

# The Financial Position of Kyoto Prefecture

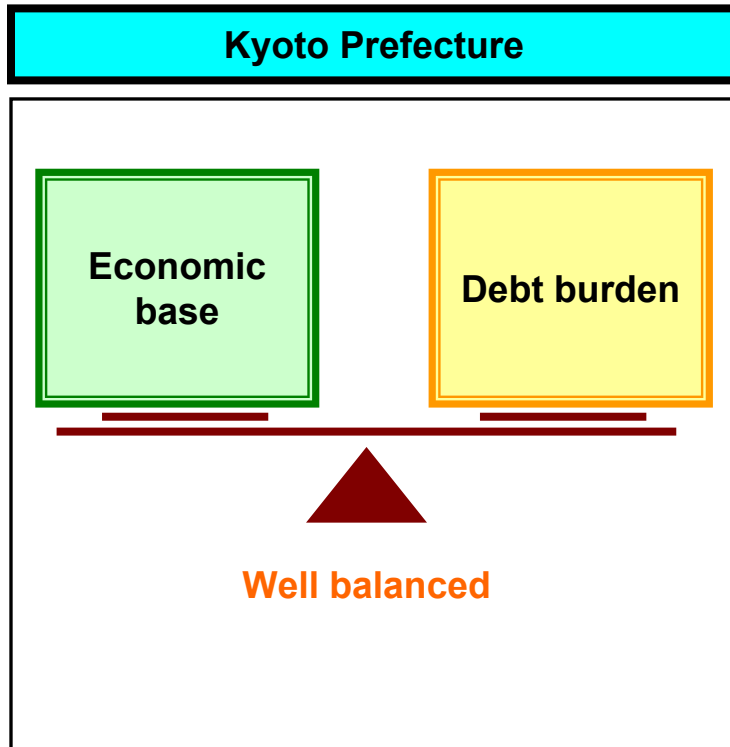
January, 2008



**Kyoto Prefecture**



- The feature of Kyoto Prefecture's finance is a well-balanced “economic base” and “debt burden”. Kyoto's municipal bond has obtained unsolicited ratings of AA+ from two domestic rating agencies



**Municipal bond ratings by R&I and JCR**

		JCR						
		AA+		AA		AA-		
<b>R &amp; I</b>	AAA	Tokyo Metropolitan						
	AA+	Kyoto Pref.	Saitama Pref.	Gumma Pref.	Chiba Pref.	Chiba City		
		Kanagawa Pref. Sendai City	Shizuoka Pref. *	Aichi Pref.	Yokohama City			
	AA	Miyagi Pref.	Fukushima Pref.	Niigata Pref.	Ibaraki Pref.	Nagano Pref.	Osaka Pref.	Kobe City*
		Gifu Pref.	Fukuoka Pref.	Oita Pref.	Hyogo Pref.	Hiroshima Pref.	Hiroshima City	
Sapporo City		Saitama City	Kawasaki City	Kumamoto Pref.	Nagoya City			
Shizuoka City		Sakai City	Kitakyushu City	Fukuoka City				
Okayama Pref.*								
AA-				Shimane Pref.	Hokkaido Pref.		Kagoshima Pref.	
						Kyoto City	Osaka City	

(Note) Municipalities with \* have obtained a solicited rating from R&I, and others without \* have obtained from op ratings from R&I and p ratings from JCR.

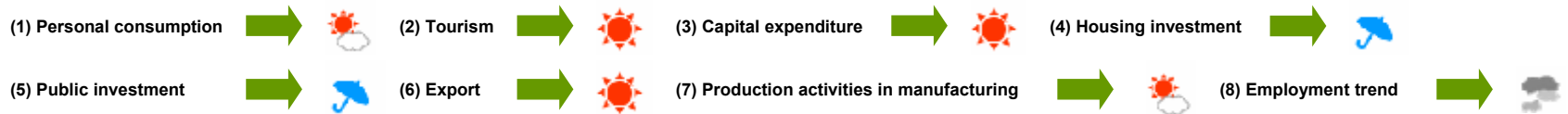
# Introduction

■ The scale of population and economy of Kyoto Pref. is generally ranked in the low 10s among all prefectures

Map of Kyoto Prefecture showing various municipalities and districts. Callouts include: Amanohashidate, Red brick warehouse, Old building of Kyoto Prefectural Office, Nagarebashi, National Diet Library, and Byodoin.

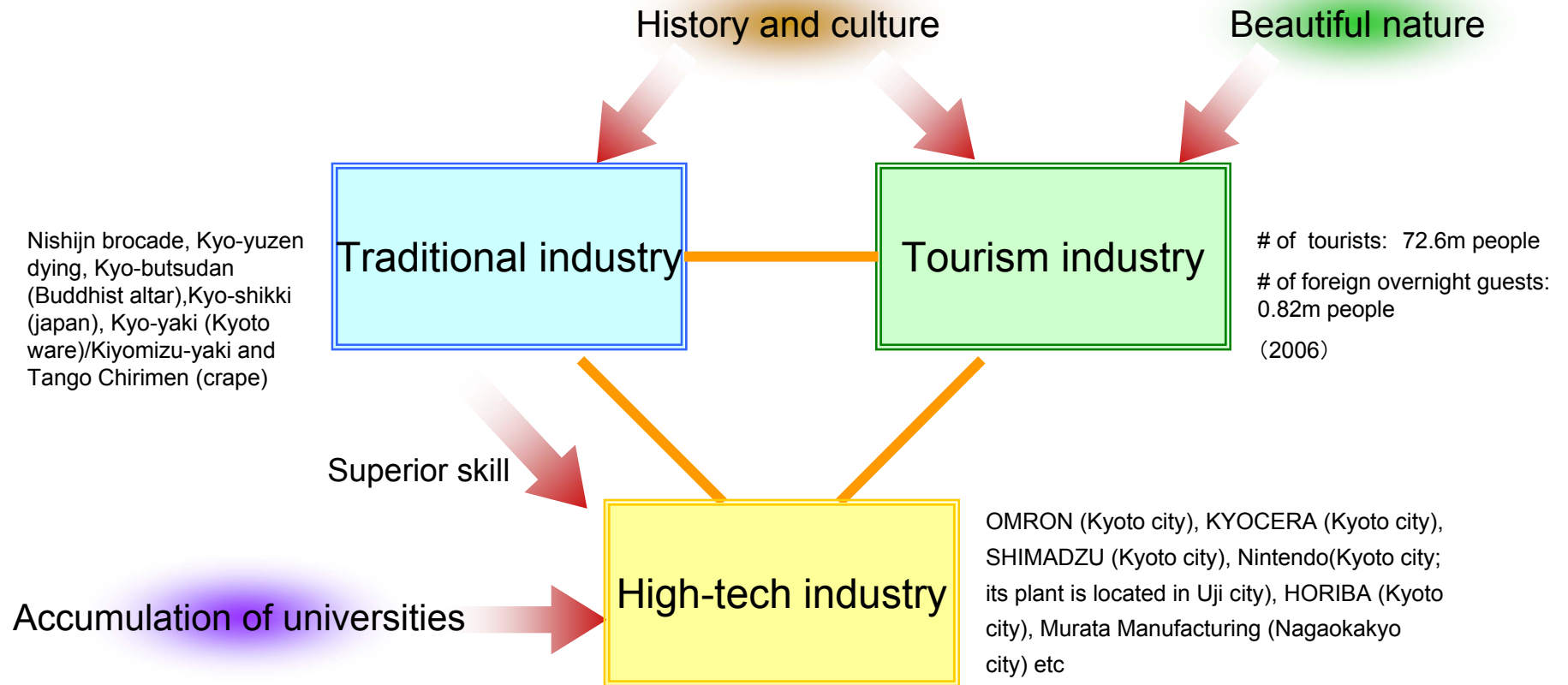
- ◆ Population 2.65m (13<sup>th</sup> nationwide) FY2005 (national census)  
(national census in 2000 2.64m (13<sup>th</sup> nationwide))
- ◆ Area 4,613km<sup>2</sup> (31<sup>st</sup> nationwide) FY2006
- ◆ GDP 9,831bn (13<sup>th</sup> nationwide) FY2004  
(FY2003 9,674.4bn (13<sup>th</sup> nationwide))
- ◆ Industry (manufactures) shipment value of industry 4,869.5bn (22<sup>nd</sup> nationwide) FY2005  
※# of offices having 4 or more employees (FY2004 4,816bn(22<sup>nd</sup> nationwide))
- ◆ Income per resident Y2.85m (14<sup>th</sup> nationwide) (FY2004 Y2.83m (16<sup>th</sup> nationwide))
- ◆ # of State-designated cultural properties 2,272 (About 10% of national total)  
(Among the designated cultural properties, # of national treasures 231 (About slightly over 20% of national total))

Summary chart of economic and financial conditions in the jurisdiction (The weather symbols represent overall assessments and arrows signify MoM changes)

