



## Materials for Kyoto City IR Briefing

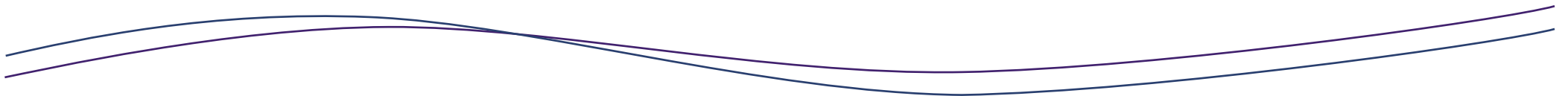


April 2010

Kyoto City

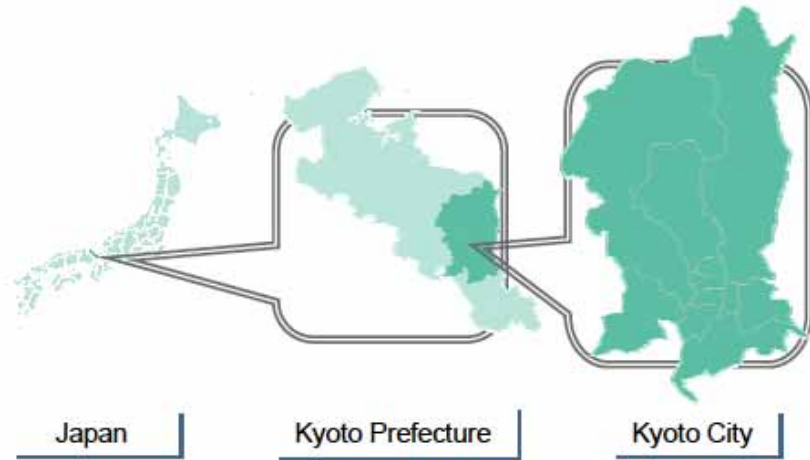
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# I Overview of Kyoto City

