



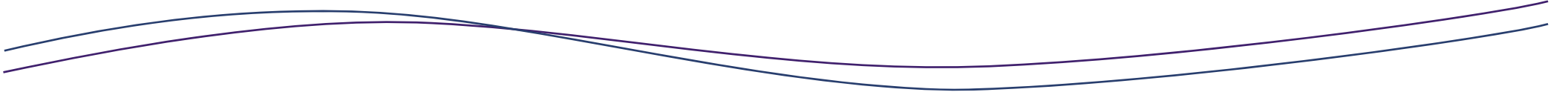
Materials for Kyoto City IR Briefing



May 2012

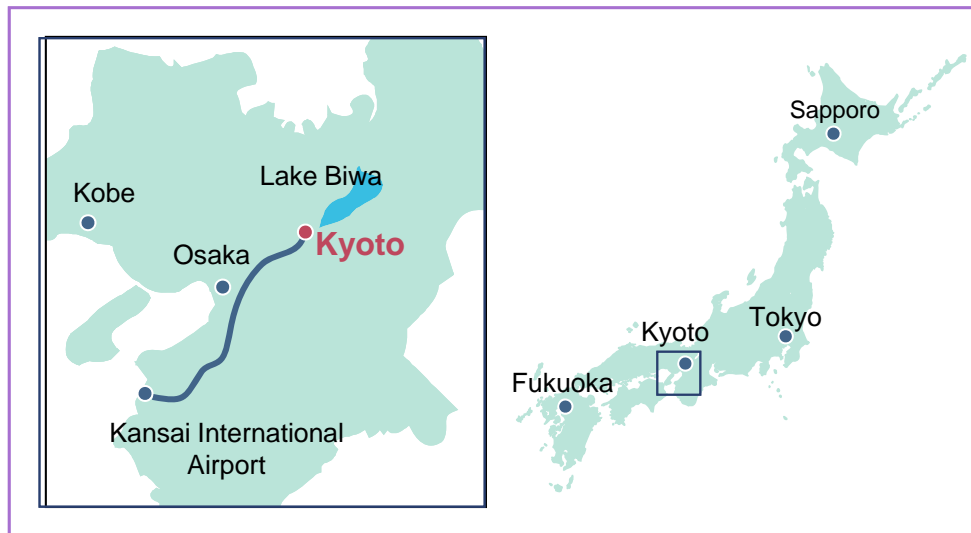
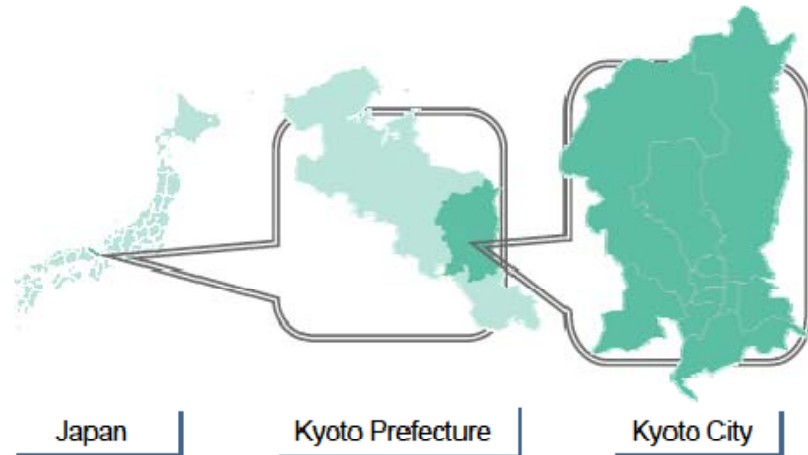
Kyoto City