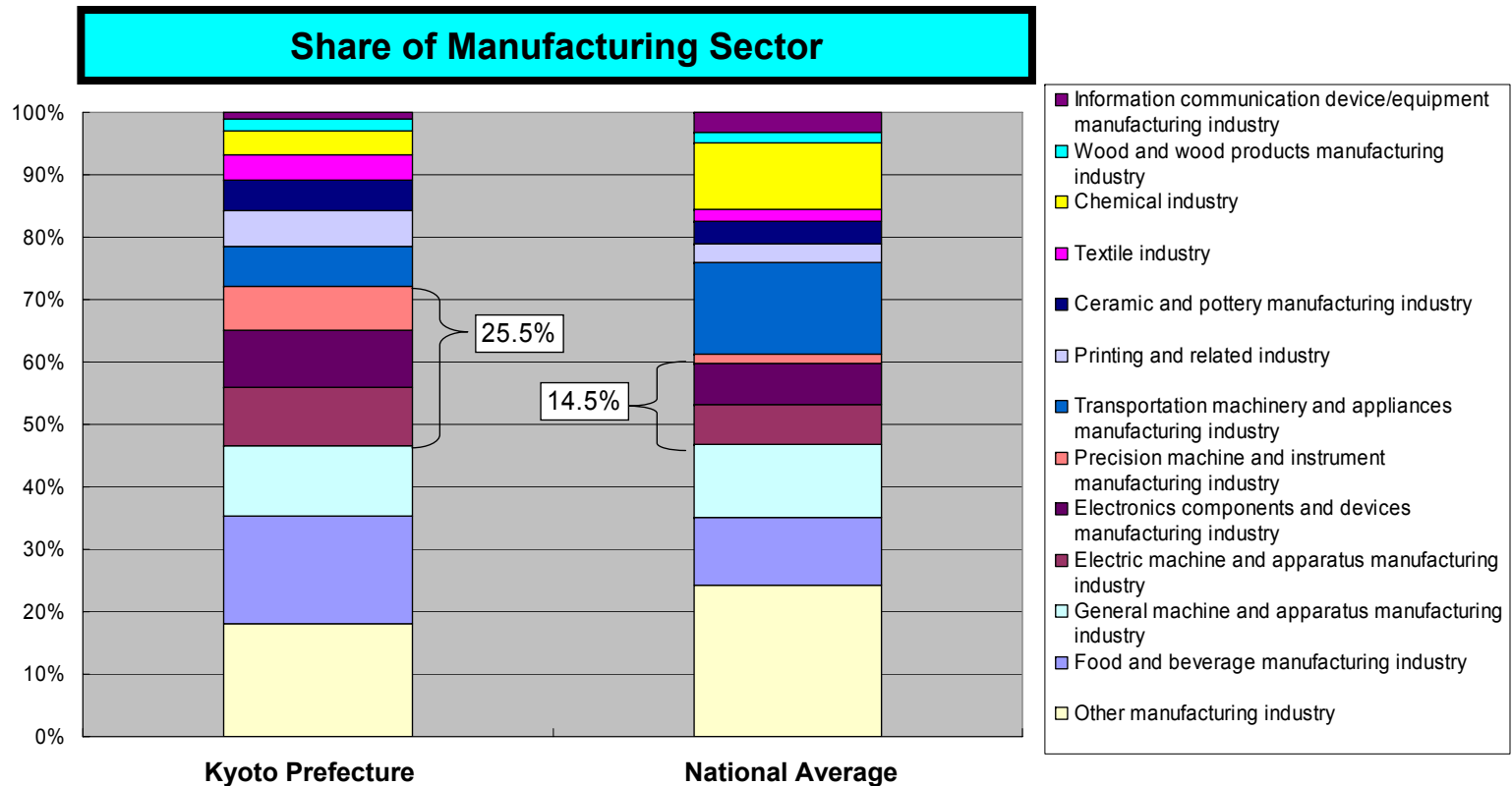


- The Kyoto economy has strength of “tourism industry” and “traditional industry” which has developed based on a 1200-year history and culture as well as “high-tech industry” such as information technology which has developed based on artisan spirit and superior skill of the traditional industry upgraded with a novel approach. Such high-value added industrial structure peculiar to the ancient capital of Kyoto is the greatest strength

**“Only Kyoto” industrial structure which takes advantage of characteristics of Kyoto**



- Precision equipment, electronics components/devices, and electronic machine industries account for high percentage in manufacturing sector's production in Kyoto compared to the national level



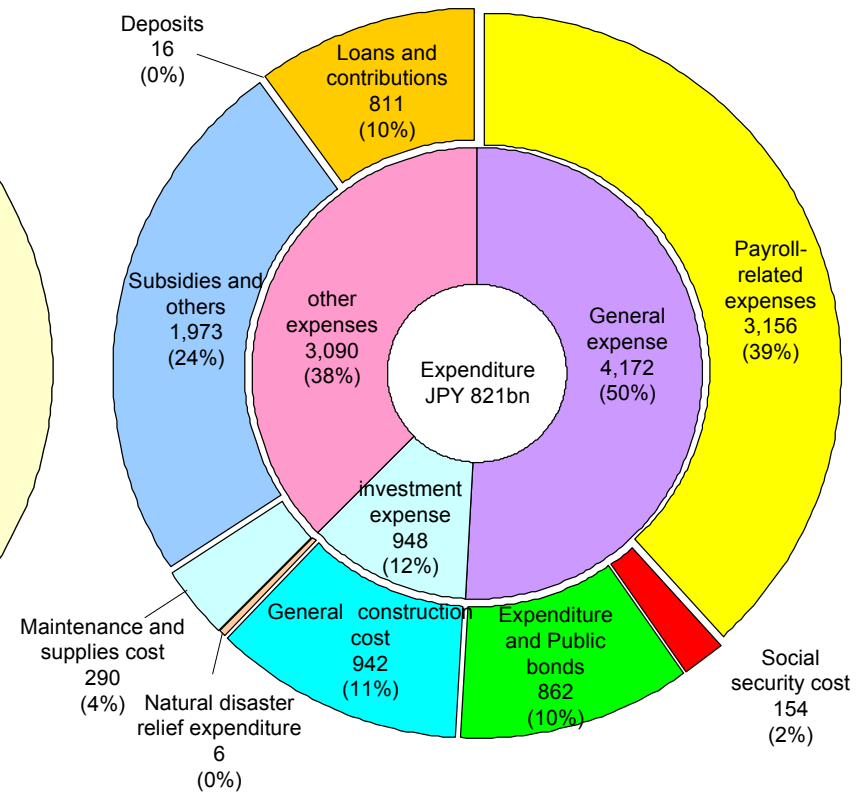
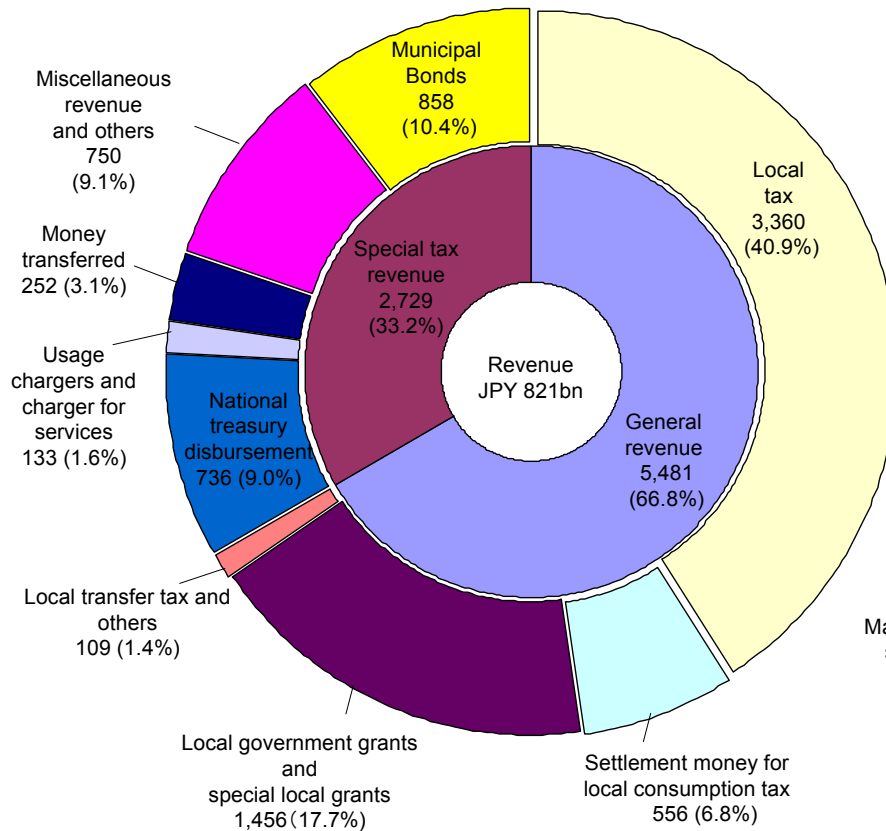
Actual results of enterprise invitation to Kyoto(2001~the end of October 2007)  
106 companies (2001~the end of October 2007)

\* inducement coefficient: approx. Y370bn,  
Increase of employees who reside within Kyoto: approx. 17,000

# Financial Highlight

■ Breakdown of the Kyoto prefecture's revenue and expenditure is as follows:

### FY2007 General Account Budget



**Independent Revenue Ratio\*: 55.7%**

\* Independent revenue means a revenue which a local government can raise on its own without depending on the central government, i.e., local taxes, usage charges, charges for services, commission, property revenue and miscellaneous revenue, etc.

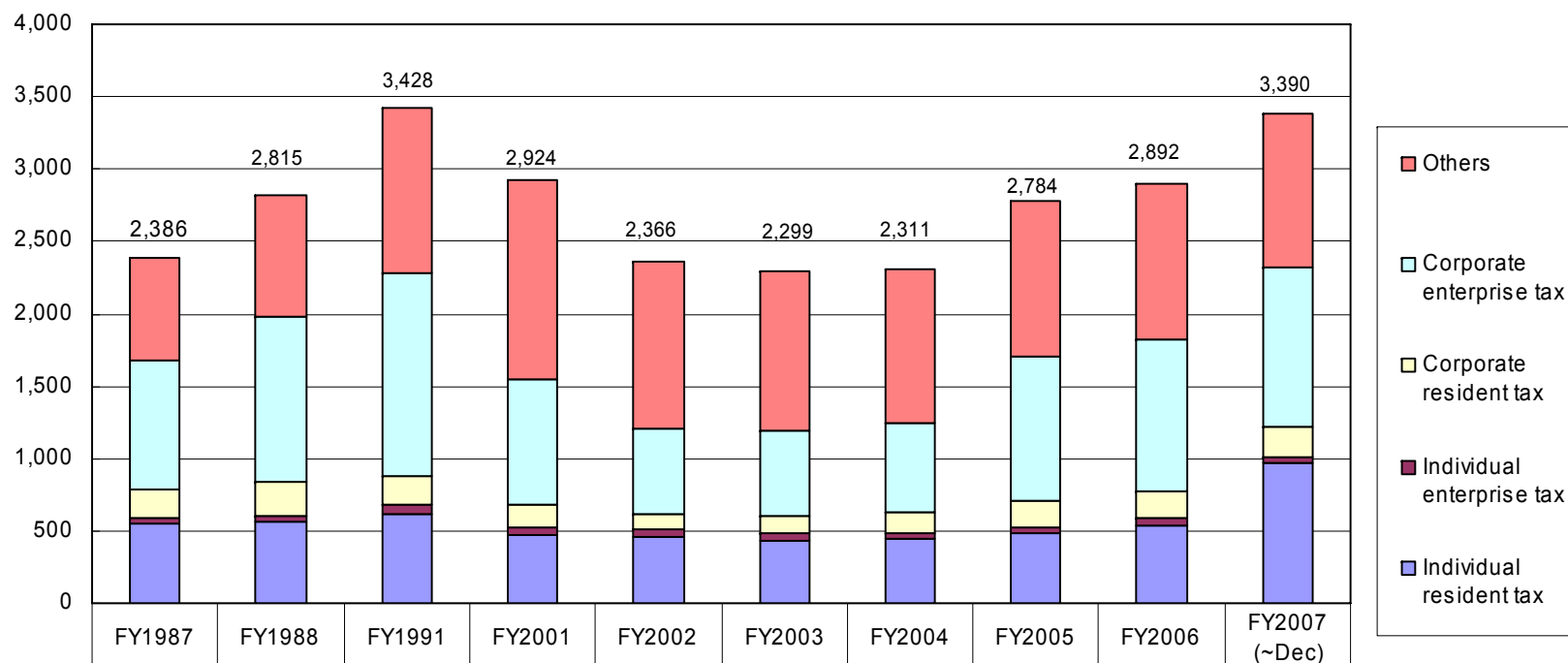


■ Tax income for FY2006 has increased by Y10.8bn from FY2005 and is expected to increase continuously

