Tokyo Metropolitan Government's Euro-Dollar Bonds Rated 'AA-'

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TOKYO (Standard & Poor's) Jan. 19, 2012--Standard & Poor's Ratings Services said today it had assigned its 'AA-' debt rating to Tokyo Metropolitan Government's (TMG; AA-/Negative/--) $650 million, 1.875% euro-dollar senior unsecured bonds due Jan. 27, 2017.

TMG's economy is about equal in size to the GDPs of some Organization for Economic Cooperation and Development (OECD) member nations, and it attracts many national and international enterprises, which contribute to its corporate tax revenues. Although it is one of Japan's 47 prefectures, TMG's strong tax revenues enable it to stand independent of vertical fiscal adjustments from the central government. We evaluate TMG's modifiable revenue (including taxes, fees, and rates, but excluding central government transfers) as the strongest of any local and regional government in Japan. TMG maintains sufficient liquidity, which also supports the ratings.

The ratings on TMG are currently constrained by the sovereign ratings on Japan (AA-/Negative/A-1+). Although TMG does not rely on the government's vertical fiscal adjustment system, it is susceptible to the overall impact of deteriorating economic conditions and market confidence at the national level.

RELATED CRITERIA AND RESEARCH

- **Principles Of Credit Ratings, Feb. 16, 2011** (https://www.standardandpoors.com/en_US/web/guest/login)
- **Methodology For Rating International Local And Regional Governments, Sept. 20, 2010**(https://www.standardandpoors.com/en_US/web/guest/login)

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