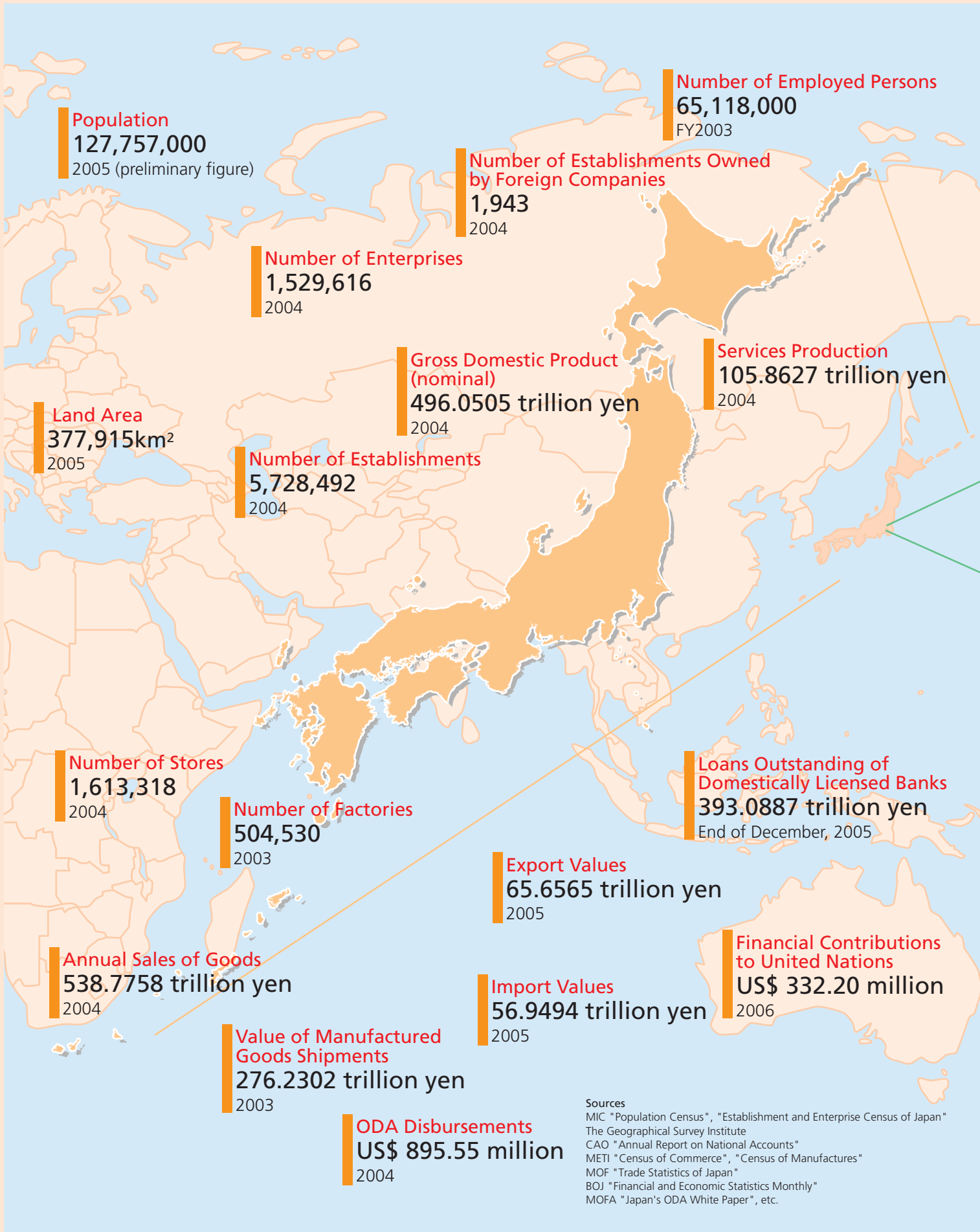
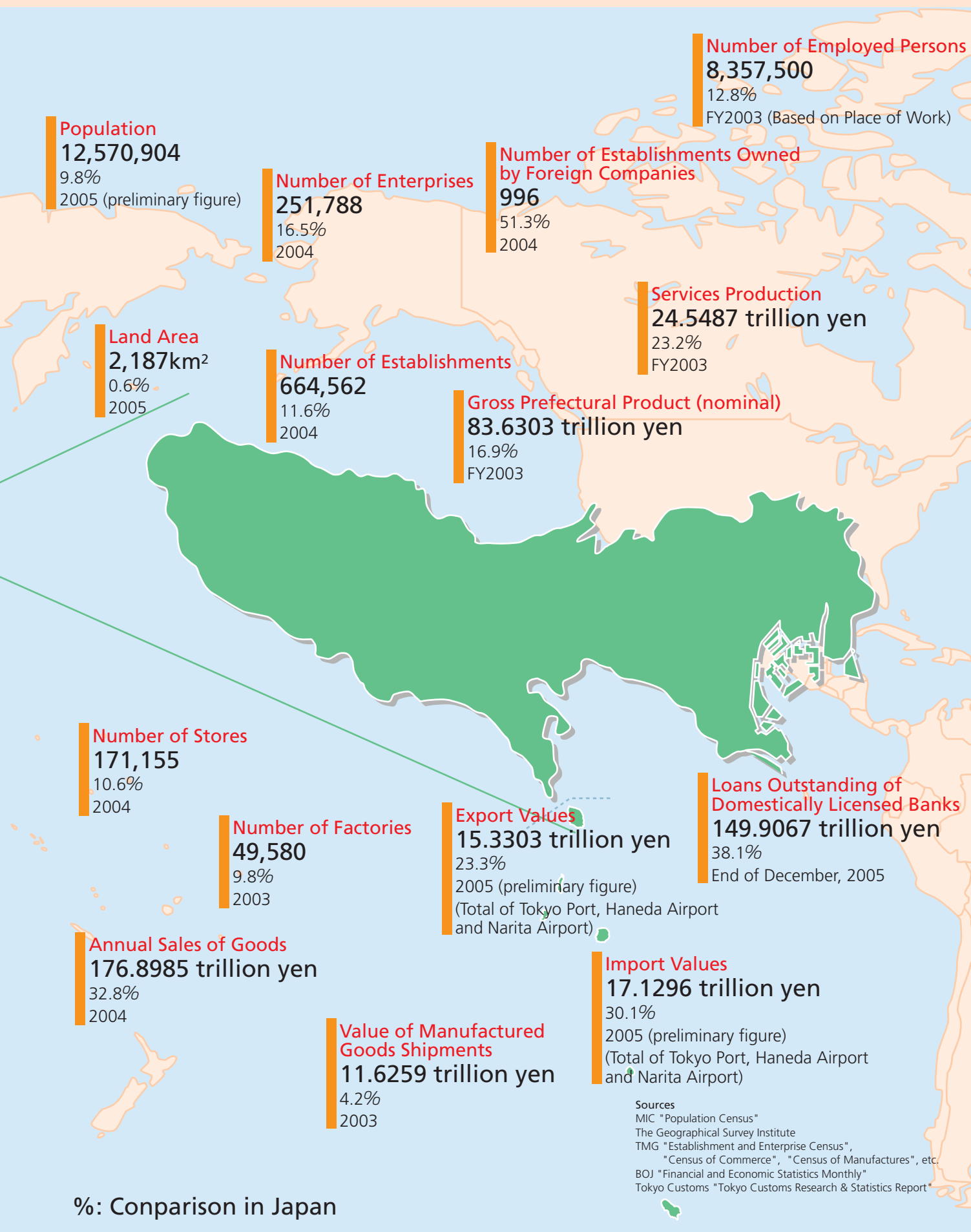