## Trends in Tax Revenue of Kyoto Prefecture

(Yen in hundred millions)

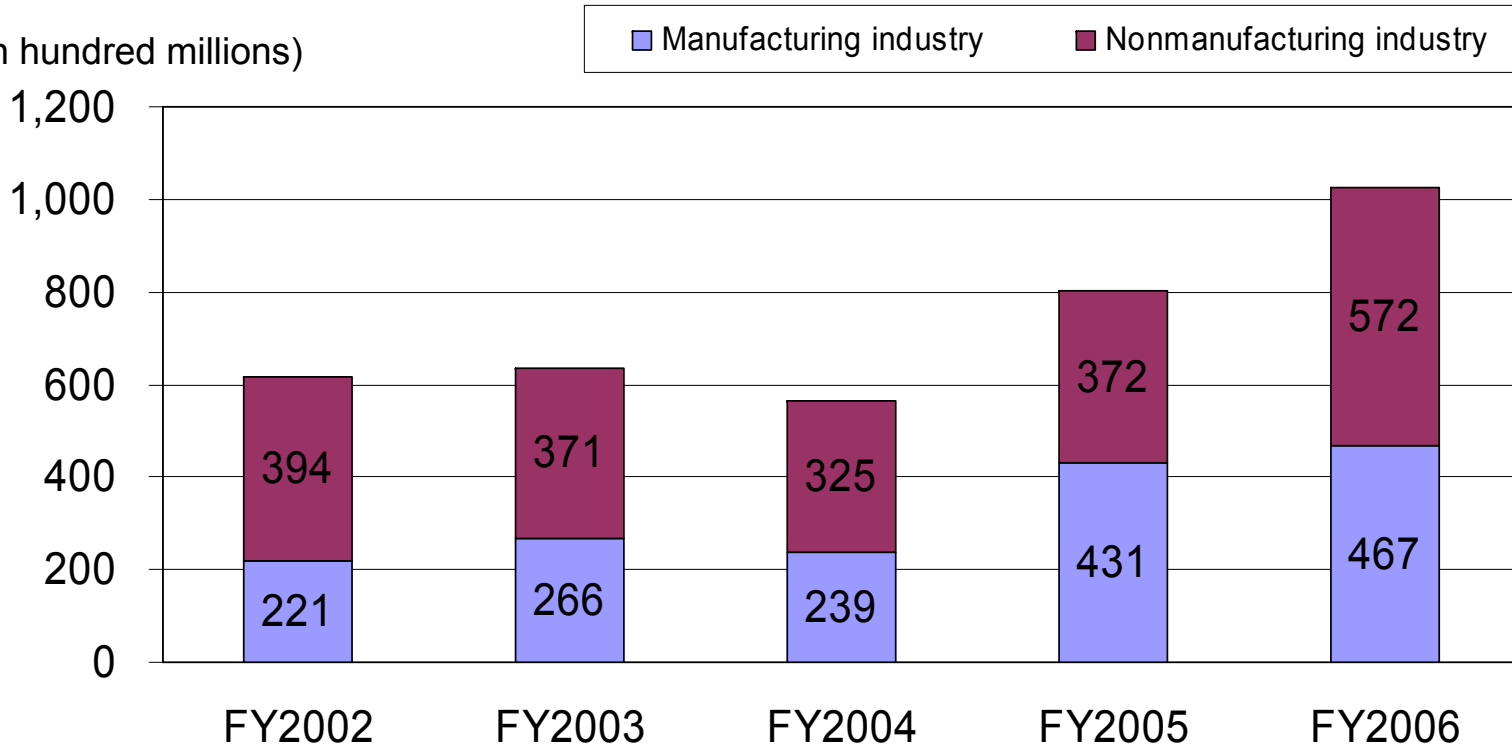
(settlement amount)



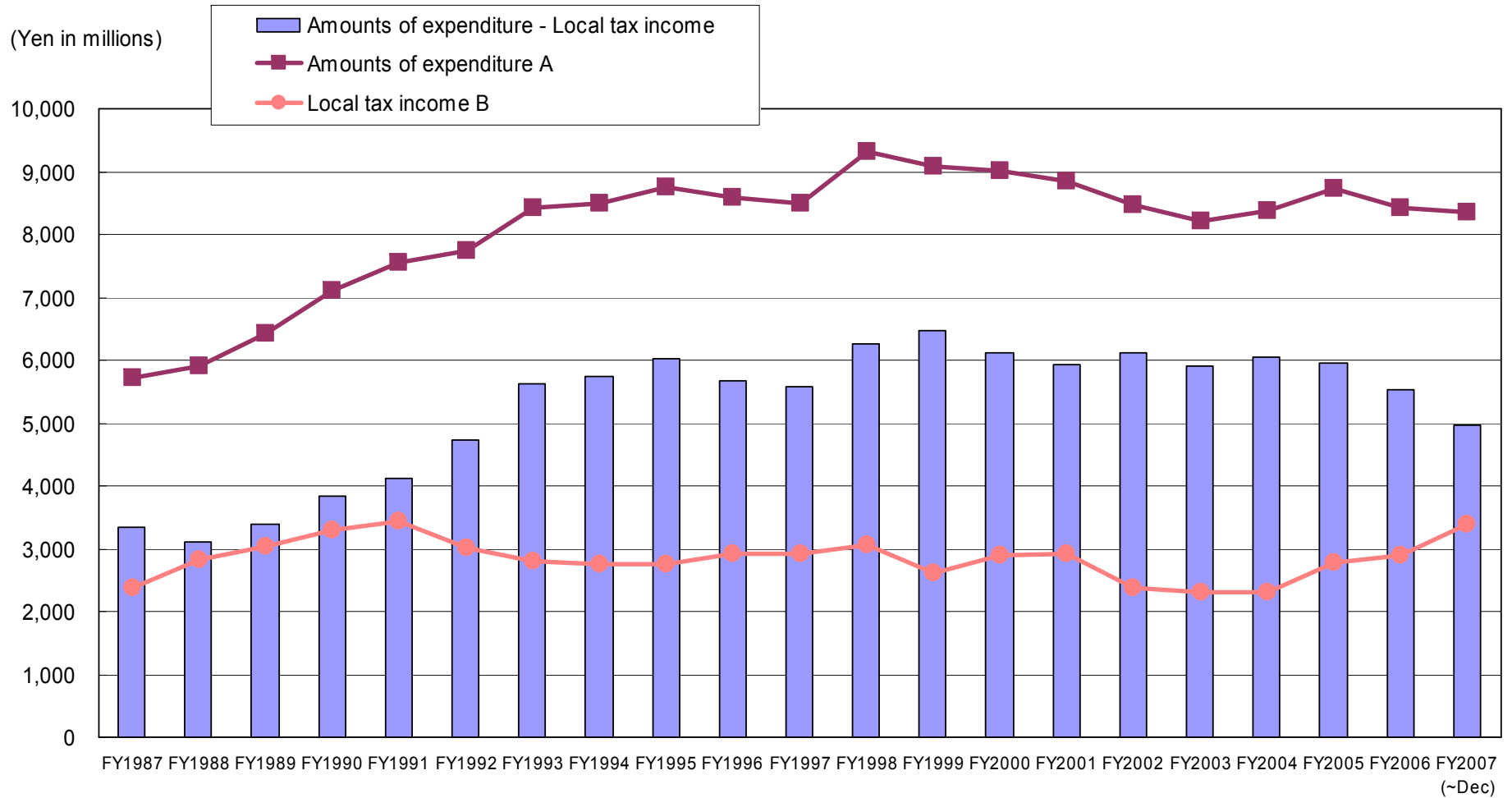
- Corporate enterprise tax for FY2006 has increased 1.1 times in the manufacturing industry and 1.5 times in the non-manufacturing industry from FY2005