I. Overview of Kyoto City

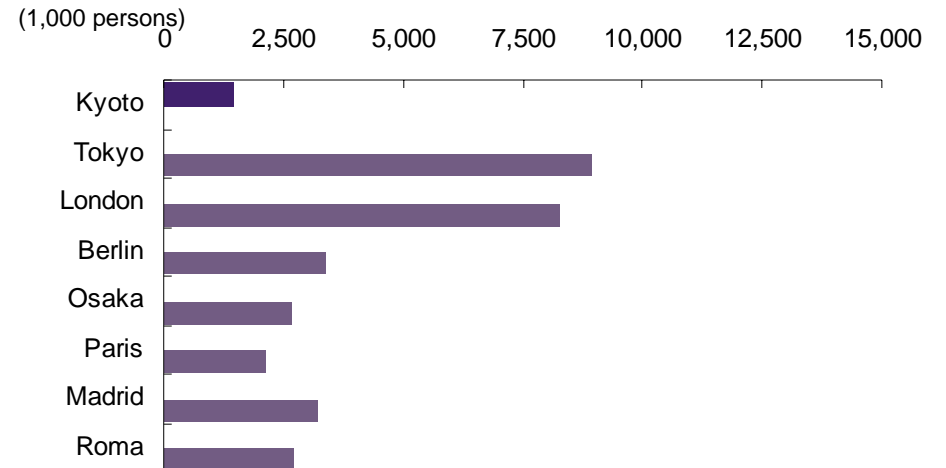


Overview of Kyoto City

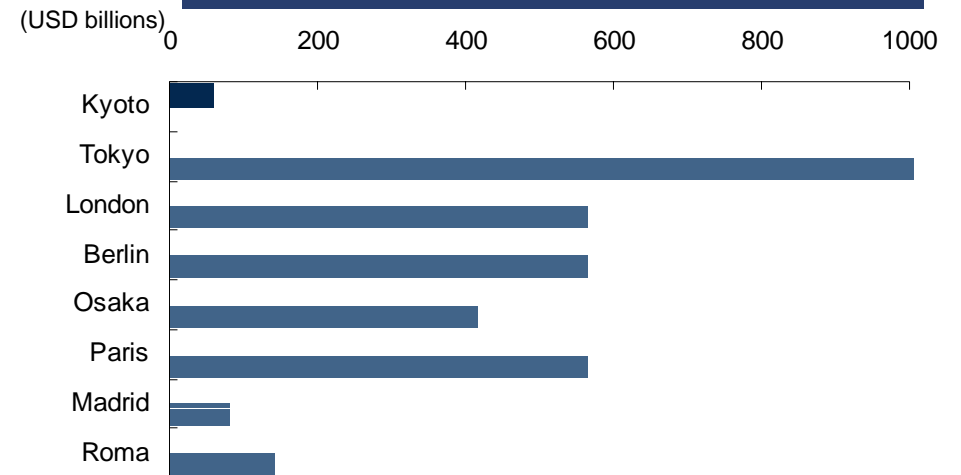
Geographical features of Kyoto City



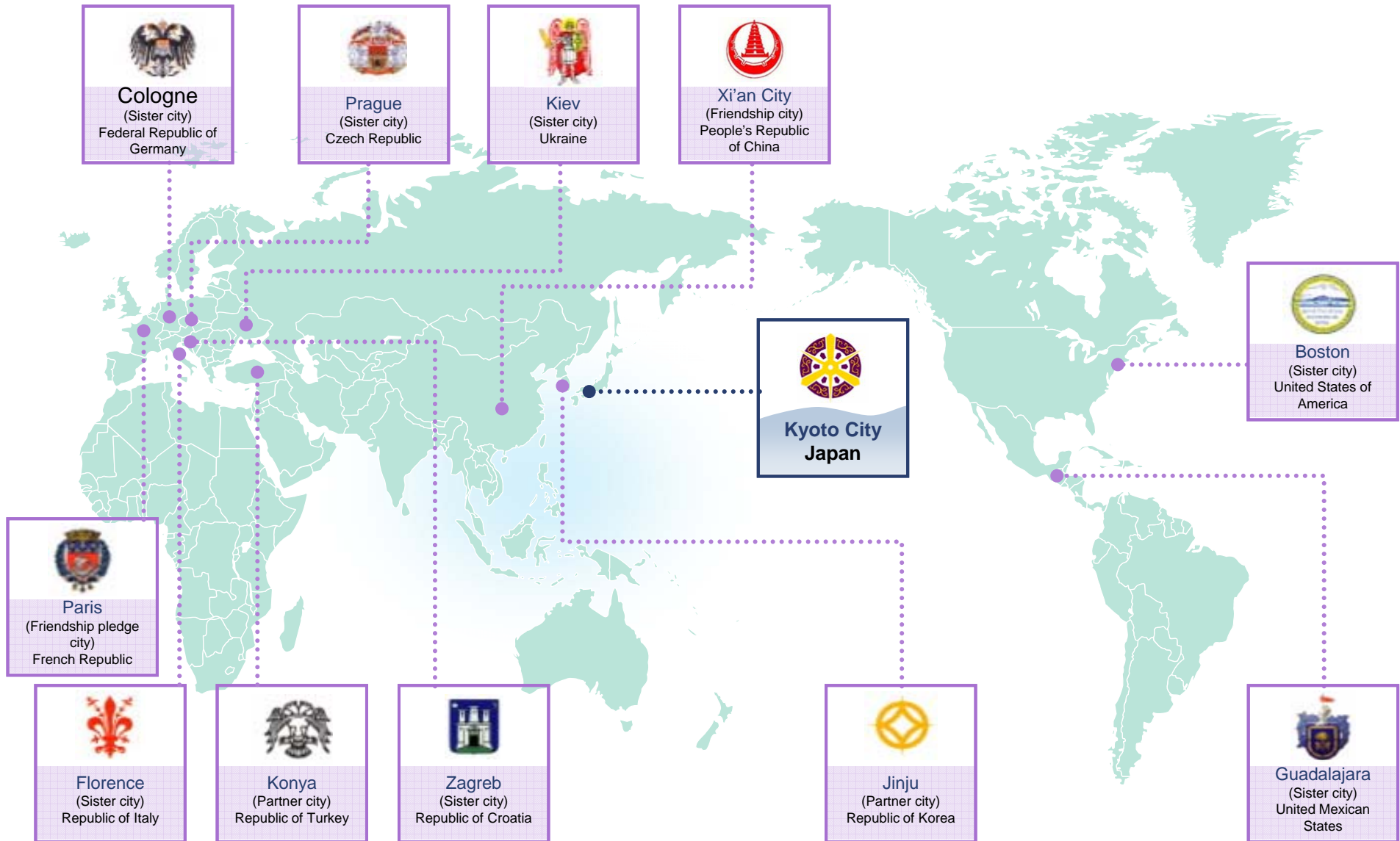
Population of world's major cities



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.
- 206 National Treasures (19.1% of national total)
- 1,836 important cultural assets (14.4% of national total)



Concentration of manufacturers

Concentration of leading Japanese manufacturers with one-of-a-kind technologies, such as Nintendo, Kyocera, and Rohm

