



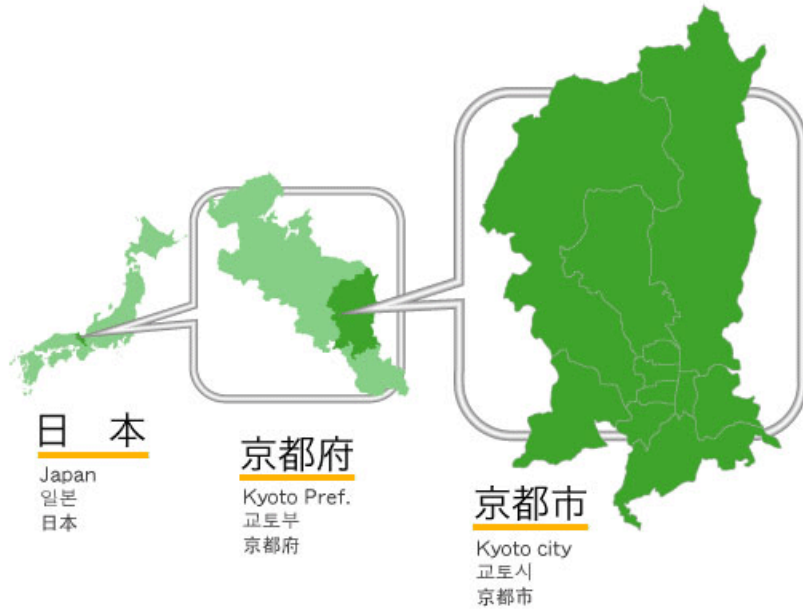
City of KYOTO

Investor Presentation

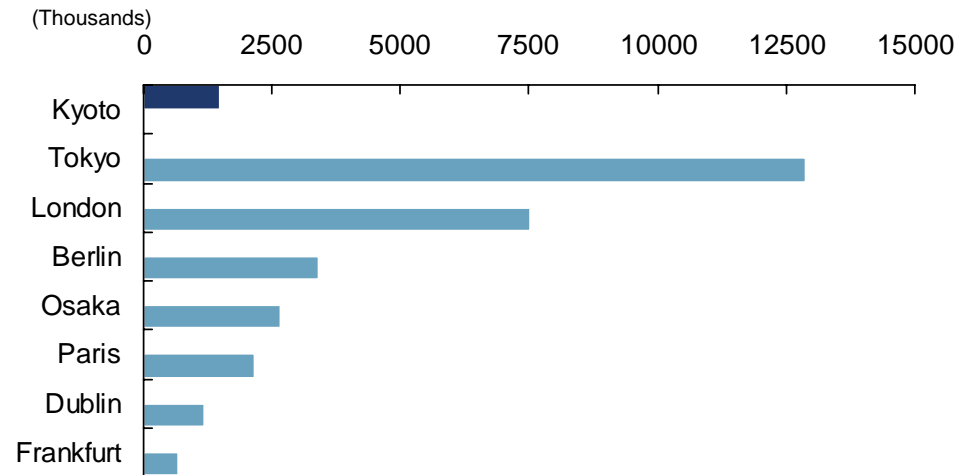
October 2008

I. Overview of Kyoto City

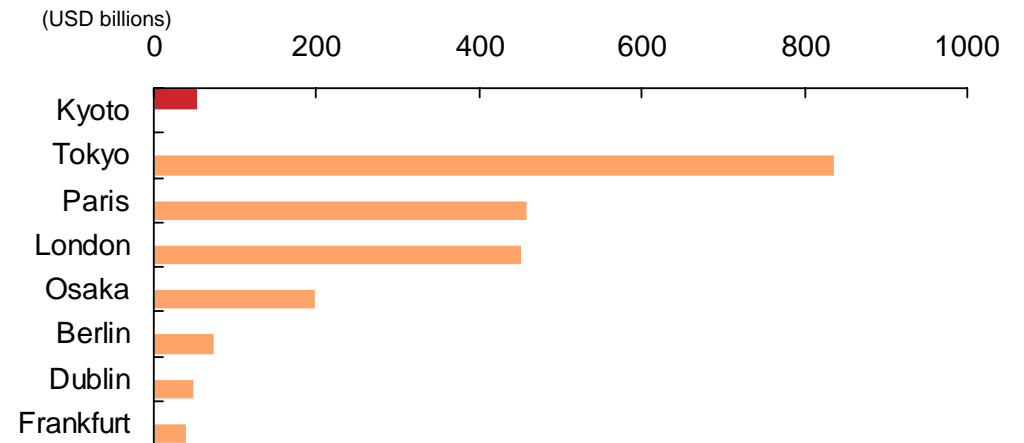
Overview of Kyoto City



Population of Major Cities of the World (1)