### Trends in Corporate enterprise tax

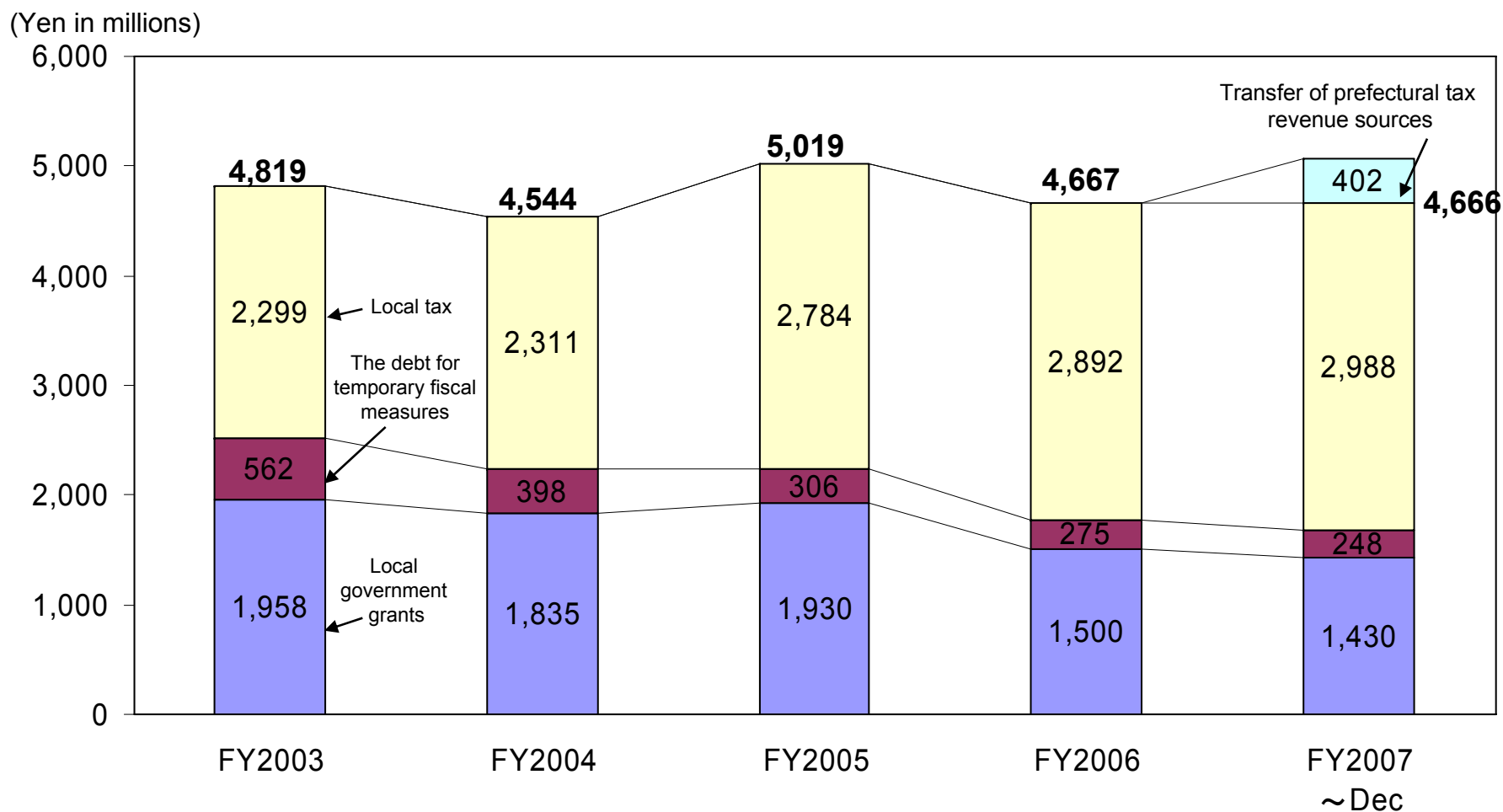
(Yen in hundred millions)



■ Due to an increase in local tax income and the effect of expenditure saving, the difference between local tax income and expenditure has been making an improvement

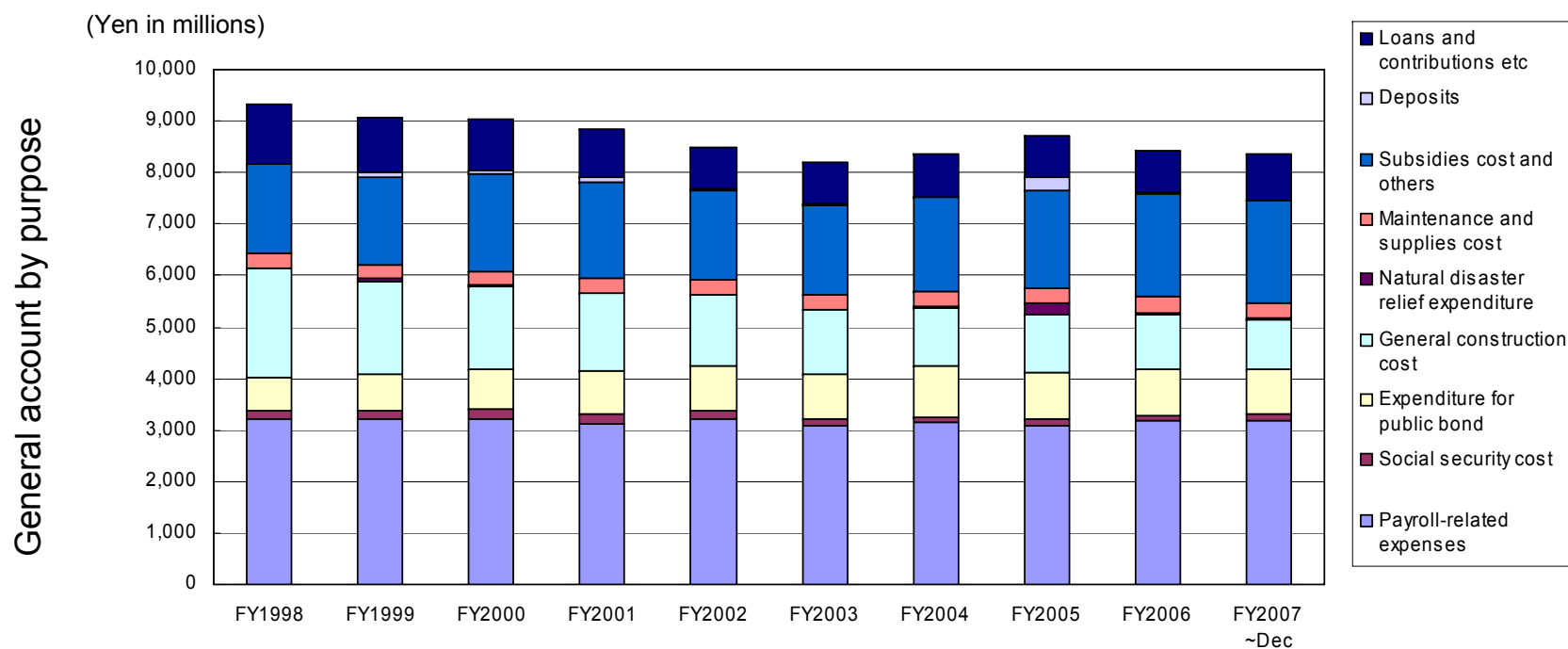


■ Local tax income has increased by a certain amount. However, the total amount of general revenue has not increased as local government grants have been reduced



※ Fractions of each item was adjusted, and therefore the sum of them may not correspond to the total amount

- While expenditure for public bond and subsidies are increasing, payroll-related expense and general construction cost are saved under the reform program. Therefore, the total amount of expenditure is on the decrease



	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007 ~Dec	FY2007-FY2008
Payroll-related expenses	3,203	3,211	3,230	3,131	3,212	3,090	3,148	3,099	3,196	3,168	▲ 35
Social security cost	159	165	175	186	172	115	112	109	99	154	▲ 5
Expenditure for public bond	652	720	766	822	853	892	994	898	895	862	210
General construction cost	2,117	1,798	1,624	1,525	1,400	1,226	1,125	1,151	1,051	973	▲ 1,144
Natural disaster relief expenditure	24	55	20	5	4	4	36	194	36	10	▲ 14
Maintenance and supplies cost	291	271	277	276	279	286	289	303	313	290	▲ 1
Subsidies cost and others	1,708	1,697	1,881	1,868	1,721	1,739	1,811	1,895	1,984	1,988	280
Deposits	3	96	72	97	44	58	17	276	42	16	13
Loans and contributions etc	1,167	1,068	975	944	791	795	838	804	810	890	▲ 277
Total	9,324	9,081	9,020	8,854	8,476	8,205	8,370	8,729	8,426	8,351	▲ 973

- The followings are key financial Indicators. Compared to the national average, Kyoto is ranked high in the rankings of both financial index which represents the scale of local tax revenue and debt ratio which represents the scale of debt redemption burden

(Yen in millions, %)

Item		FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
Financial capability index	Kyoto Prefecture	0.54664 9th rank	0.50858 9th rank	0.49871 10th rank	0.48788 11th rank	0.47986 12th rank	0.48049 16th rank	0.53867 13th rank
	National average	0.42853	0.40501	0.40573	0.40786	0.41125	0.42806	0.46305
Ordinary balance ratio	Kyoto Prefecture	87.4 27th rank	86.8 14th rank	94.1 35th rank	88.6 21th rank	92.8 27th rank	86.9 2th rank	96.5 42th rank
	National average	86.6	88.9	91.5	89.1	92.4	92.9	93.5
Flotation restriction ratio	Kyoto Prefecture	10.4 9th rank	10.5 5th rank	10.1 4th rank	9.9 4th rank	10.0 4th rank	9.8 3th rank	9.2 3th rank
	National average	12.2	12.6	12.6	12.5	12.6	12.4	12.3
Real debt service ratio	Kyoto Prefecture						10.3 1th rank	10.7 4th rank
	National average						14.5	14.4
Debt expenditure Burden ratio	Kyoto Prefecture	14.5 5th rank	15.5 7th rank	16.6 4th rank	17.0 6th rank	17.1 8th rank	15.5 3th rank	15.8 6th rank
	National average	19.2	20.3	21.7	22.0	22.1	21.7	21.4
Public bond cost ratio	Kyoto Prefecture	12.7 5th rank	13.2 6th rank	13.1 5th rank	13.1 5th rank	13.8 8th rank	12.3 6th rank	10.9 4th rank
	National average	16.5	17.0	17.5	17.6	18.4	17.1	16.4
Laspeyres index	Kyoto Prefecture	101.5	100.3	100.3 44th rank	99.6 43th rank	98.1 39th rank	98.2 37th rank	100.5 13th rank
	National average	101.9	101.7	102.2	101.7	99.6	99.6	99.2