# Japan, A Major Economic Power

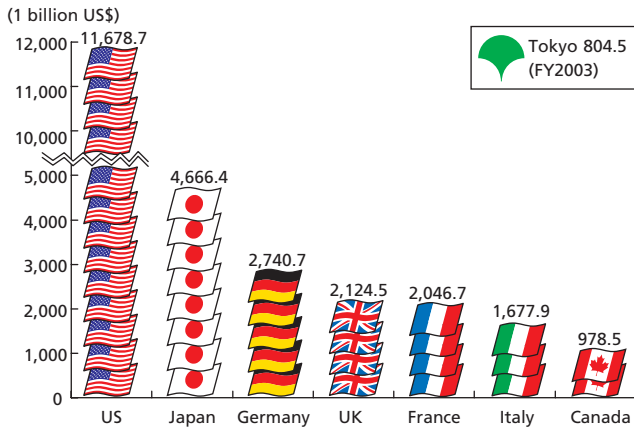


# Metropolis Tokyo



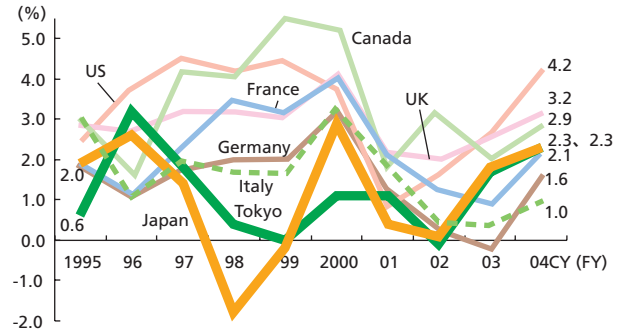
# Japan has a Significant Impact on the World's Economy,

## 1 GDP of Major Countries (2004)



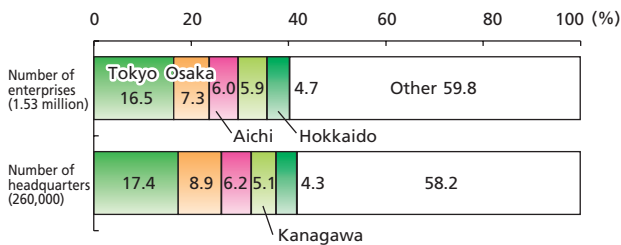
Note : The figure for Tokyo is based on the yen-dollar exchange rate as of the last day of FY2003  
 Source: Tokyo Metropolitan Government, OECD materials

## 2 Real Rates of Economic Growth of Major Countries



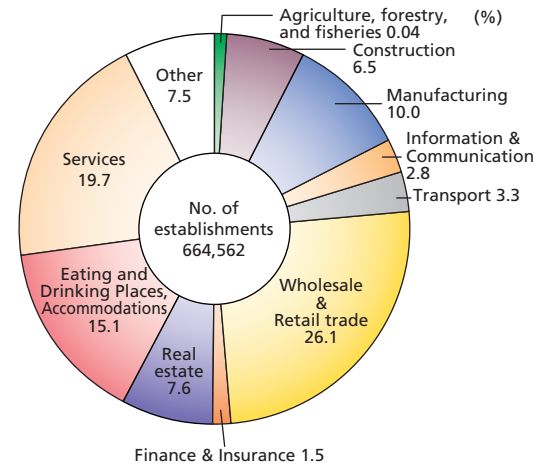
Note : Figures for Tokyo are on a fiscal year basis  
 Source: Tokyo Metropolitan Government  
 Cabinet Office "Annual Report on National Accounts"  
 Statistical materials of each country

