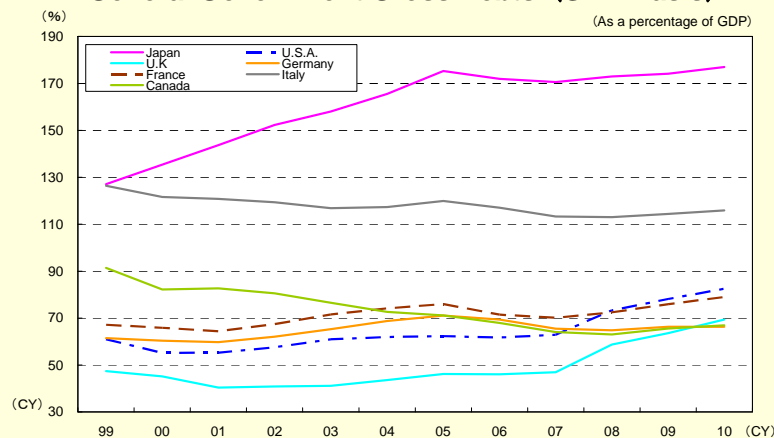
General Government Financial Balances (SNA Basis)



Note: For Japan and the U.S.A., where pension systems are based on a Modified Funded System, the figures exclude social security funds, which are regarded as future liabilities in real terms

Source: OECD "Economic Outlook No. 84"

General Government Gross Debts (SNA Basis)



Source: OECD "Economic Outlook No. 84"

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(<http://www.mof.go.jp/english/ehaisin/etop.htm>)

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