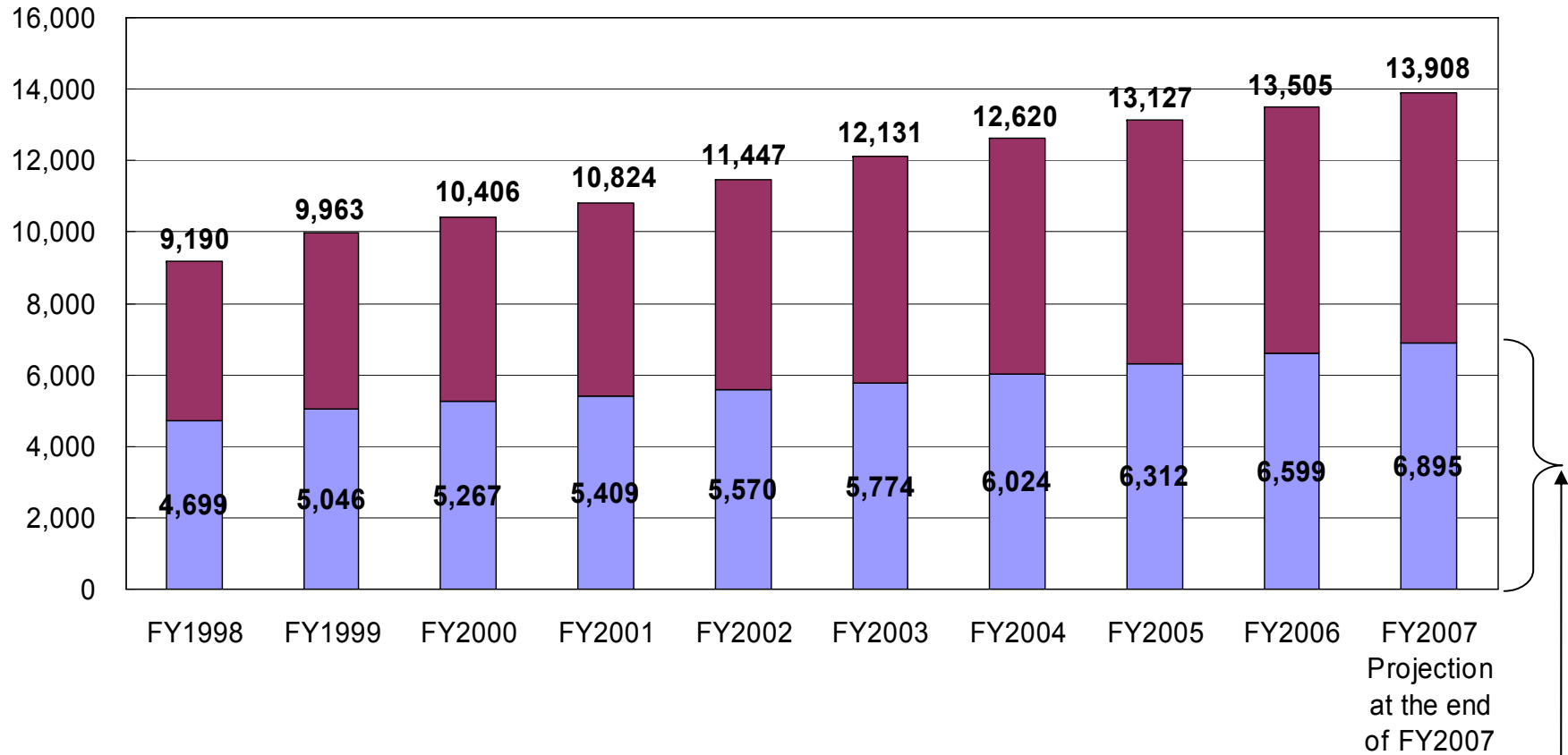
Financial strength index indicates three-year average, and these figures are shown in order of higher ranking.

- Financial capability index      The higher the index, the more financial leeway there is
- Ordinary balance ratio      Measures the flexibility of the financial structure; the lower it is, the more flexibility there is / Ordinary balance ratio = ordinary balance expense appropriation of general account budget/ordinary general income sources x100
- Flotation restriction ratio      The ratio of general account budget appropriated to debt expenditure to ordinary budget scale
- Real debt service ratio      Ratio which indicates the ratio of principal redemption money for municipal bonds of the standard financial budget, etc.
- Debt expenditure Burden ratio      The ratio of general financial resources appropriated to debt expenditure to the entire amount of general finances
- Public bond cost ratio      The ratio of debt expenditure to general account budget

- ◆ Ordinary balance ratio has deteriorated due to reduction in local government grants. However, we will continue to address saving mandatory expenses
- ◆ Laspeyres index has improved due to the personnel reduction by leaving retirement vacancies unfilled

- The actual amount of the outstanding bonds excluding the portion covered by Local government grants is Y689.5bn (approx. Y270 thousand per citizen).

(Yen in millions)



**Actual outstanding amount of the prefectural bonds**

# Management Reform Plan



- Kyoto Prefecture has just achieved saving costs of Y67.7bn for the target amount of Y65bn under the “Guidelines for Financial Improvement” formulated in FY1999. However, its financial situation remains severe and a deficit balance of Y50bn is expected in FY2008. To address this issue, Kyoto Prefecture has newly developed “Management Reform Plan” and has been making efforts for financial reconstruction.

### Guidelines for Financial Improvement (FY1999~FY2003)

Strengthening the financial base	Y20bn	Secure local government grants
Drastic internal reform	Y20.1bn	Reduce the number of regular employees (1,390 persons) and salary etc
Secure revenues like Local taxes	Y2.5bn	Tighten the collection of local tax and dispose of unused properties
Review measures	Y25.1bn	Review clerical businesses (abolish 1,244 businesses) Shifting focus to investment expenses



Achieved saving costs of Y67.7bn

### Financial situation still remains severe

- Demand for financial needs for medical, nursing, and childcare support services has been increasing
- Mandatory expenses like retirement allowance and expenditure for public bond are expected to increase
- Concern over the tightening of local finances on the back of national finance crisis (FY2004: Local government grants were reduced by approx. Y30bn)

**Projected deficit  
for FY2008  
Approx. Y50bn**

### Formulation of management reform plan (March 2005)

■ Outline of management reform plan (major actions by FY2008)

➤ Direction of the reform

- ◆ Establish a sustainable financial structure suitable for decentralization
- ◆ Develop citizen-oriented Kyoto Prefecture based on the proposal by citizens with the participation of citizens and cooperation with citizens

➤ Major actions

- ◆ Review measures by concentration and selection
- ◆ Reform the current business approach
- ◆ Role sharing and cooperate with citizens, private sector and municipalities
- ◆ Establish an effective and efficient administrative management system
- ◆ Establish a health financial management from a long-term standpoint
- ◆ Secure strategic independent revenue sources
- ◆ Reconstruct taxation system

**Targets**

<b>Review measures by concentration and selection</b> E.g.) reduce # of employees, put a focus on public investment	<b>Approx. Y25bn</b>
<b>Review measures by concentration and selection</b> Put a focus on measures under an action plan	<b>Approx. Y15bn</b>
<b>Secure strategic independent revenue sources</b> E.g.) develop measures for industries which leads to the cultivation of tax revenue and increase tax collection rate	<b>Y10bn or more</b>

- When the FY2007 budget was formulated, saving costs of approx. ¥40bn has been already achieved. The progress is almost successful.

(Yen in millions)	Target amount			
		FY2006 Result	FY2007 Budget	Subtotal
<b>Promotion of administrative business reform</b>	<b>250</b>	<b>32</b>	<b>156</b>	<b>187</b>
Promotion of salary cost program		2 <ul style="list-style-type: none"> <li>· Number of regular employees: Reduction of 200 people</li> <li>· Salary structure improvement→ Reduction of salary level</li> <li>· (Completion of salary cutting measure)</li> </ul>	73 <ul style="list-style-type: none"> <li>· Number of regular employees: Reduction of 300 people</li> <li>· Salary structure improvement→ E.g.) Review of the special working allowance</li> </ul>	75
Reform of business approach (e.g. public works reform)		23 <ul style="list-style-type: none"> <li>· Saving costs for internal management</li> <li>· Review of welfare program</li> </ul>	72 <ul style="list-style-type: none"> <li>· Public works reform → Putting a focus on investment business</li> </ul>	95
Management reform of public enterprises and others		3 <ul style="list-style-type: none"> <li>· Amount of prefectural financial expenditure for University Hospital, Kyoto Prefectural University of Medicine</li> </ul>	7 <ul style="list-style-type: none"> <li>· Amount of prefectural financial expenditure for University Hospital, Kyoto Prefectural University of Medicine</li> </ul>	10
Management reform of extragovernmental organizations		3 <ul style="list-style-type: none"> <li>· Introduction of designated supervisor system(FY2006 Settlement)</li> <li>⇒ Review salary level (reduce salary by 6 -10%)</li> <li>· # of employees (reduce the number by 7%)</li> </ul>	1 <ul style="list-style-type: none"> <li>· Review of salary level of organizations supported by the government and organizations utilizing nonadministrative assets</li> <li>· # of regular workers</li> <li>· Reduction of the number by 2%</li> </ul>	4
Introduction of facility management		1 <ul style="list-style-type: none"> <li>· Disposal by sale of unused properties (FY2006 Settlement)</li> </ul>	3 <ul style="list-style-type: none"> <li>· Disposal by sale of unused properties</li> </ul>	3 (The amount of effects of reform is for a single fiscal year.)
<b>Review of measures by selection and concentration</b>	<b>150</b>	<b>54</b> <ul style="list-style-type: none"> <li>· Review of 251 businesses in the budget for FY 2006</li> </ul>	<b>46</b> <ul style="list-style-type: none"> <li>· Review of 216 businesses in the budget for FY 2007</li> </ul>	<b>100</b>
<b>Securing strategic independent revenue resources</b>	<b>100</b>	<b>(79)</b> Projected amount	<b>(31)</b> Projected amount	<b>(110)</b>
Introduction of excess taxation		(67) <ul style="list-style-type: none"> <li>· Excess taxation for two corporate taxes</li> </ul>	(14) <ul style="list-style-type: none"> <li>· Excess taxation for two corporate taxes</li> </ul>	(81)
Introduction of special taxes for specific purposes, etc		(0.9) <ul style="list-style-type: none"> <li>· Industrial waste tax</li> </ul>	(0.1) <ul style="list-style-type: none"> <li>· Industrial waste tax</li> </ul>	(1.0)
Improvement of the prefectural tax collection rate		(11) <ul style="list-style-type: none"> <li>· FY2005 97.7% ⇒ FY2006 98.1%</li> </ul>	(17) <ul style="list-style-type: none"> <li>· FY2007 97.9% (Projected)</li> </ul>	(28)
<b>Total</b>	<b>500</b>	<b>(165)</b>	<b>(233)</b>	<b>(397)</b>

- We have formulated and been promoting “salary cost program” to curb payroll-related expense which accounts for the great portion of the appropriation

## < Introduced total cost cap system first in Japan >

Cap payroll-related expense which is one of mandatory costs within the prescribed amount range

**Reduce total payroll-related expense over five years (FY2006~FY2010) by 12.5%**

### ① Reduce the number of regular employees

→ Streamline units, mainly the ones which do not have to do with services for citizens by introducing IT to reduce the number of regular employees

**Reduce the number of regular employees by 17% in clerical units in the Department for the Governor, police, and the school board**

