

KOBE 

UNESCO City of Design

.....

City of Kobe Investor Relations Materials

October 2013



Contents

City of Kobe			
Summary	• • •		3
City of Kobe			
Fiscal affairs	• • •		1 0
City of Kobe			
Administrative & fiscal reforms	• • •		2 2
City of Kobe			
Financing	• • •		2 7
Supplemental materials	• • •		3 0

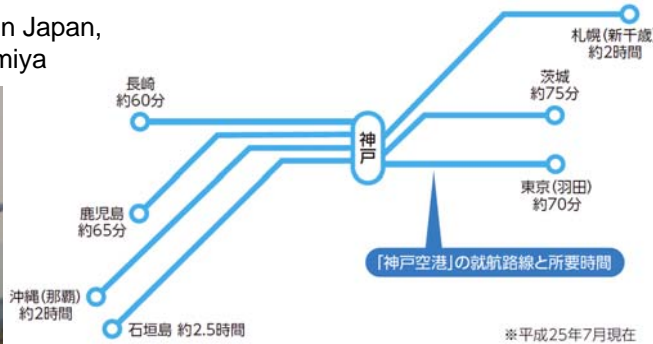
City of Kobe
Summary



- All modes of transportations (land, sea and air routes) are available and interlinked.
- Kobe City is surrounded by nature such as Mt. Rokko that lies in the background of the city area.

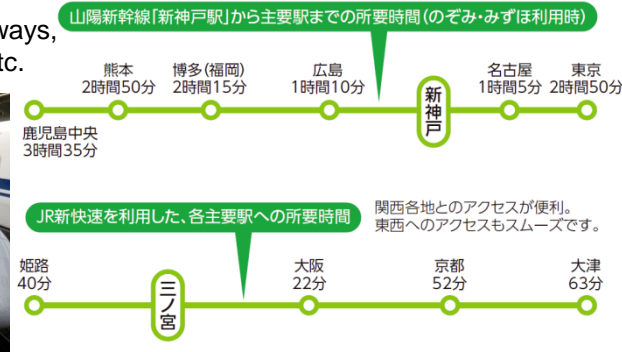
Kobe Airport

Linked to 7 major cities in Japan,
18 minutes from Sannomiya



Railway

JR, private railways, subways,
new transport systems, etc.