## 5 National Breakdown of Number of Enterprises and Number of Headquarters (2004)

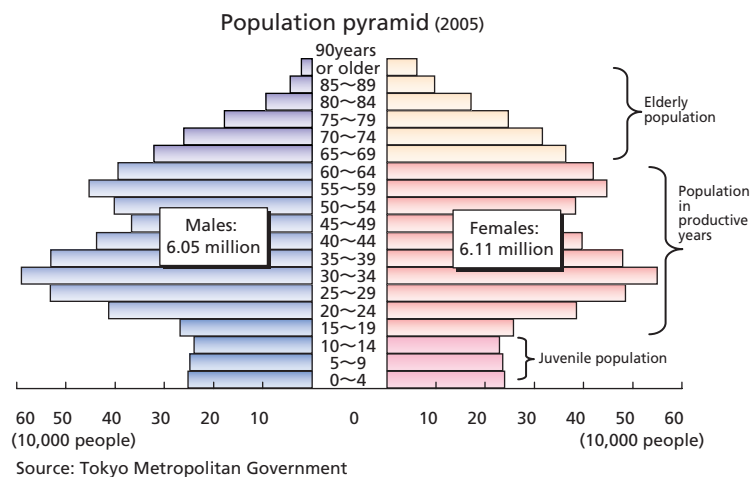


Note : Number of headquarters = number of headquarters, main stores, and main business sites  
 Source: MIC "Establishment and Enterprise Census"

## 6 Breakdown of Number of Establishments



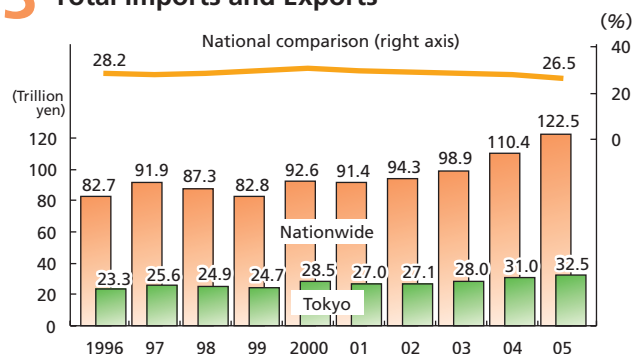
## 8 Structure and Trends of Tokyo's Population



Japan's GDP is ranked second in the world and thus has significant influence on the world's economy. The Japanese economy is slowly recovering, as is seen in continuing improvement in the previously depressed rate of economic growth. Overall imports and exports throughout the country are increasing year-on-year, and foreign trade is growing smoothly. Moreover, the Tokyo Stock Exchange and other stock exchanges are seeing active transactions each day, reflecting favorable business performance. Such transactions are supporting massive mobilization of capital in the market.

# and it is Tokyo that Drives the Japan's Economy

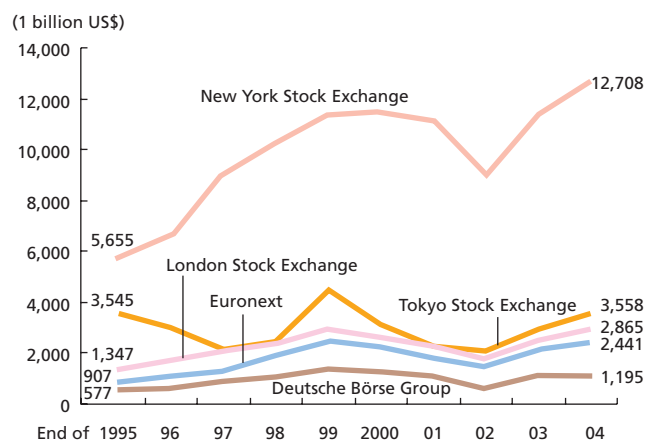
## 3 Total Imports and Exports



Note : Tokyo figures are totals of the Port of Tokyo, Haneda Airport, and Narita Airport

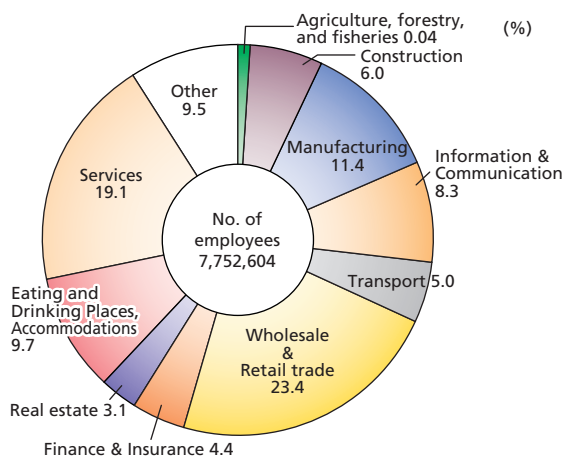
Source: Tokyo Customs "Trade Chronology", MOF "Trade Statistics"