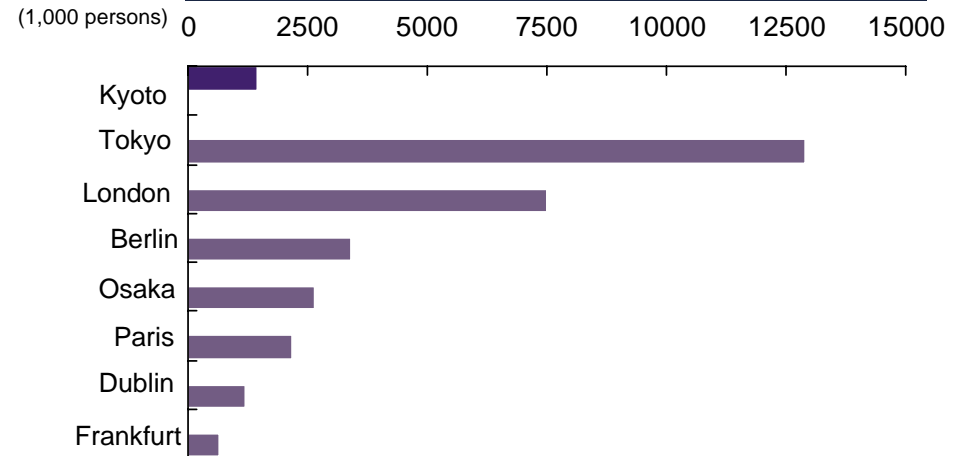


# Overview of Kyoto City

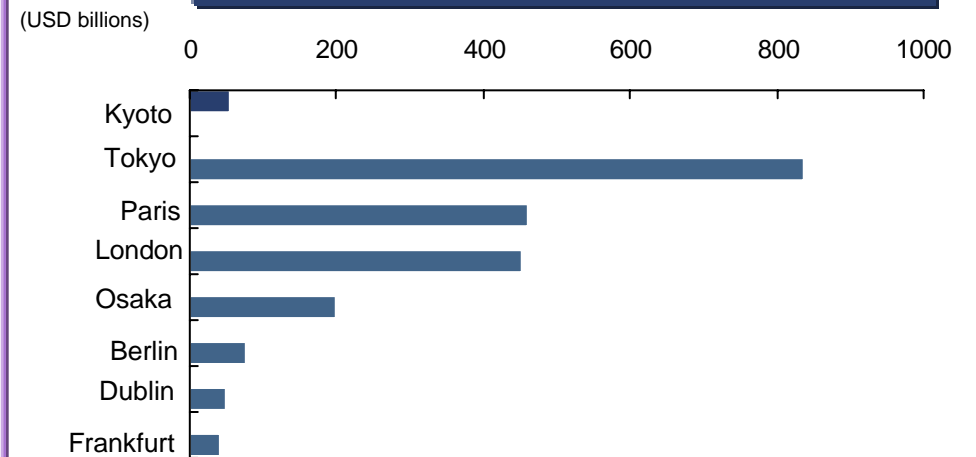
## Geographical features of Kyoto City



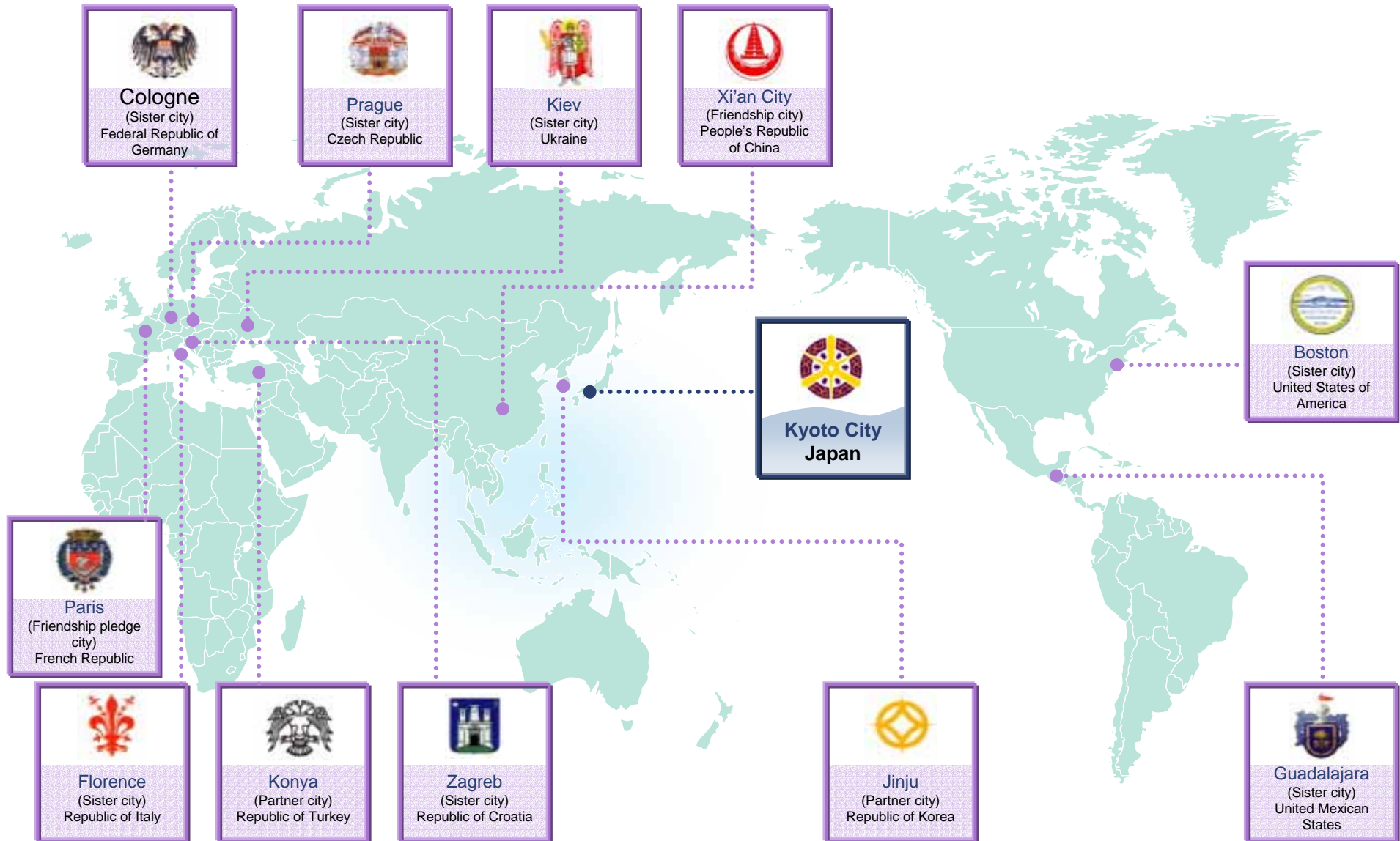
## Population of world's major cities (1)