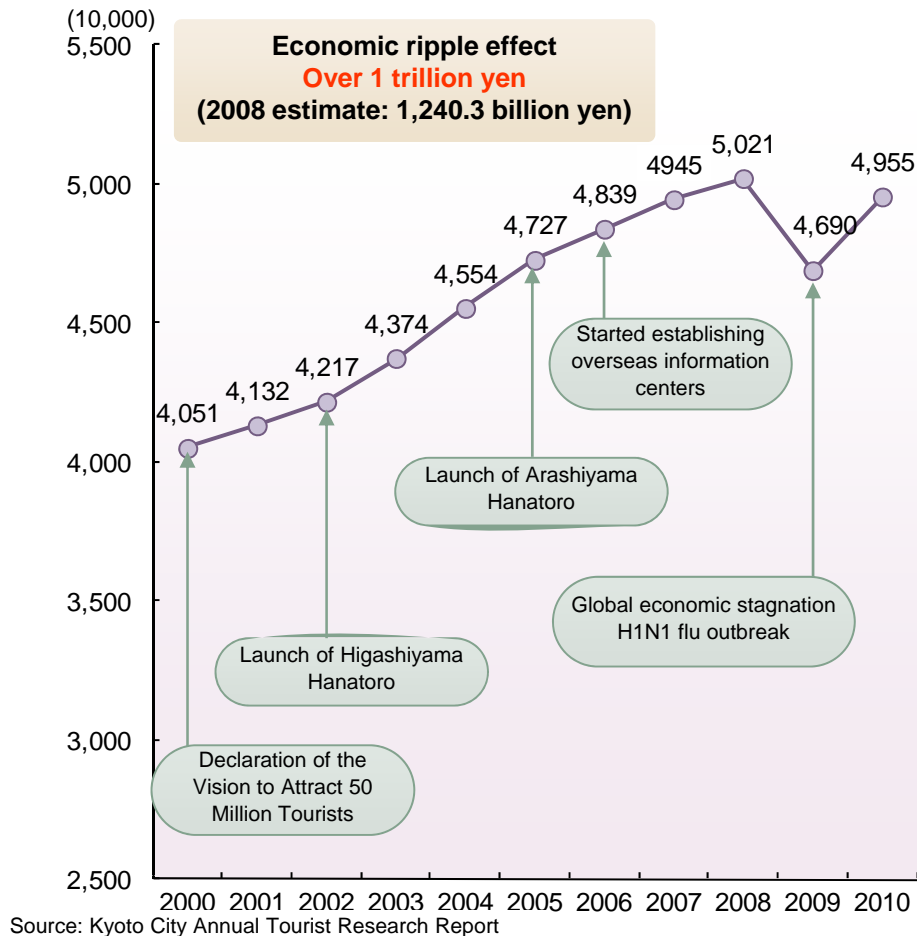
Appeal of Kyoto City

- 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

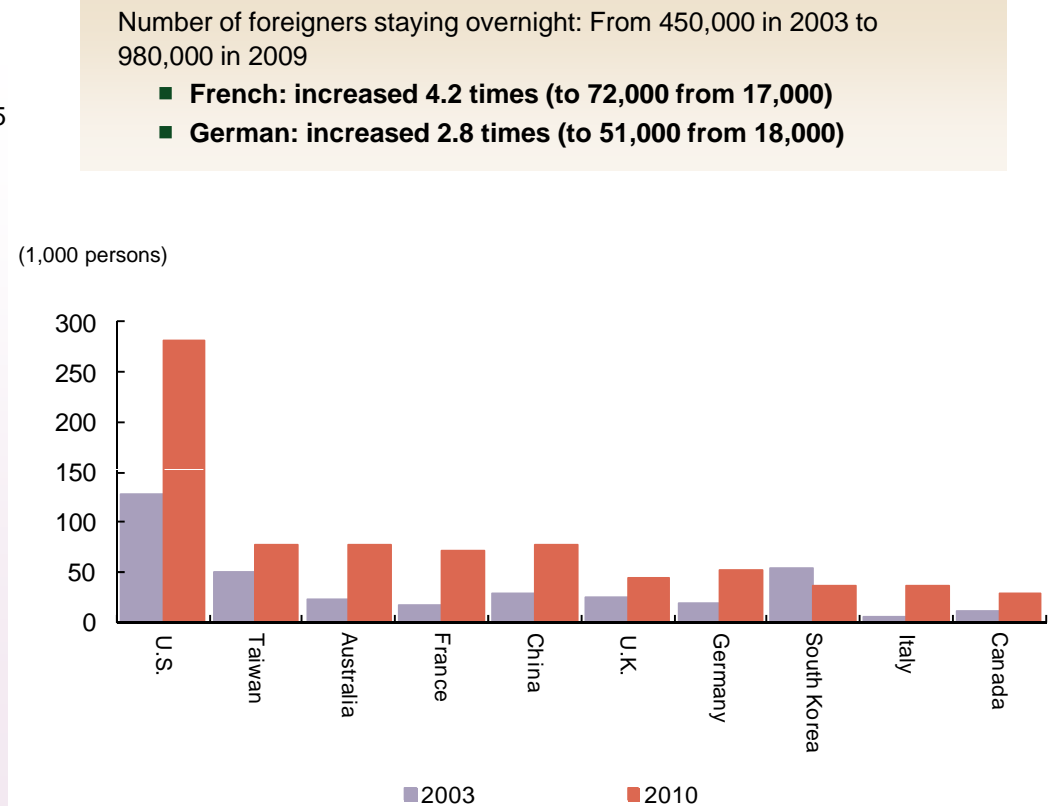
Tourists Visiting Kyoto Continue to Increase: A World-Famous Tourist Destination