## 4 Actual Market Value of Stock Exchanges (Domestic Market Capitalization)



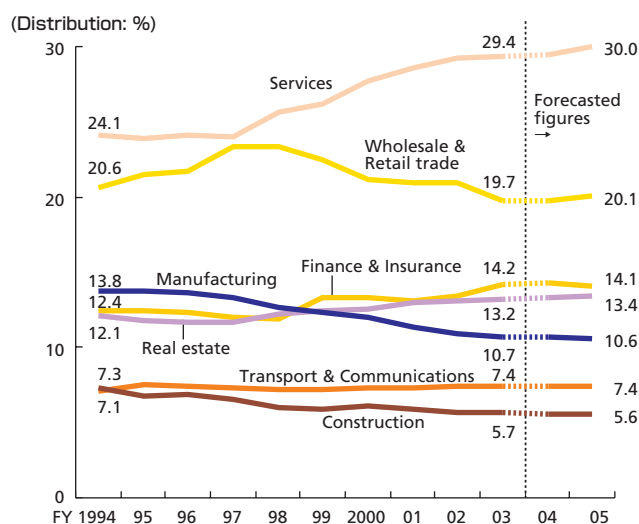
Source: World Federation of Exchanges

## and Number of Employees by Industry (2004)



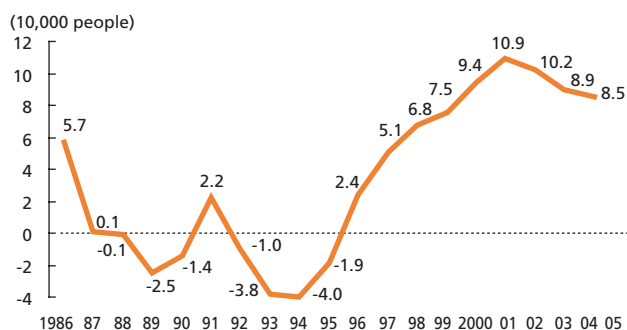
Source: TMG "Establishment and Enterprise Census"

## 7 Percentage Distribution of Tokyo's Gross Production by Industry



Note : Figures are based on former industrial classifications  
Source: Tokyo Metropolitan Government

## Changes in Tokyo's population

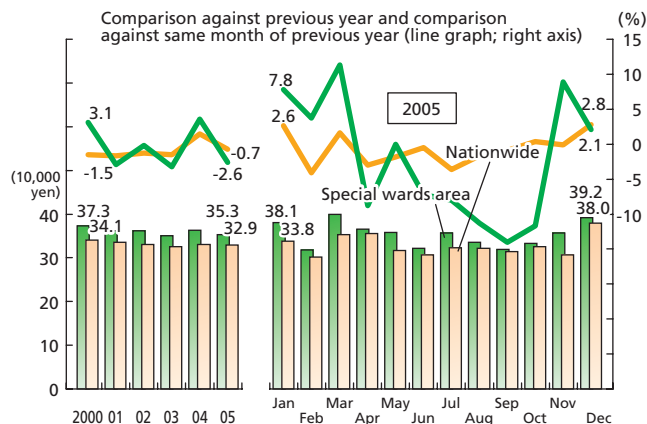


Source: TMG "Population Trends"

Tokyo is home to a large number of enterprises and is characterized by a concentration of many headquarters and central management functions. It is a place where some 660,000 establishments and 7.75 million employees engage in active economic activity. Tokyo's gross production accounts for nearly 20% of the nation's GDP. Much of this production is comprised of services and other tertiary industries, which reflects the larger role that services are playing in the economy. Although 12 million Tokyo inhabitants serve as the foundation for such economic activity, the low birthrate and aging of society are having an increasing impact. Furthermore, the number of people returning to Tokyo has been increasing in recent years, and thus the population of the special wards region and cities is increasing.

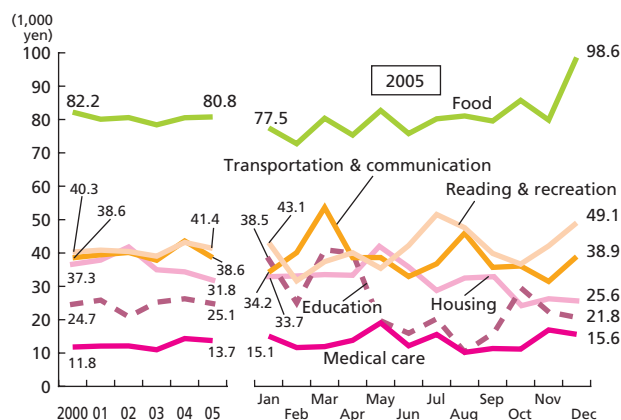
# Consumption remains Stagnant while Production is Sluggish

## 1 Living Expenditure (Tokyo Special Wards Area)



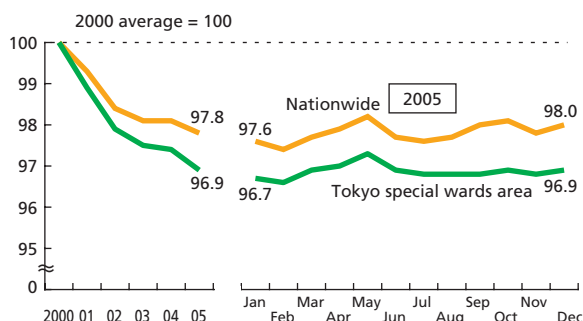
Note : Workers' households (nominal value)  
Source: MIC "Family Income and Expenditure Survey"

## 2 Living Expenditure by Item (Tokyo Special Wards Area)



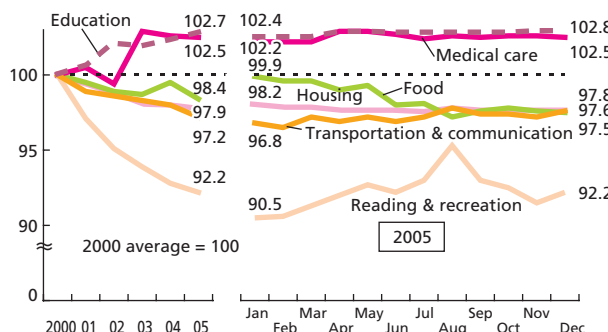
Note : Workers' households (nominal value)  
Source: MIC "Family Income and Expenditure Survey"