GDP of Major Cities of the World



(1): Population data as of 2008 for Kyoto City, Tokyo, Osaka City, and Berlin; data as of 2006 for London, Berlin, Dublin, and Frankfurt

Friendship cities



Kyoto's Unique Features

Culture

The city preserves and uses many cultural assets that are on the World Heritage List and National Treasures, such as Nijo-jo Castle

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



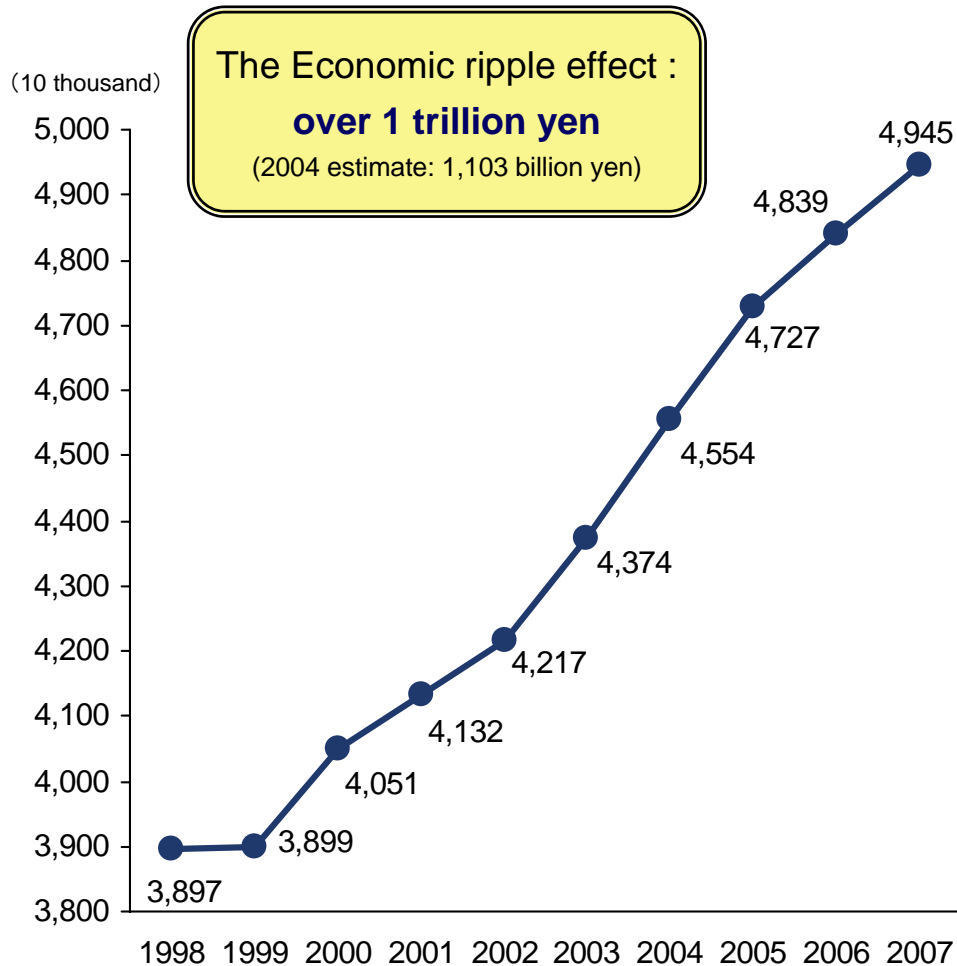
Concentration of Manufacturers

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

- **Kyoto's brand power** based on its history, culture, and tradition
- **A collection of top-class universities** with state-of-the-art intellectual assets
- **Strong technological capabilities of traditional industries** built up over its long history

The Vision to Attract 50 Million Tourists

Number of Tourists Visiting Kyoto



[Source: Kyoto City Annual Tourist Research Report]

2007 Results

- 49.45 million tourists
<Record number for 7th consecutive year>
of which, foreigners staying overnight: 926,000
(+15.5% year-on-year)
(of which, from Europe: 222,000 (+15.9% year-on-year))
- Total consumption by tourists: 649.1 billion yen
<Record amount for the 4th consecutive year>

Declaration of the “vision to attract 50 million tourists”