## GDP of world's major cities



# Sister Cities and Other Relations



# Features of Kyoto City

## Culture of Kyoto City

**Preservation and use of cultural assets that are registered as World Heritage sites and National Treasures, such as Nijo-jo Castle**

- World Heritage sites: Kinkaku-ji Temple, Nijo-jo Castle, To-ji Temple, etc.
- 211 National Treasures (19.6% of national total)
- 1,826 important cultural assets (14.5% of national total)



## Concentration of manufacturers

**Concentration of leading Japanese manufacturers with one-of-a-kind technology such as Nintendo, Kyocera and Rhom**

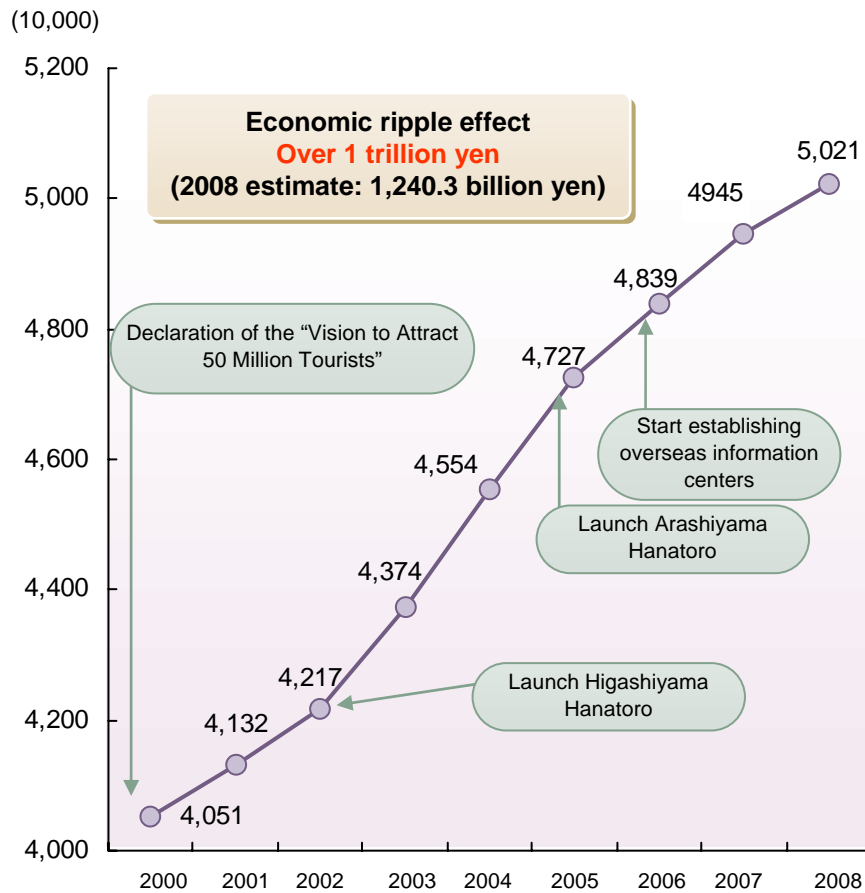
### Appeals of Kyoto City

- Kyoto's brand power based on its history, culture and tradition
- A collection of universities with a high level of intellectual resources
- Strong technological capabilities of traditional industries built up over its long history

# Tourists Visiting Kyoto Continuing to Increase: World-Famous Tourist Destination

Number of tourists visiting Kyoto reached 50.21 million in 2008 (record number for 8th consecutive year)

Trends in number of tourists visiting Kyoto



Source: Kyoto City Annual Tourist Research Report

Trends in number of foreigners staying overnight in Kyoto by country

Number of foreigners staying overnight: From 450,000 in 2003 to 940,000 in 2008

- French: increased 3.2 times (to 55,000 from 17,000)
- German: increased 2.3 times (to 41,000 from 18,000)



Source: Kyoto City Annual Tourist Research Report

# Happy to Have Kyoto in Japan: City that continues attracting people from all over the world

## Third Japonism

**Many people in the world are now interested in Japanese things, such as Japanese-style food, manga, anime and Japan's traditional culture.**