(It is expected approx. 25% will be reduced between FY1998 and FY2010. )

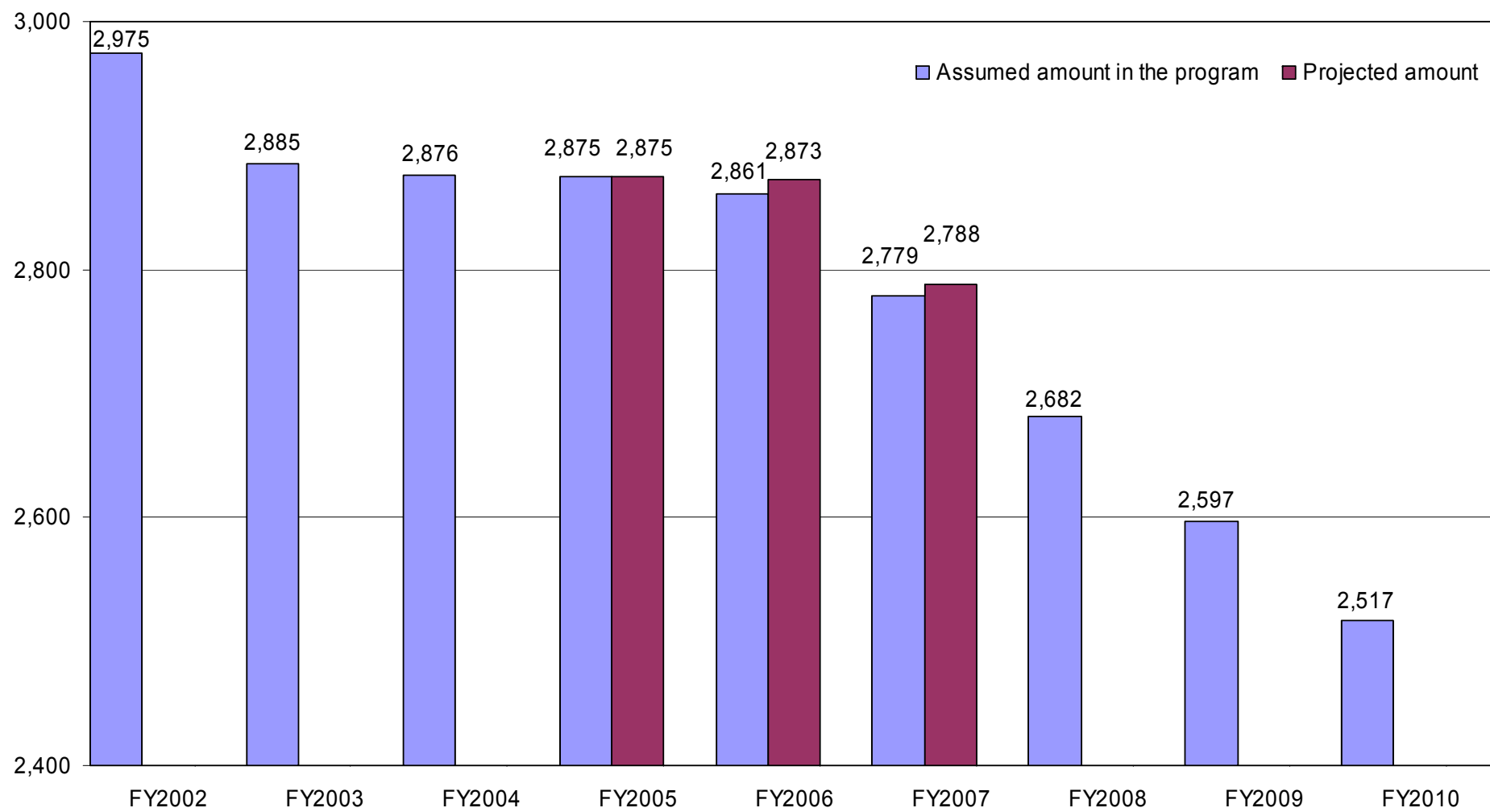
### ② Reform salary structure

→ Abolish the current salary system based on seniority and also reduce the salary level

### ③ Drastic review of various kinds of allowances

→ Review allowances etc from the perspectives of citizens and the

■ We have exceeded the program in FY2006 and 2007, and will still continue to make efforts to reduce the number of regular employees to save payroll-related expenses



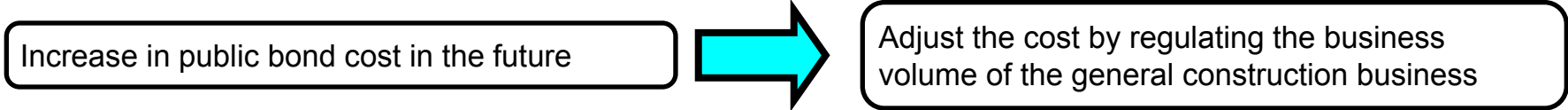
Elapsed years of the salary cost program

- We are conducting “public bond cost program” which aims to reduce the total amounts of public bond cost and general construction business cost as part of management reform plan

**Curb actual investment expenditure (public bond cost+general construction business cost) based on the amount for FY2005 in principle**

<Amount of initial budget for FY2005>

Public bond cost	Y87.7bn	}	Approx. Y190bn
(Excluding the debt for temporary fiscal measures and disaster restoration-related bonds)			
General construction business cost	Y101.2bn		
(Excluding disaster restoration-related bonds )			



- Upgrading social facilities such as schools, welfare/police facilities, and hospitals

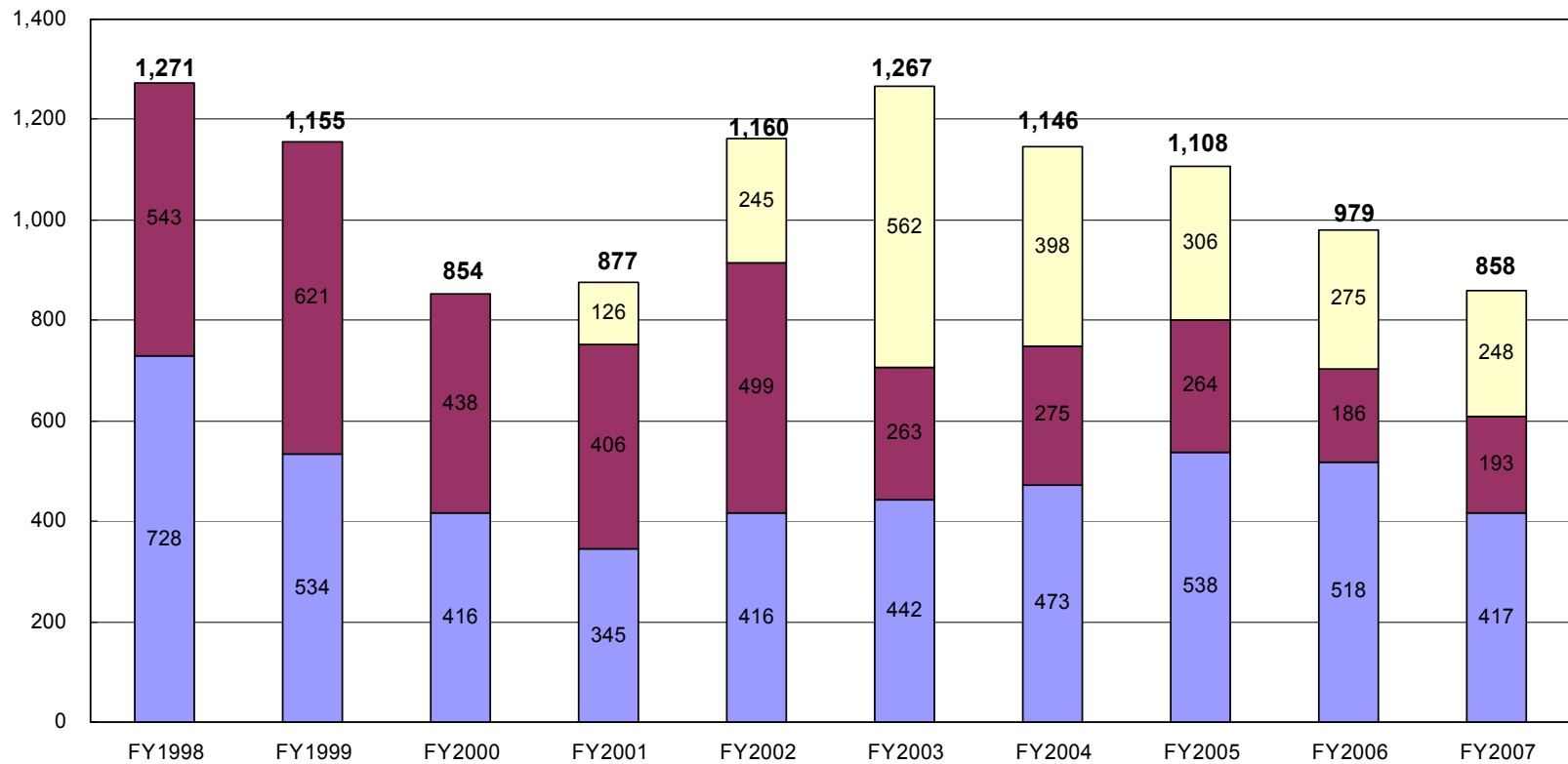
- ⇒ Upgrade steadily based on an annual plan in view of citizens' needs
- ⇒ Promote the prioritization of places to be upgraded and operation management

**The bond outstanding will begin to decrease from FY2013**

■ The issue amount of public bond has reduced to Y100bn or less per year due to our efforts like curbing the issue amount from FY2004 ,and such efforts have been bolstered by “public bond program” in FY2006 under which we have reduced investment amount

(Yen in hundred millions)