## 3 Consumer Price Index



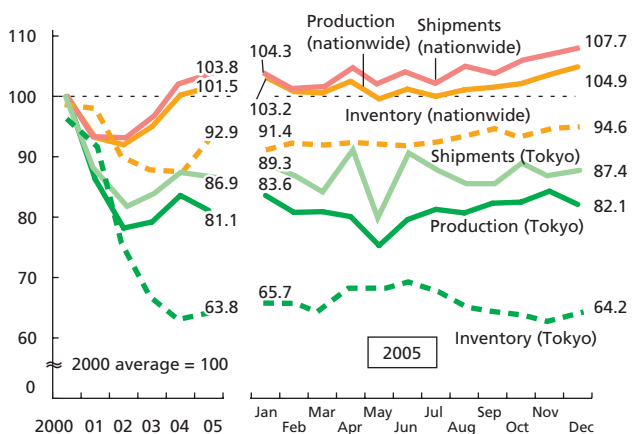
Source: MIC "Consumer Price Index"

## 4 Consumer Price Index by Item (Tokyo Special Wards Area)



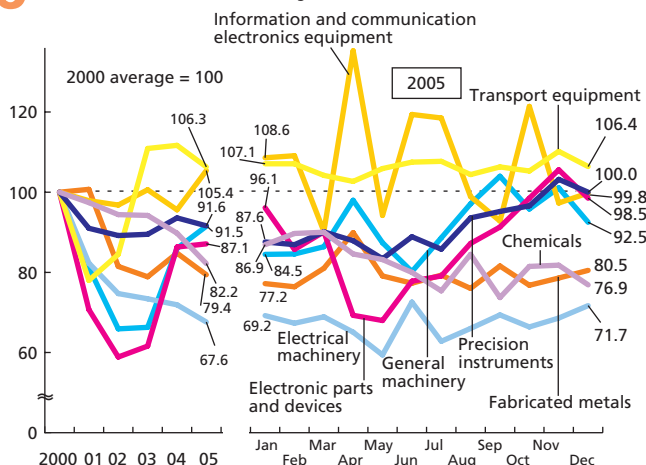
Source: MIC "Consumer Price Index"

## 5 Production, Shipment, and Inventory Indices



Source: TMG, METI "Indices of Industrial Production"

## 6 Production Indices by Goods

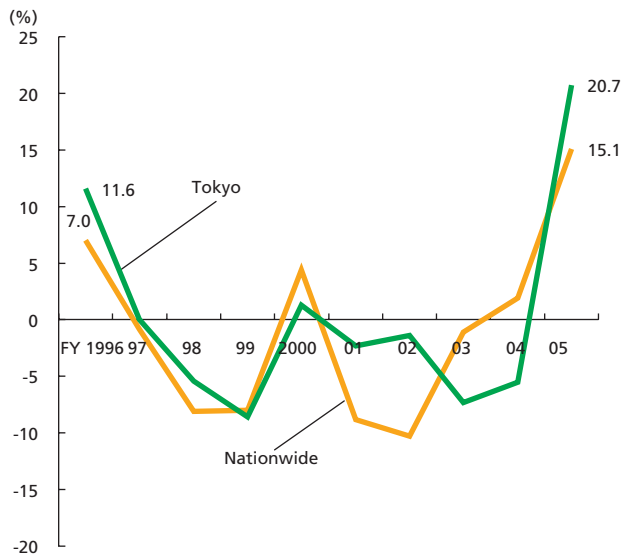


Source: TMG "Indices of Industrial Production"

Tokyo's household consumption (special wards area) declined in 2005 compared to 2004, due partly to the impact of falling consumption in "transportation & communication" and "reading & recreation." Consumer prices (special wards area) remained unchanged as a slow deflationary trend continues. In terms of production, although nationwide product has recovered to the 2000 level, production in Tokyo remains low. However, when production by individual item is examined, growth continues to be seen in "information and communication equipment." This suggests favorable conditions for IT-related equipments, etc.

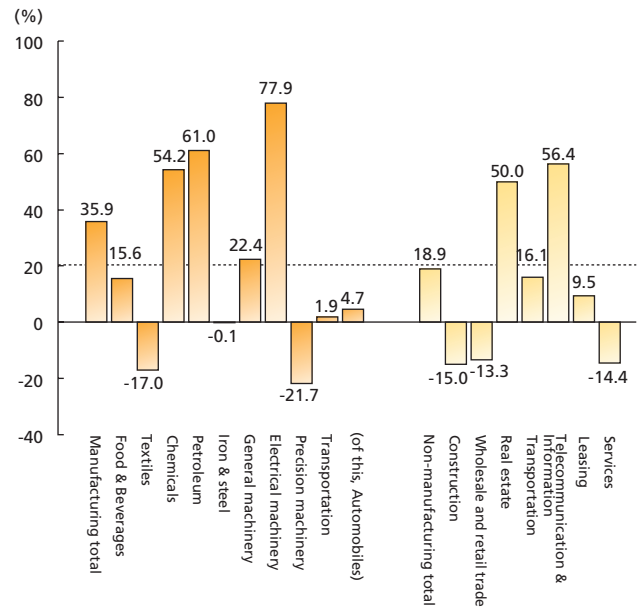
# Capital Investment is Rising Significantly