The number of tourists visiting Kyoto in 2010 reached 49.55 million

Trends in number of tourists visiting Kyoto



Trends in number of foreigners staying overnight in Kyoto by country



Happy to Have Kyoto in Japan: A City that Continues to Attract People from All Over the World

Third Japonism

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

Japan's leading city in every way but 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 are registered as World Heritage sites; the Gion Festival 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	With 37 colleges and junior colleges, 10% of its population are students
Manufacturing city	All sorts of industries ranging from traditional to advanced and the fusion of these industries; the 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 with a 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	The city that made the Suiheisha Declaration, which is said to be Japan's human rights declaration (Suiheisha: levelers' association)
Tourist city	Visited by nearly 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
Aa3	Stable

Standard & Poor's	Assigned on August 2, 2007
A+	Stable

Comparison with other cities (Standard & Poor's)

City	Tokyo	Seoul	Rome	Montreal
Rating	AA- (Negative)	A (Stable)	BBB+ (Negative)	A+ (Stable)

Reasons for the credit ratings

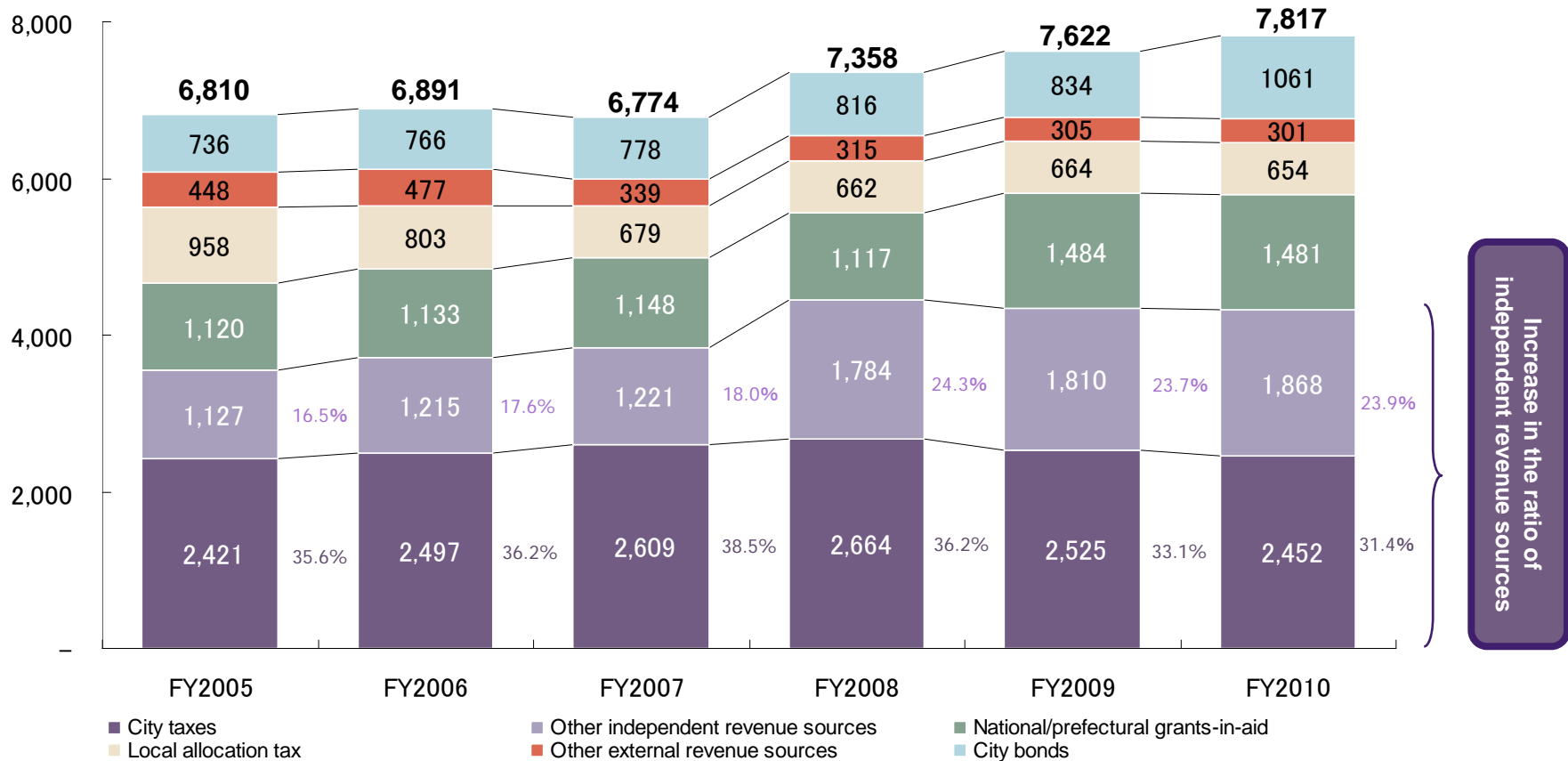
- Stable fiscal foundation on par with global cities with similar ratings
- Solid fiscal administration that reflects the characteristics of the city's tax revenue base
- Limiting outstanding city debt across all accounts relative to other municipalities
- Solid progress and results in administrative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