“New Kyoto Tourist Promotion Project:
New OKOSHIYASU Plan 21”
(formulated in January 2006)

Positioning tourism as a more important city management policy measure than in the past and promoting tourism with all of Kyoto

II. Credit Ratings, Financial Status

Credit Ratings

■ Moody's (Coverage initiated on 7/31/2007)

Aa1 / Stable

*Upgraded from Aa2 on October 11, 2007

<Moody's>

City	Rating
Tokyo	Aa1 / Stable
Paris	Aaa / Stable
Milan	Aa2 / Stable
Prague	A1 / Stable
JGB (As a Reference)	Aa3 / Stable

■ S&P (Coverage initiated on 8/2/2007)

A+ / Stable

<Standard & Poor's>

City	Rating
Tokyo	AA / Stable
Paris	AAA / Stable
Milan	A+ / Stable
Prague	A / Stable
JGB (As a Reference)	AA / Stable

Factors which contributed to strong credit ratings

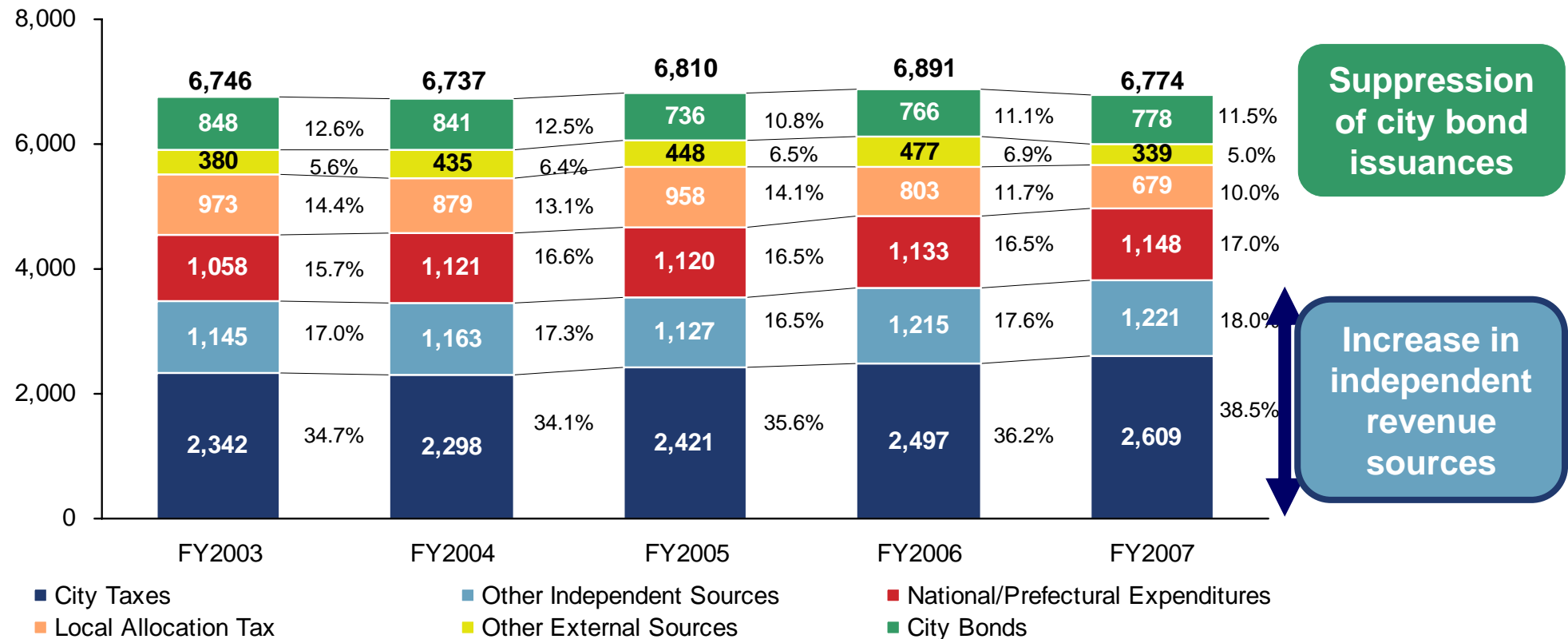
- **Stable fiscal foundation** on par with global cities with similar ratings
- **Solid fiscal policies** which reflect the characteristics of its tax revenue base
- **Limiting outstanding city debt** across all accounts relative to other municipalities
- **Solid progress and results in fiscal/administrative policy reforms** including the "Fiscal Consolidation Plan" and the "City Administration Reform Implementation Plan"
- **Significant potential in the tourist industry** which attracts almost 50 million tourists per year