### Japan's leading city in every way apart from its political and economic size

Place of outstanding natural beauty	Woods covering three-fourths of the city, and rivers where ayu sweetfish live, such as the Kamo and Katsura rivers
Historical city	National treasures that account for 20% of Japan's total; 14 temples and shrines and Nijo-jo Castle that are registered as World Heritage sites; the Gion Festival that is registered as an intangible cultural heritage (in September 2009).
Religious city	Base of spiritual culture; spiritual home
Environmentally advanced city	Birthplace of Kyoto Protocol and Japan's Environment Model City
Educationally advanced city	City where tradespeople established Japan's first public primary school in 1869
City with advanced welfare	Implementation of many of Japan's most-advanced welfare measures
City of universities	Close connection among 51 colleges through the Consortium of Universities in Kyoto
City of students	Having 37 colleges and junior colleges, 10% of its population are students
Manufacturing city	All sorts of industries ranging from traditional to advanced ones and fusion of these industries; creation of the intelligence industry
Story-creating city	Having created various stories throughout the ages, ranging from the <i>Genji Monogatari</i> (the Tale of Genji) in old times to those in manga, anime, games and movies today
Art and culture city	Cultural capital featuring variety of cultural activities, such as tea ceremonies, flower arrangement, incense ceremonies, Noh, Kyogen (the comic interludes between Noh plays) and Kyoto cuisine
Food culture city	Teeming with restaurants that serve not only Japanese food but also all kinds of cuisine from all over the world
Human rights city	City that has made the Suiheisha Declaration, which is said to be Japan's human rights declaration (Suiheisha: levelers' association)
Tourist city	Visited by 50.0 million tourists annually
International city Multi-cultural city	Proclamation of the "Declaration of Kyoto as a City Open to the Free Exchange of World Cultures" (in 1978)



## II. Credit Ratings and Financial Status





# Credit Ratings of Kyoto City as Issuer

Moody's	Assigned on July 31, 2007
<b>Aa2</b>	Stable

Standard & Poor's	Assigned on August 2, 2007
<b>A +</b>	Stable

## Comparison with other cities (Standard & Poor's)

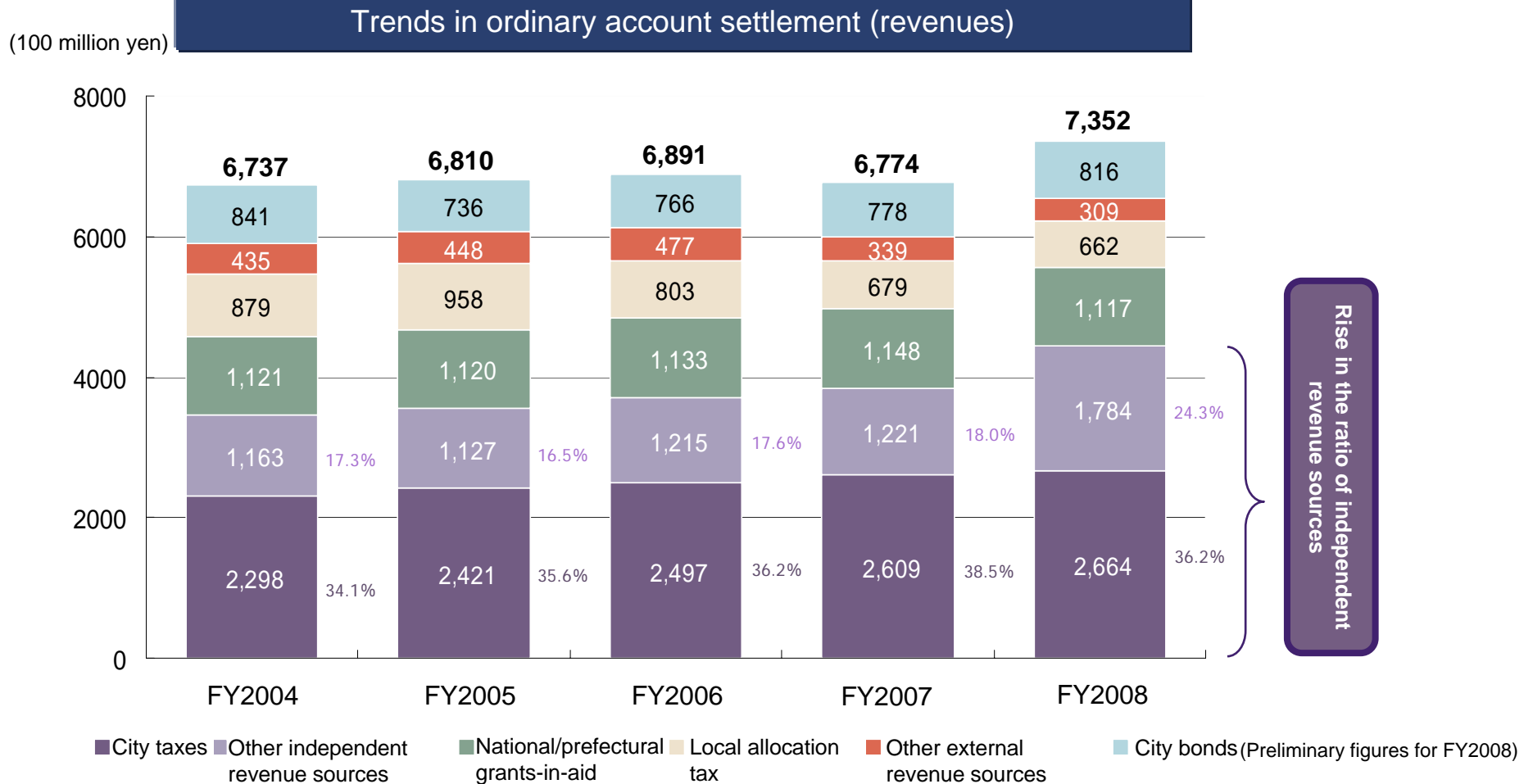
City	Tokyo	Seoul	Rome	Montreal
Rating	<b>AA</b> (Negative)	<b>A</b> (Stable)	<b>A +</b> (Stable)	<b>A +</b> (Stable)