## 1 Rate of Change in Amount of Capital Investment



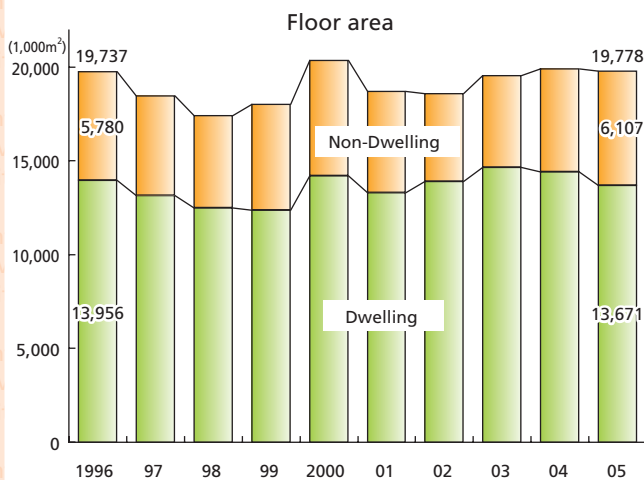
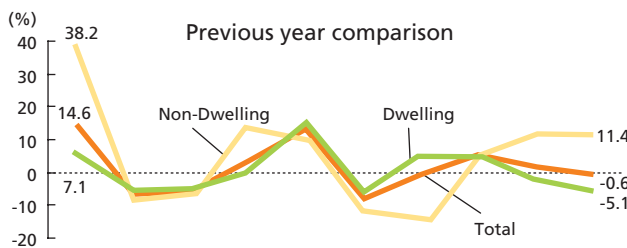
Note : Amounts for FY2005 are from revised plans. In general, figures are for private-sector enterprises having capital of 100 million yen or more in all industrial categories (excluding agriculture, forestry, finance & insurance and medical care).  
Source: DBJ "Survey on Planned Capital Spending (in the Tokyo Metropolitan Area)"

## 2 Growth Rate of Amount of Capital Investment by Industry (FY 2005 / 2004)



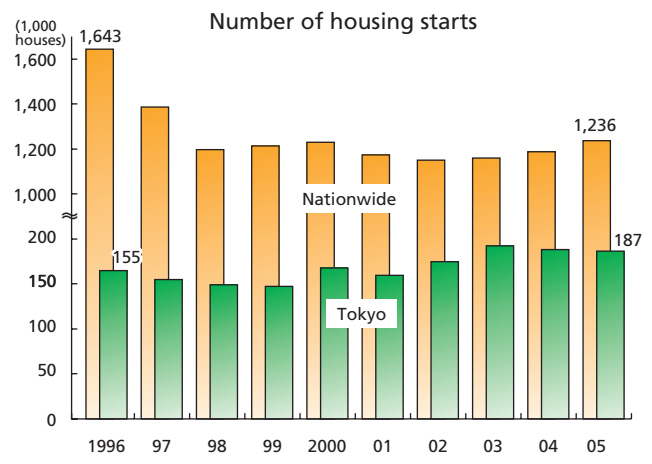
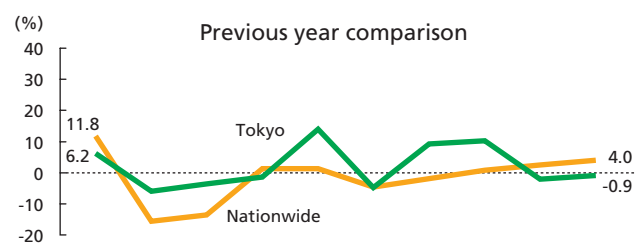
Note : In general, figures are for private-sector enterprises having capital of 100 million yen or more. Amounts for FY2005 are from revised plans.  
Source: DBJ "Survey on Planned Capital Spending (in the Tokyo Metropolitan Area)"

## 3 Floor Area of Building Construction Starts



Source: MILT "Building Construction Started"

## 4 Number of New Housing Starts

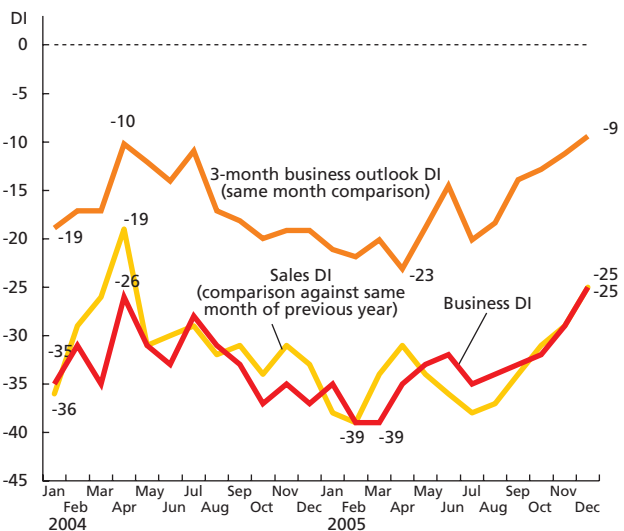


Source: MILT "Building Construction Started"

Capital investment in Tokyo leads the national average and is showing dramatic growth. This is due to strengthening investment by electrical machinery manufacturing that is occurring in line with growing demand for digital consumer electronics, as well as increasing capital investment in real estate and other sectors amid active redevelopment in the city center. Looking at floor area of construction starts, although the floor area for housing declined, that for non-housing (office buildings, commercial facilities, etc.) continues to rise. Moreover, looking at the number of new housing starts, rental housing is maintaining a favorable trend despite an overall downturn due to a declining number of condominiums.

