

28 January 2011  
Tokyo Metropolitan Government

## Comments on downgrade of Standard and Poor's credit rating to AA-(stable)

Standard and Poor's cut the rating of Tokyo Metropolitan Government to AA-(stable) today, following Japan's long-term sovereign's downgrade to AA-(stable) yesterday.

Our comments on this issue are as follows;

- 1 This downgrade is caused by Japanese government as our financial condition is sound

Downgrading of Japan's sovereign debt is the only reason of our downgrade. As in S&P's press release, we have the most robust independent financial base and our financial soundness is in the highest level. Therefore, our financial condition did not cause this downgrade. Japanese government should struggle to achieve sound financial management immediately.

- 2 Request on workable rating system

S&P's present policy that the ratings on Japanese municipalities can not exceed that of Japan, is not able to indicate their financial condition accurately. Many municipalities are now in the same grade because of the sovereign's downgrade, therefore, we would have to say that the level of rating is distorted. We require S&P to find a new method that can show the financial disparities among the municipalities.

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