## Reasons for the credit ratings

- Stable fiscal foundation on par with global cities with similar ratings
- Solid fiscal administration that reflects the characteristics of the city's tax revenue base
- Limiting outstanding city debt across all accounts relative to other municipalities
- Solid progress and results in administrative and financial reforms including the "Fiscal Consolidation Plan" and the "City Administration Reform Implementation Plan"
- Significant potential in the tourist industry that attracts almost 50.0 million tourists per year

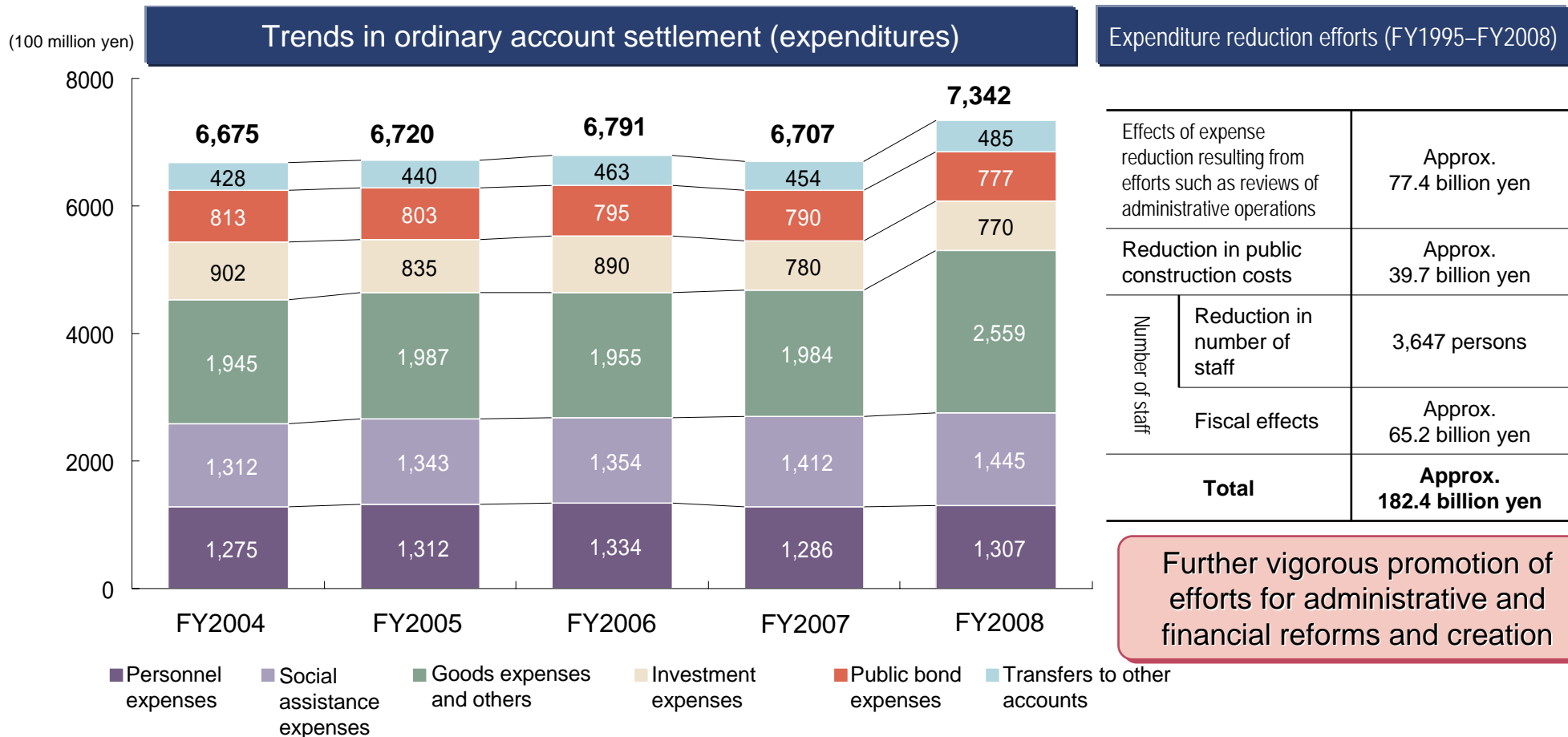
# Stable Fiscal Foundation: Securing Revenue