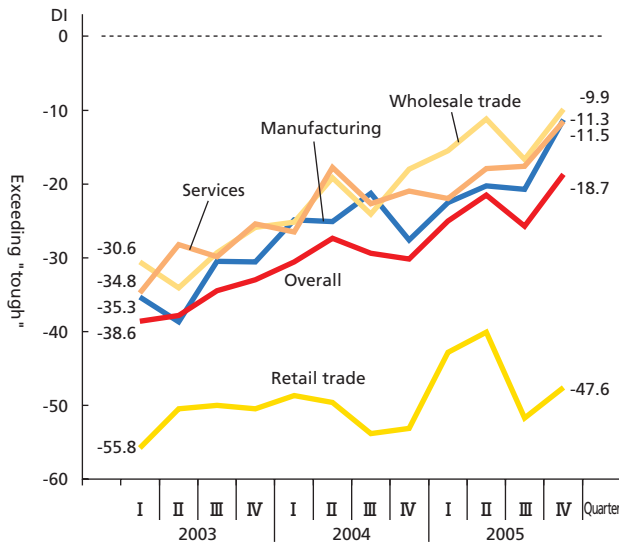
# Business Confidence is Improving while the Number of Bankruptcies Continues to Decline

## 1 Business Diffusion Index of Small- and Medium-size Enterprises



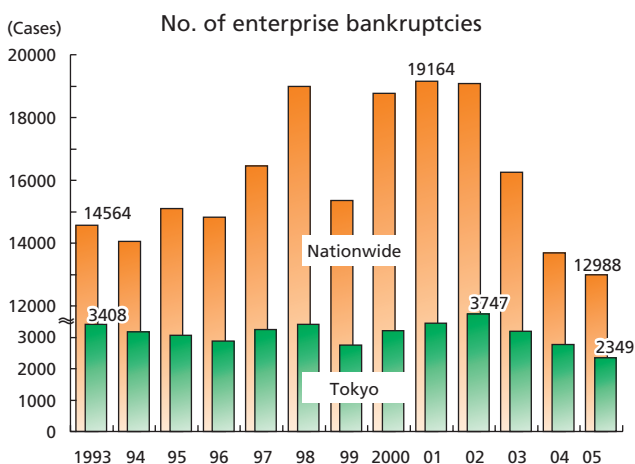
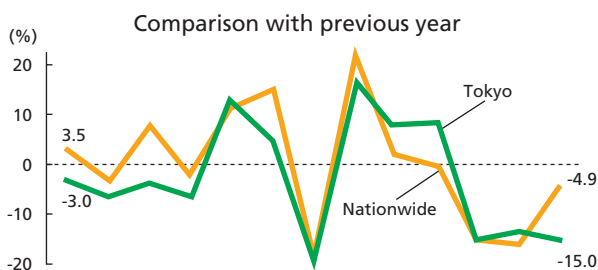
Note : DI = share of enterprises indicated "good" or "growing" minus share of enterprises indicating "bad" or "declining"  
Source: TMG "Business Conditions of Small- and Medium-size Enterprises in Tokyo"

## 2 Cash Flow Situation of Small- and Medium-size Enterprises



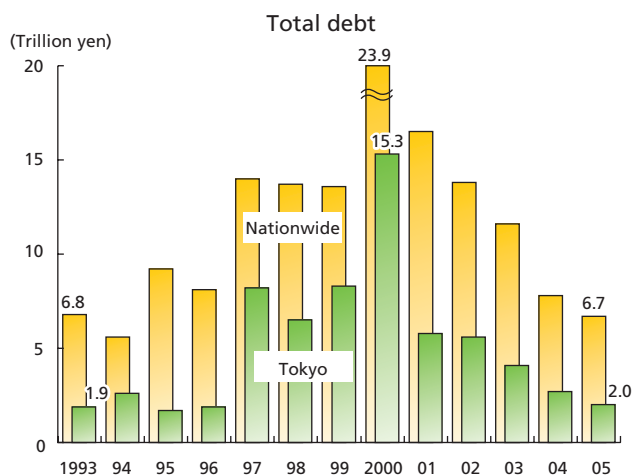
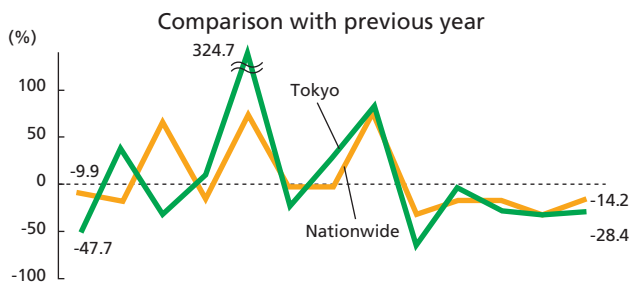
Note : DI = share of enterprises indicating "easy" minus share of enterprises indicating "tough"  
Source: TMG "Business Conditions of Small- and Medium-size Enterprises in Tokyo"

## 3 Number of Enterprise Bankruptcies



Note : Enterprises having total debts of 10 million yen or more  
Source: TMG "Enterprise Bankruptcies in Tokyo"

## 4 Total Debt of Enterprise Bankruptcies

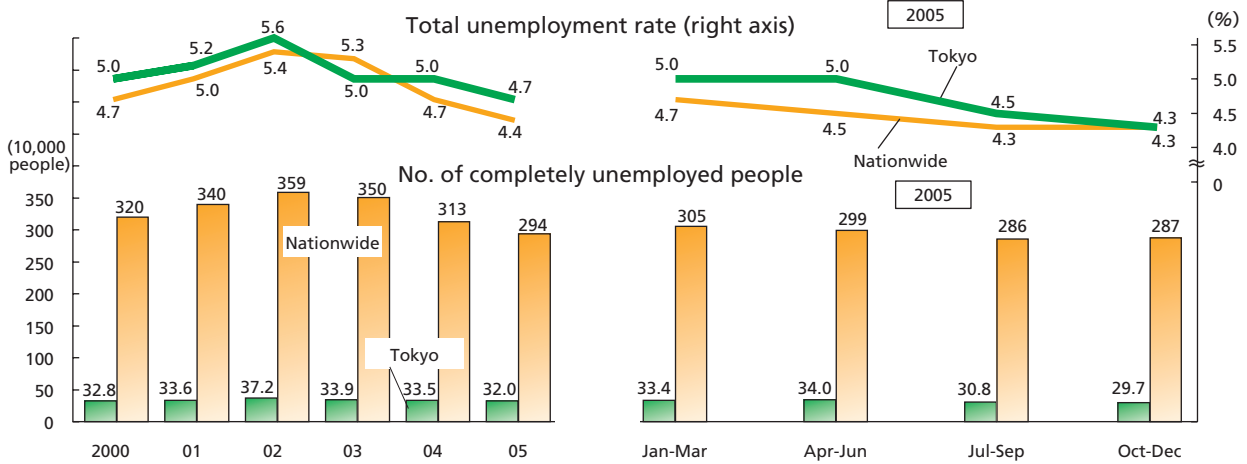


Source: TMG "Enterprise Bankruptcies in Tokyo"