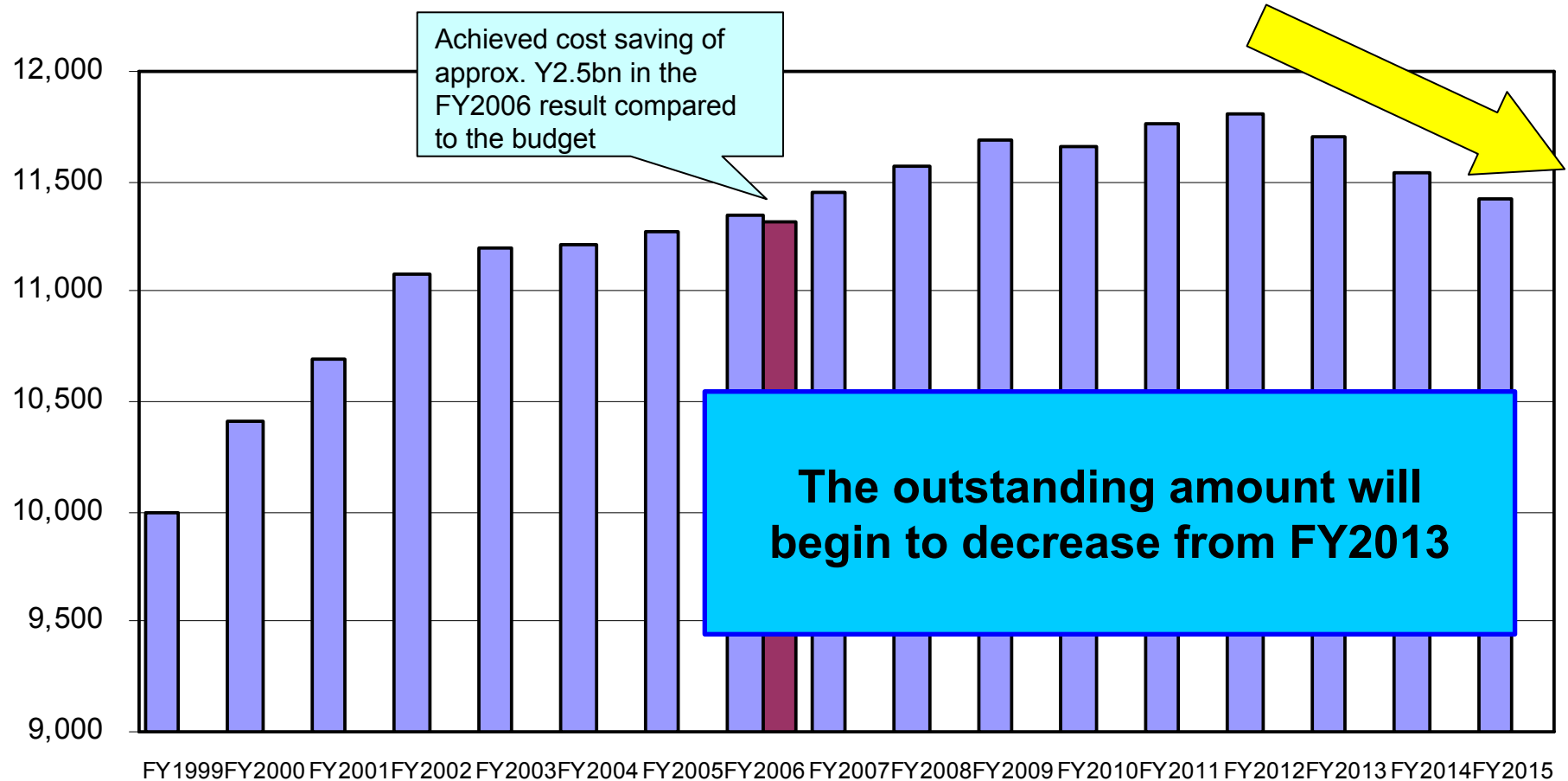
Others    Portion covered by local government grants    Debt for temporary fiscal measures



※ Issue amount basis:  
the amount is different from the revenue amount

The amounts for the period from  
FY1998 and FY2006 is based on the settled amount  
The amount for FY2007 is based on the initial budget

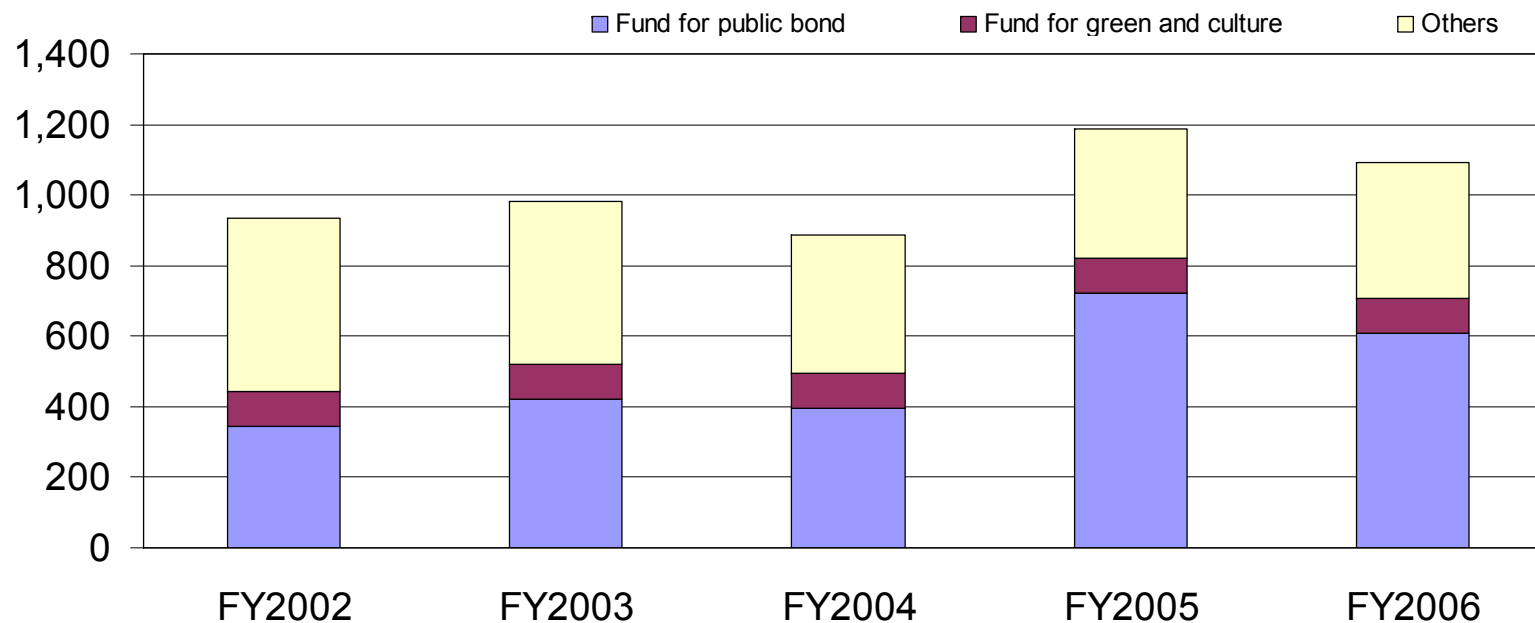
- We have been switching the style of public bonds from sinking to bullet. The bond outstanding amount will continue to increase until FY2012 in which redemption will begin. However, the amount is expected to decrease under the “public bond cost program” from FY2013





- The following chart shows trends in fund balances
- We have prepared the necessary amount of fund for public bond

(Yen in millions)



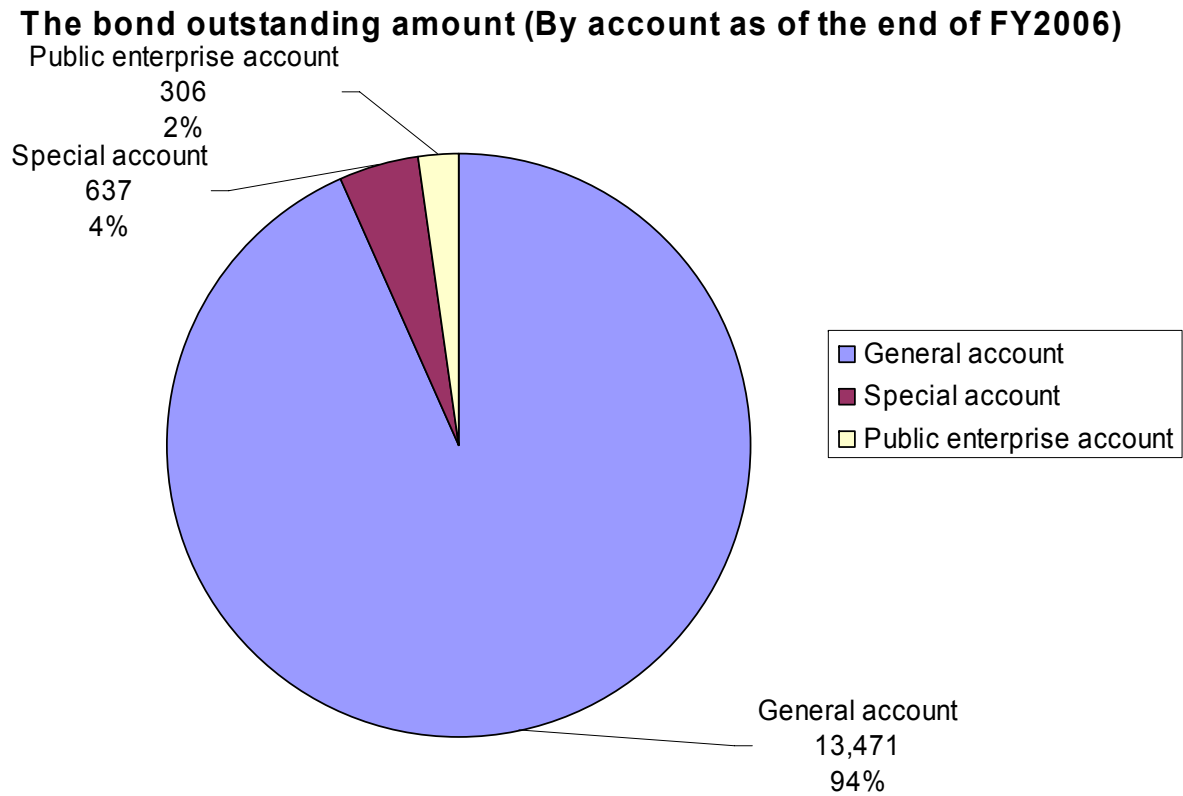
(Yen in hundred millions)

Category	FY2002	FY2003	FY2004	FY2005	FY2006
Fiscal Adjustment Fund	0	0	0	0	0
Fund for Public bond	345	420	396	721	608
Fund for green and culture	100	100	100	100	101
Others	489	462	392	367	383
<b>Total</b>	<b>934</b>	<b>982</b>	<b>888</b>	<b>1,188</b>	<b>1,092</b>

※ "0" for finance adjustment fund indicates that the actual outstanding amount is less than ¥100m.