Stable Fiscal Foundation: Securing Revenue

- In FY2010, the city's tax revenues decreased for the second year in a row due to the tight economic environment as the result of the financial crisis.
- The city bonds increased significantly due to the increase in the issuance of extraordinary financial countermeasures bonds.

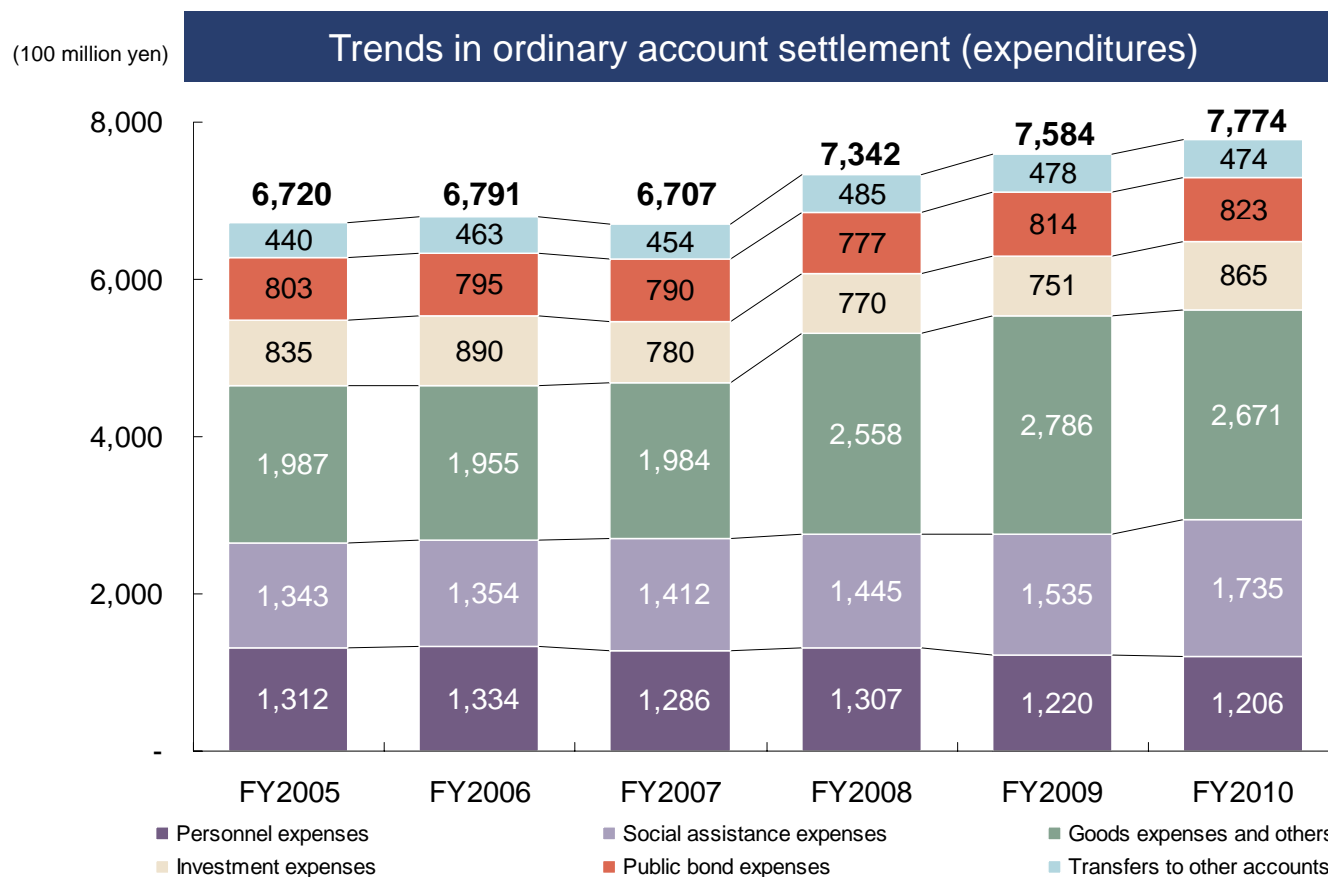
Trends in ordinary account settlement (revenues)