Stable Fiscal Foundation: Securing Revenues

- Increase in city tax revenue due to strong corporate performance, etc.
- Continued suppression of city bond issuances

Revenues (general accounts)

(Units: 100 million yen)

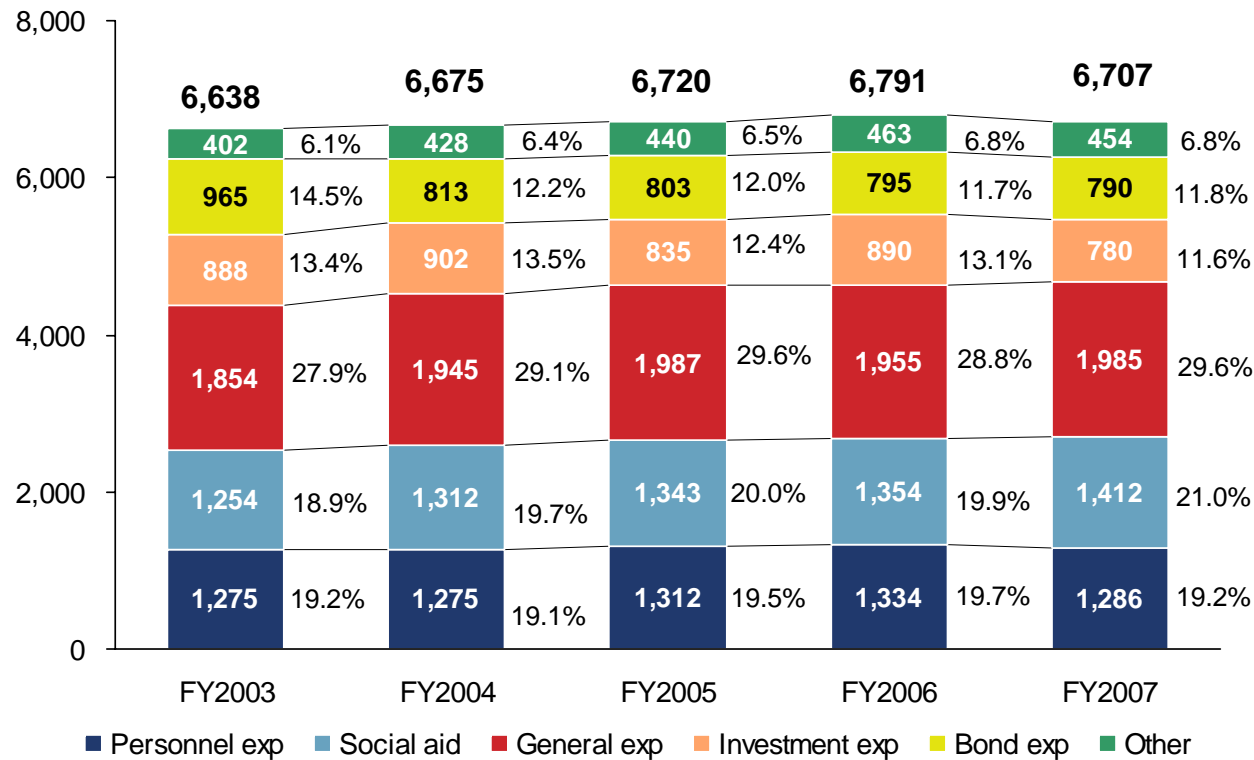


Stable Progress in Fiscal/Administrative Reform: Reduced Expenditures

■ Non-stop fiscal/administrative reform since 1995

Expenditures (general accounts)

(Units: 100 million yen)



Expenditure reduction efforts (1995~2007)

