

## **Outline of Outright Purchases of Corporate Bonds**

### **1. Corporate Bonds to be Purchased**

Corporate bonds that are eligible as the Bank's collateral, A rated or higher, and with a residual maturity of up to 1 year at the end of the month in which the purchase is conducted.

### **2. Eligible Counterparties**

Financial institutions that wish to be counterparties in this operation and that are also among those who are to borrow funds from the Bank's Head Office in the Bank's Funds-Supplying Operations against Pooled Collateral.

### **3. Method for Auctions**

A multiple-price competitive auction in which a minimum yield applied to corporate bonds is set according to their residual maturity, as detailed below, and counterparties bid a non-negative spread above the minimum yield. Minimum yields are subject to change.

(Residual maturity of up to 6 months)

The targeted uncollateralized overnight call rate plus 40 bps

(Residual maturity of more than 6 months)

The targeted uncollateralized overnight call rate plus 60 bps

### **4. Amount to be Purchased**

The outstanding amount of corporate bonds purchased by the Bank shall not exceed 1 trillion yen.

The outstanding amount of a single issuer's corporate bonds purchased by the Bank shall not exceed 50 billion yen. In addition, if the outstanding amount of a single issuer's corporate bonds purchased by the Bank exceeds 25% of the "upper limit" (the highest end-of-the-month figure for a given issuer's corporate bonds between July 2008 and January 2009), the corporate bonds would be excluded from the eligible list of corporate bonds until redemptions bring the outstanding amount of the issuer's corporate bonds purchased by the Bank back below the upper limit.

## 5. Duration of Purchases

All outright purchases of corporate bonds will be conducted by September 30, 2009.

## 6. Schedule, etc.

The first auction will be offered on March 4, the second on April 6, and the third on May 11. The amount of each purchase is planned to be 150 billion yen.

The schedule and the amount of purchases are subject to change.

The schedule for the fourth and subsequent auctions will be released at a later date.