(100 million yen)



Solid Progress in Administrative and Financial Reforms: Reduced Expenditures

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



Expenditure reduction efforts (FY1995 – FY2008)

Effects of expense reduction resulting from efforts such as reviews of administrative operations		Approx. 77.5 billion yen
Reduction in public construction costs		Approx. 39.7 billion yen
Number of staff	Reduction in number of staff	3,647 persons
	Fiscal effects	Approx. 65.2 billion yen
Total		Approx. 182.4 billion yen

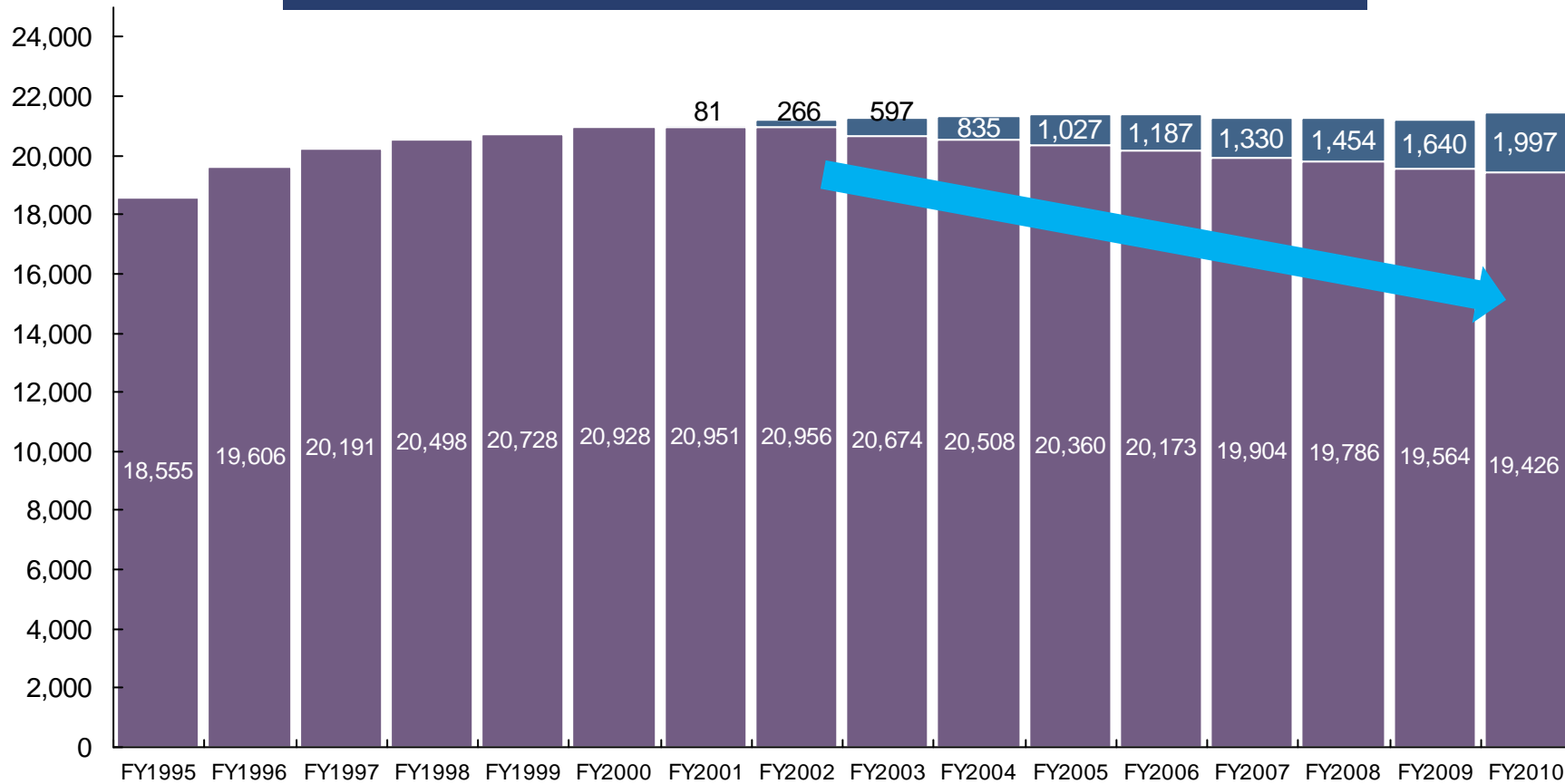
Further vigorous promotion of efforts for administrative and financial reforms and creation

Trends in Outstanding Balances of Kyoto City Bonds

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

(100 million yen)

City bonds outstanding (all accounts)



■ Balance of extraordinary financial countermeasures bonds
 ■ Balance of city bonds excluding extraordinary financial countermeasures bonds across all accounts



III. Kyoto City Bonds



Public Offering Bond Issuance Plan

Publicly issued bonds

(100 million yen)

Issuance type/fiscal year	FY2007	FY2008	FY2009	FY2010	FY2011
Individual issuance (3-year bond)	—	—	—	100	100
Individual issuance (5-year bond)	200	300	350	450	400
Individual issuance (5-year bond for individual investors)	40	40	40	40	40
Individual issuance (10-year bond)	200	400	300	200	200
Joint issuance (10-year bond)	500	600	600	400	400
Individual issuance (20-year bond)	200	100	150	150	150
Individual issuance (30-year bond)	100	-	-	-	-
Total	1,240	1,440	1,440	1,340	1,290

Public offering bond issuance plan for FY2012

(100 million yen)

Rial	Expected issuance amount	Expected issuance amount by month											
		Apr. 2012	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2013	Feb.	Mar.
Individual issuance (5-year bond)	300	—	—	—	100	—	100	—	—	—	—	—	100
Individual issuance (10-year bond)	200	—	—	—	—	100	—	—	—	—	100	—	—
Joint issuance (10-year bond)	400	40	40	—	40	40	40	—	50	50	50	—	50
Individual issuance (5-year bond with resident participation)	40	—						Issue 4 billion yen in the 2H					
Individual issuance (20-year bond)*	100	—						Issue 10 billion yen in the 2H					
Individual issuance (flex bonds)*	200	—						Issue 20 billion yen in the 2H					
Total	1,240												

* Issued via the lead manager, etc.

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 repayment 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 the 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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