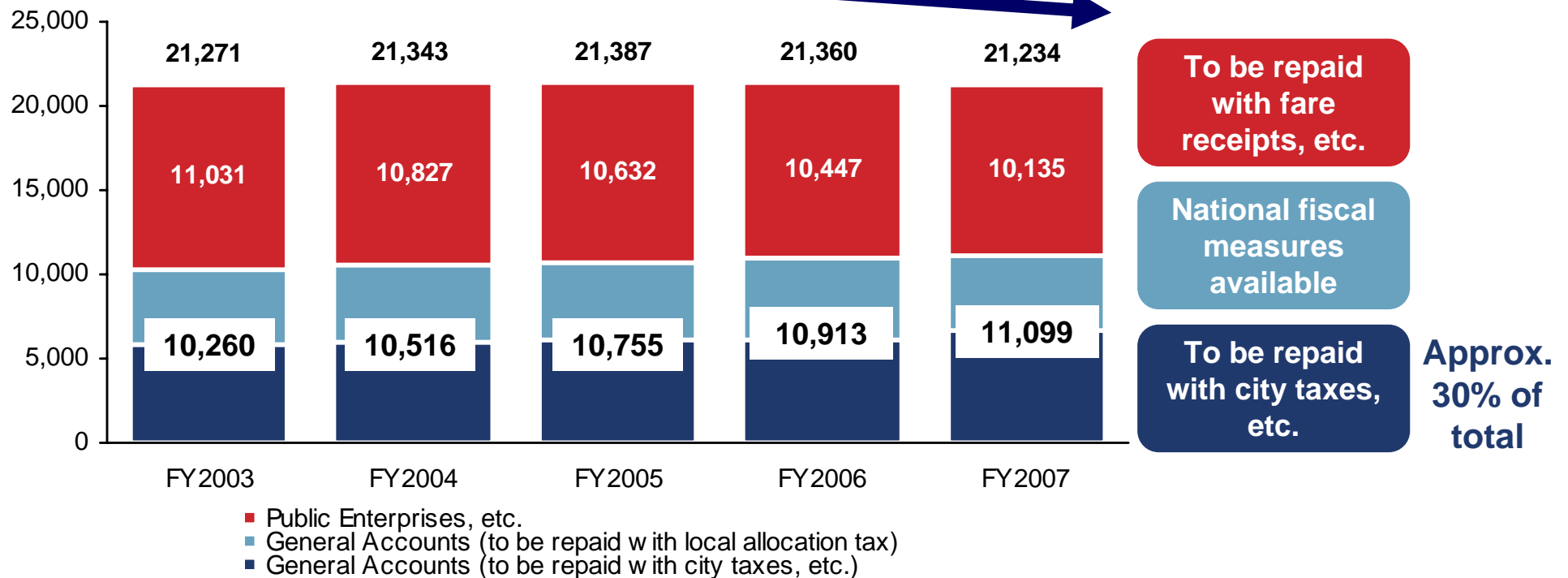
Expense reduction (administrative tasks, etc.)	Approx. 70.38 billion yen	
Cost reduction in public construction	Approx. 33.78 billion yen	
Headcount	Headcount reduction	3,439 people
	Fiscal impact	Approx. 53.85 billion yen
Total	Approx. 158.01 billion yen	

Reducing City Bond Outstanding

- City bonds outstanding decreased for 2 consecutive years due to efforts to reduce the outstanding balance of debt
- Kyoto City aims to achieve a further reduction by limiting the issuance of city bonds

City Bonds Outstanding (all accounts)

(Units: 100 million yen)



Formulation of a New Fiscal/Administrative Reform Plan

- **Currently formulating a new fiscal/administrative reform plan**

Basic Approach to Formulating the New Fiscal/Administrative Reform Plan

- **Review of the Expenditure Structure**
 - **Reduce total personnel expense, including a headcount reduction (of 1,000 people)**
 - **Committed reforms in administrative operations**
 - **Reduction in city bond issuances etc.**
- **Secure stable revenues**
- **Operational reforms for public enterprises and special accounts**
 - **Promote efforts based on operational improvement plans such as the subway operations etc.**
- **Reforms relating to extra-governmental organizations, etc.**

III. Kyoto City Bonds

Kyoto City Bonds: Issuance Plan

Publicly Issued Bonds / Issuance Plan

(Units: 100 million yen)						FY2008 (E)	Expected Issuance Date in 2008
Issuance / Year	FY2003	FY2004	FY2005	FY2006	FY2007		
Individual Issuance (5-year bond)	300	300	300	250	200	300	150 (Sep) 150 (Mar)
Individual Issuance (5-year bond with resident participation)	20	40	40	40	40	40	Oct~Mar
Individual Issuance (10-year bond)	-	-	200	200	200	400	100 (Dec) 100 (Feb) 200 (Mar)
Joint LGB Issuance (10-year bond)	400	600	600	600	500	600	-
Individual Issuance (20-year bond)	-	100	200	200	200	100	Oct~Mar
Individual Issuance (30-year bond)	-	-	-	-	100	-	-
Total	720	1,040	1,340	1,290	1,240	1,440	

City of Kyoto

Budget Section, Finance Division, Finance Bureau

URL: <http://www.city.kyoto.jp/rizai/shukei/kyotoshisai/>