Although the business confidence of small- and medium-size enterprises in Tokyo saw a temporary fall in 2005, it is currently on an upward trend. The economy's breakaway from level growth together with other factors has led to rising expectations of economic recovery. Looking at the cash flow of small- and medium-size enterprises, while times still appear to be hard in the retail trade, overall improvement is continuing. And, in the area of enterprise bankruptcies, both the number of bankruptcies and debt amount are declining due to various public financial assistance schemes for small- and medium-size businesses as well as the economic recovery trend.

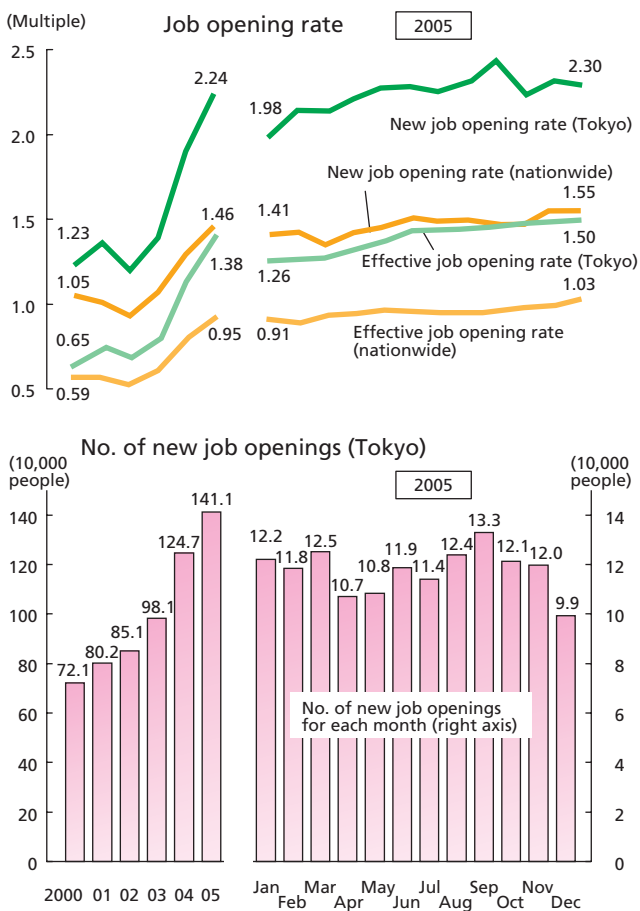
# Employment Conditions are Improving and it is Tokyo

## 1 Total Unemployment Rate and Number of Completely Unemployed People



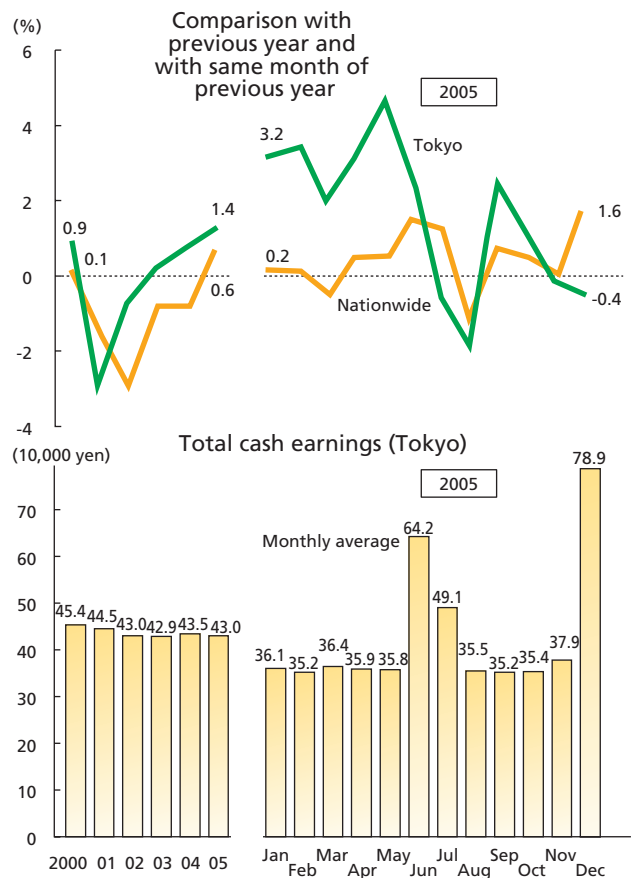
Source: TMG, MIC "Labour Force Survey"

## 2 Job Opening Rate and Number of Job Openings



Source: Tokyo Labor Bureau "Annual Report on Labor Security Administration"

## 3 Total Cash Earnings



Note : The 2005 comparison against the previous year for Tokyo is not continuous with 2004 due to differences in the calculation method. Monetary amounts are not corrected for gaps that occur due to sampling substitution, etc.

Source: TMG, MHLW "Monthly Labour Survey"

Despite being high compared to the rest of the country, the total unemployment rate in Tokyo is improving. Moreover, the job opening rate is significantly above the national average and the number of new job openings is increasing. Furthermore, total cash earnings are increasing. Thus, the employment situation and wages are improving amid economic recovery.