- Increase in city tax revenues due to strong corporate earnings
- Rise in the ratio of independent revenue sources; continued suppression of city bond issuances



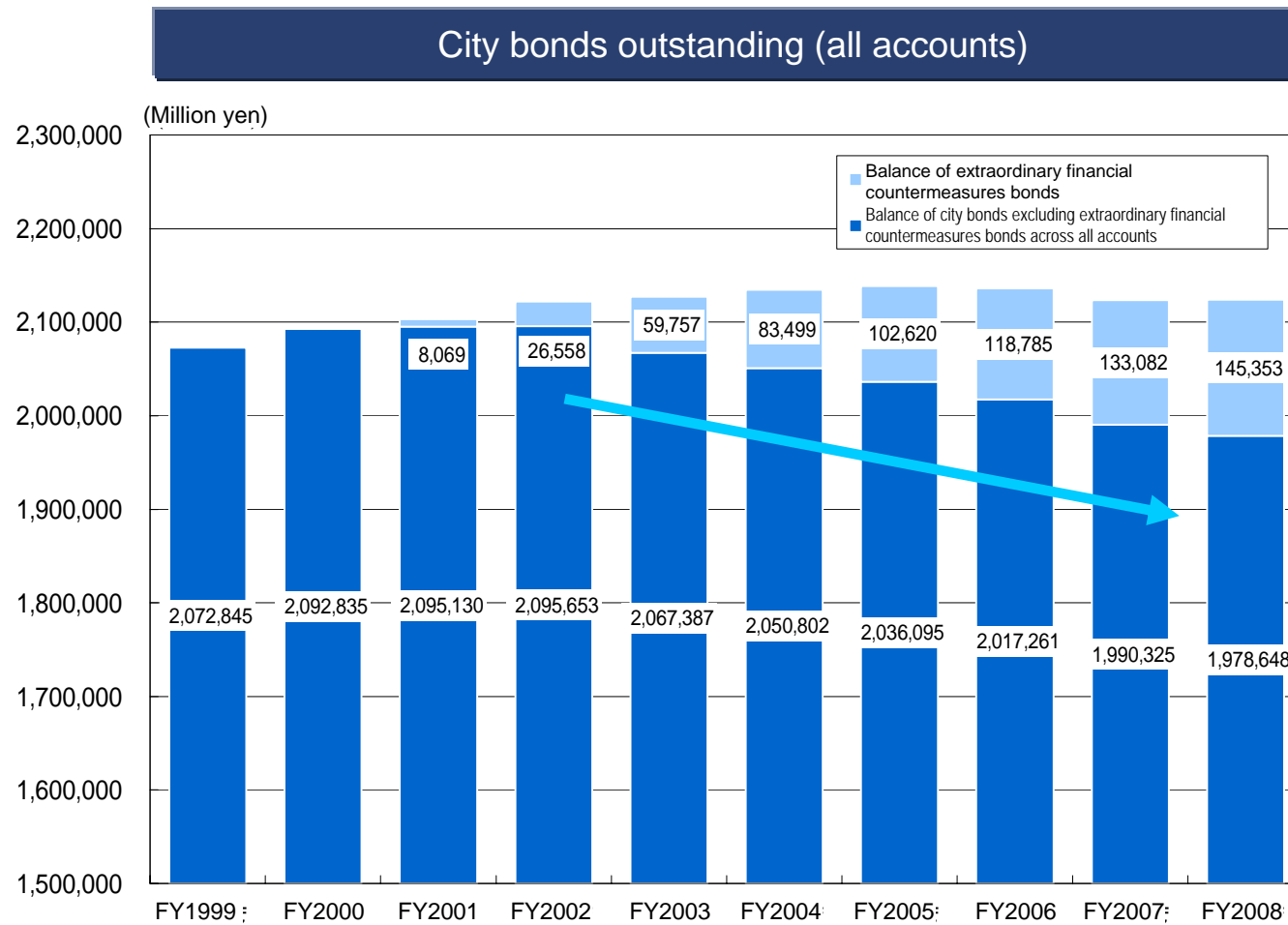
# Solid Progress in Administrative and Financial Reforms: Reduced Expenditures