# Current Situation of Public Enterprises and Extragovernmental Organizations

- Among the bond outstanding amount of Kyoto Prefecture, general account represents approx. 90%



## 《Public Enterprise Account Results》

### Hospital

Yen in millions

Category	Revenue expenditure and receipt (profit and loss account)			Capital expenditure and receipt (capital account)				
	Revenue	Expenditure	Balance	Revenue	Corporate bonds	Expenditure	Redemption proceeds of corporate bonds	Balance
FY2002	11,050	11,558	△ 508	660	247	752	466	△ 92
FY2003	10,325	10,821	△ 496	842	342	883	509	△ 41
FY2004	10,673	11,106	△ 433	1,003	513	1,069	534	△ 66
FY2005	8,510	9,148	△ 638	895	312	906	547	△ 11
FY2006	8,526	9,129	△ 603	647	280	719	398	△ 72

### Electricity

Yen in millions

Category	Revenue expenditure and receipt (profit and loss account)			Capital expenditure and receipt (capital account)				
	Revenue	Expenditure	Balance	Revenue	Corporate bonds	Expenditure	Redemption proceeds of corporate bonds	Balance
FY2002	480	428	52	0	0	124	44	△ 124
FY2003	640	591	49	0	0	196	47	△ 196
FY2004	534	508	26	0	0	328	50	△ 328
FY2005	638	645	△ 7	0	0	198	88	△ 198
FY2006	516	527	△ 11	0	0	280	89	△ 280

**Water works**

Yen in millions

Category	Revenue expenditure and receipt (profit and loss account)			Capital expenditure and receipt (capital account)				
	Revenue	Expenditure	Balance	Revenue	Corporate bonds	Expenditure	Redemption proceeds of corporate bonds	Balance
FY2002	5,380	5,258	122	2,815	847	4,701	936	△ 1,886
FY2003	5,691	5,331	360	1,645	475	3,750	1,013	△ 2,105
FY2004	5,717	5,396	321	1,297	362	3,060	1,126	△ 1,763
FY2005	5,705	5,329	376	1,203	363	4,448	994	△ 3,245
FY2006	5,715	5,227	488	2,040	1,174	4,776	1,318	△ 2,736

**Industrial water works**

Yen in millions

Category	Revenue expenditure and receipt (profit and loss account)			Capital expenditure and receipt (capital account)				
	Revenue	Expenditure	Balance	Revenue	Corporate bonds	Expenditure	Redemption	Balance
FY2002	188	185	3	63	0	87	2	△ 24
FY2003	200	189	11	55	0	57	2	△ 2
FY2004	242	286	△ 44	83	0	124	2	△ 41
FY2005	198	177	21	84	0	387	2	△ 303
FY2006	211	182	29	188	0	195	2	△ 7

- To review extragovernmental organizations for saving costs, we are focusing on facility management organizations by proactive introduction of designated supervisor system rather than aggressive consolidation

◆ # of enterprises capitalized by Kyoto Prefecture

	FY2002	FY2003	FY2004	FY2005	FY2006
# of enterprises	112	110	108	108	108

◆ Facility management organization(22 enterprises and 37 entities)

	FY2005	FY2006	FY2007 (initial budget)
Results (hundred million yen)	4,380	4,048	3,805
# of employees (persons)	617	576	569

← Achieved saving costs of Y1.6bn or more especially in the period from FY2002 (settled amount) to the FY2007 (initial budget)

## 《Results of three local public corporations》

(As of 31, March 2007)

(Yen in millions)

Category		Kyoto Prefecture Land Development Corporation		Kyoto Prefecture Road Public Corporation		Kyoto Prefecture Housing Corporation		
		FY2006	FY2005	FY2006	FY2005	FY2006	FY2005	
Investment amount		20	20	9,471	9,471	10	10	
Balance Sheet	Assets	Current assets	20,939	19,388	1,612	876	303	482
		Fixed assets	32	35	26,836	27,119	2,700	2,513
		Total assets	20,971	19,423	28,448	27,995	3,003	2,995
	Liabilities	Current liabilities	3,727	2,725	5,715	4,328	40	49
		Fixed liabilities	14,898	14,275	15,113	15,988	637	605
		Reserves under the special law	—	—	443	342	—	394
		Total liabilities	18,625	17,000	21,271	20,658	677	1,048
	Capital	Shareholders' equity	20	20	9,471	9,471	10	10
		Surplus	—	△ 307	△ 2,294	△ 2,134	740	744
		Legal reserve	2,326	2,710	—	—	1,576	1,193
		Total shareholders' equity	2,346	2,423	7,177	7,337	2,326	1,947
	Total liabilities and shareholders' equity		20,971	19,423	28,448	27,995	3,003	2,995
	Profit and Loss Statement	Recurring profit and loss	Operating revenue (a)	7,046	9,248	4,318	4,608	421
Operating expense (b)			7,088	9,532	4,359	4,729	384	385
Administrative expense (c)			16	—	—	—	60	52
Operating profit (d=a-b-c)			△ 58	△ 284	△ 41	△ 121	△ 23	△ 6
Nonoperating revenue (e)			6	7	6	46	5	3
Nonoperating expense (f)			25	28	125	125	3	2
Recurring profit (g=d+e-f)			△ 77	△ 305	△ 160	△ 200	△ 21	△ 5
Special profit and loss		Special profit (h)	—	—	—	—	—	—
		Special loss (i)	—	2	—	—	4	38
		Reversal of special purpose reserve (j)	—	—	—	—	394	47
		Provision for special purpose reserve (k)	—	—	—	—	—	—
		Current net profit (g+h-i)	△ 77	△ 307	△ 160	△ 200		
		(g+h-l+j-k)					369	4

## 《Results of major Extra-government organizations》

(Yen in thousands)

Name of corporation	Capital amount (prefecture-invested portion)	FY2006			FY2005		
		Net worth	Balance	Balance Carried Forward	Net worth	Balance	Balance Carried Forward
Kyoto Prefectural International Center	100,000 (100,000)	257,639	532	68,902	257,518	6,577	68,371
Kyoto Culture Foundation	1,180,051 (1,016,000)	673,061	38,754	85,766	618,785	15,501	47,013
Kyoto Prefectural Exchange Corporation	44,000 (25,000)	▲ 42,599	26,052	34,589	▲ 68,302	175,884	8,537
Social Welfare Services Corporation of Kyoto Prefecture	10,000 (10,000)	346,721	59,695	86,957	101,762	1,192	27,262
Kyoto Prefectural small and medium sized businesses center	4,000 (2,000)	249,505	9,787	147,348	235,997	3,953	109,843
Kyoto Industrial Support Organization 21	210,000 (65,000)	2,467,683	38,699	228,874	2,407,482	656	26,989
Kyoto Prefectural Agriculture Development Corporation	309,310 (299,400)	309,310	1,922	17,753	309,310	1,104	15,831
Tango Ajiwai-no-Sato	20,000 (10,000)	46,087	▲ 5,814	1,150	51,625	1,068	6,964
Kyoto Prefectural Green Forest Public Corporation	13,340 (10,000)	13,340	▲ 228,241	112,835	15,014	254,546	341,076
Kyoto Prefectural Park Public Corporation	10,000 (10,000)	▲ 60,957	9,155	10,419	25,747	1,819	1,264
Kyoto Prefectural Child Education Development Association	10,000 (10,000)	16,037	2,351	3,624	13,686	724	1,272
Kyoto Prefecture Research Center for Archeological Properties	10,000 (10,000)	138,185	15,800	15,800	123,568	0	0



- Kyoto prefecture's outstanding is approx. Y70bn and it accounts for about 5% of the total outstanding debt amount

## ■ Guarantee of obligation and lose compensation

(Yen in hundred millions)

Borrower (guaranteed party)	FY2006 Outstanding amount for FY2006	Description
Credit Guarantee Corporation	303	Credit Guarantee Corporation of Kyoto related to "Shoko Seido" loan (Excluding the amount equal to the indemnity ratio of a loan by Japan Finance Corporation for Small Business and Medium Enterprise)
Kyoto Industrial Support Organization 21	1	Indemnity related to financing/installment sales or lease business for SME to introduce new facility and equipment (Excluding the amount equal to the indemnity ratio of a loan by Japan Finance Corporation for Small Business and Medium Enterprise)
Kyoto Prefectural Agriculture Development Corporation	1	Indemnity related to agricultural land holding rationalization business such as land trading
Kyoto Prefectural Green Forest Public Corporation	201	Indemnity mainly related to forestation business
Kyoto Prefectural Fishery Promotion Corporation	13	Indemnity related to loans for measures to strengthen the management base of Fisheries Cooperatives
Kyoto prefecture Land development Corporation	20	Debt guarantee related to advance site acquisition business
Kyoto Prefecture Road Public Corporation	184	Debt guarantee related to toll road maintenance and improvement
Others	4	
Total	727	

# Kyoto Prefecture Bonds

■ Issue amount of public bonds in FY2006 and issuance schedule for FY2007 are as follows:

◆ FY2006

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
5-year bond												200	200
Retail bonds (5-year)					100								100
10-year bond									200				200
Joint municipal bond	50	50	50	50	50	50	50		50	50	50		500
Total	50	50	50	50	150	50	50		250	50	50	200	1,000

◆ FY2007

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
5-year bond									200				200
Retail bonds (5-year)					100								100
10-year bond						200						200	400
20-year bond										200			200
Joint municipal bond	50	50	50	50	50	50	50		50	50	50		500
Total	50	50	50	50	150	250	50		250	50	250	200	1,400

■ We established an “advisory committee for the management of bond issue” in FY2006

◆ In order to make trusting relationship with investors, Kyoto prefecture has held sessions for exchanging ideas and sharing views with market participants and experts

➡ **“Focusing on the communication with investors”**

【Outline of sessions】

▽1<sup>st</sup> session July 20, 2007 (Fri)

・FY2007 key agendas for the committee, and more

▽2<sup>nd</sup> session August 22, 2007 (Wed)

・Issue format of “Challenge Scheme” (Y20bn)

・Issue timing of Public offering bonds and more

▽3<sup>rd</sup> session October 19, 2007 (Fri)

・Retail bonds

・IR

・Assessment of sinking fund and more

◆ Kyoto Prefecture decided to issue super long bonds (20-year bonds) in FY2007 for the first time

➡ **“Diversification of financing option”**

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