- Japan's first-rate, non-stop administrative and financial reforms from an early period
- Accumulated effects of administrative and financial reforms since FY1995 totaling about 182.4 billion yen



# Trends in Outstanding Balances of Kyoto City Bonds

- Outstanding balances of Kyoto City Bonds, excluding extraordinary financial countermeasures bonds, have been on the decrease since FY2003
- Kyoto City aims to further reduce outstanding balance by limiting the issuance of city bonds





## III. Kyoto City Bonds



# Public Offering Bond Issuance Plan

## Publicly issued bonds

(100 million yen)

Issuance type/fiscal year	FY2005	FY2006	FY2007	FY2008	FY2009
Individual issuance (5-year bond)	300	250	200	300	350
Individual issuance (5-year bond for individual investors)	40	40	40	40	40
Individual issuance (10-year bond)	200	200	200	400	300
Joint issuance (10-year bond)	600	600	500	600	600
Individual issuance (20-year bond)	200	200	200	100	150
Individual issuance (30-year bond)	-	-	100	-	-
<b>Total</b>	<b>1,340</b>	<b>1,290</b>	<b>1,240</b>	<b>1,440</b>	<b>1,440</b>

## Public offering bond issuance plan for FY2010

(100 million yen)

Issuance type	Expected issuance amount	Expected issuance amount by month						
		Jul. 2010	Aug.	Sep.	Oct.	Dec.	Jan. 2011	Mar
Individual issuance (5-year bond)	450	100	-	150	-	-	100	100
Individual issuance (10-year bond)	200	-	100	-	-	100	-	-
Joint issuance (10-year bond)	400	Issuance: 4.0 billion yen every month except Jun, Oct						
Individual issuance (20-year bond)	100	-	-	-	-	-	100	-
Individual issuance (5-year bond for individual investors)	40	-	-	-	-	-	40	-
Undetermined( * )	150	-	-	-	-	-	150	-
<b>Total</b>	<b>1,340</b>							

Note: The above figures may vary depending on how city bonds are approved

: As for bonds whose term is undetermined, Kyoto city bond is expected to issue flex bonds mainly via the lead manager.

# City Bond Management Policy

- To ensure principal and interest repayments by promoting further sound fiscal administration
- To accumulate reserves for lump-sum redemption at maturity in a public bond redemption fund as planned, and refinance bonds according to the accumulated reserves
- To limit outstanding balances of city bonds by suppressing new bond issuances
- Not to implement early redemption of public offering bonds, bonds underwritten by banks, etc.
- To further improve IR activities, with emphasis on talks with investors, aiming to deepen their understanding of Kyoto City's financial conditions, etc.

## Inquiries

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