Port of Kobe

Network linking 500 ports in
130 countries



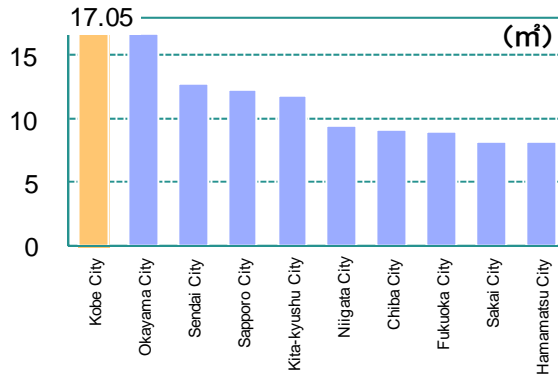
Highways

Hanshin, Sanyo,
Chugoku, Kobe-Awaji
Expressways



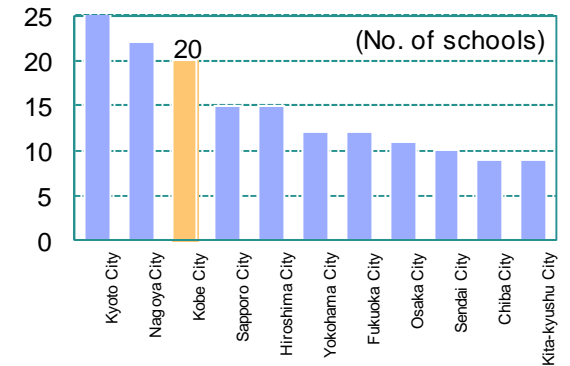
Parks

Per-capita city park area
is 17.05m²



Universities

20 universities
within the city



⑪ Futon-daiko



⑩ Mt. Rokko, Mt. Maya



⑨ Arima Hot Spring



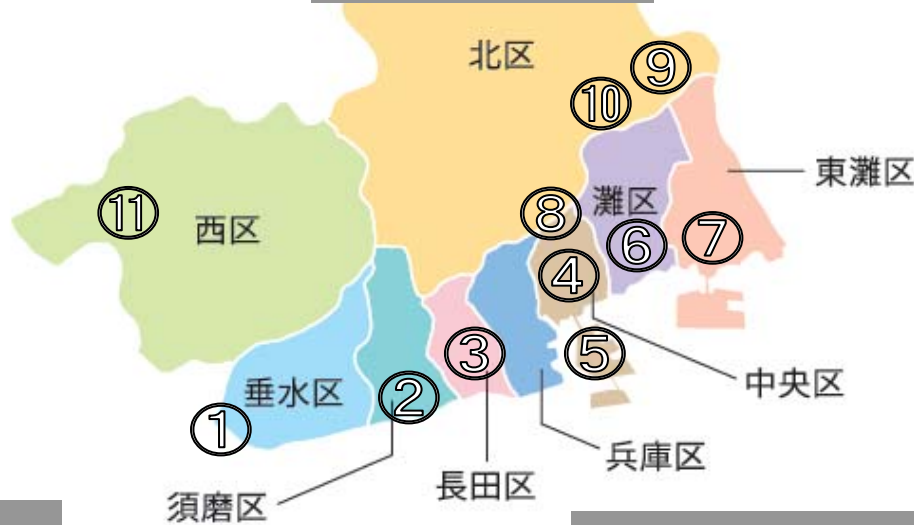
⑧ Kitano Ijinkan



⑦ Sake Brewery



① Akashi Kaikyo Bridge



⑥ Oji Zoo



② Suma Beach



③ Tetsujin 28



©Mitsu Production/KOBE TETSUJIN PROJECT2011

④ Chinatown

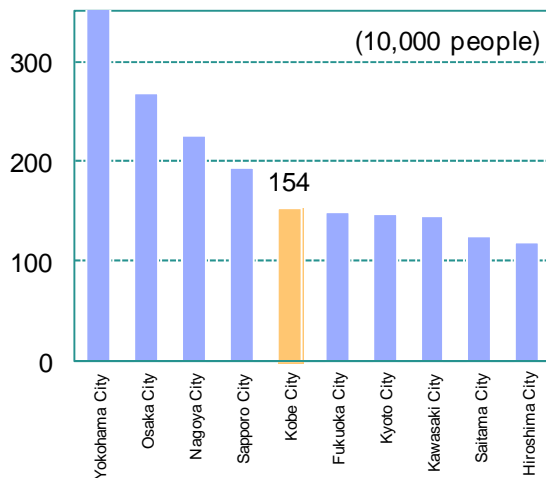


⑤ Port of Kobe

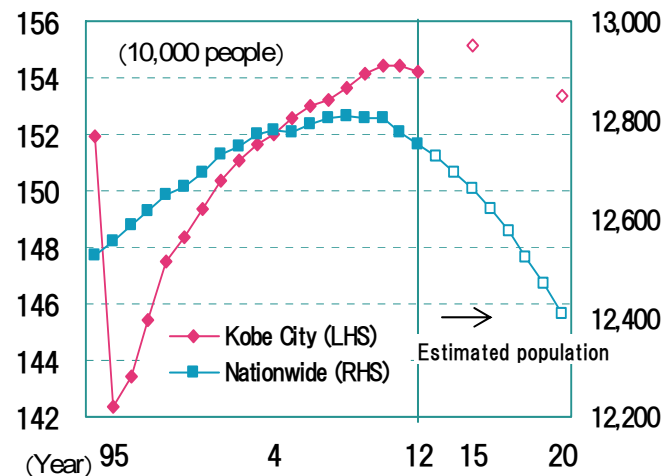


- The city lost about 100,000 people by the Great Hanshin-Awaji earthquake. As of April 2013, the city's population is 1.538 million.
- Along the Port of Kobe, the heavy manufacturing industries, food and rubber goods industries have developed. The brewing and western confectioneries industries also play a part in creating the city's image.

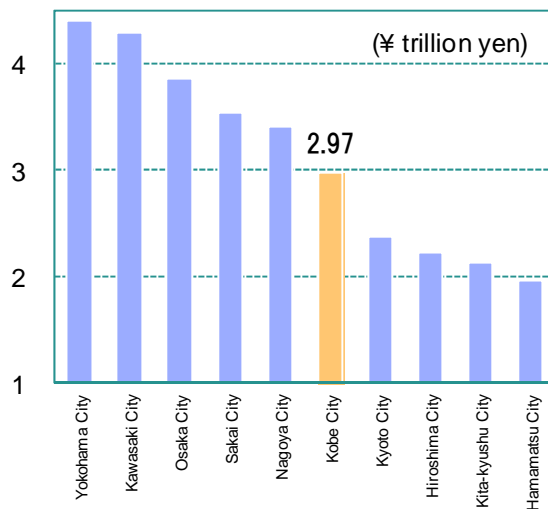
(Left) April 1, 2013 Estimated population
Top 10 ranking among the government-designated cities



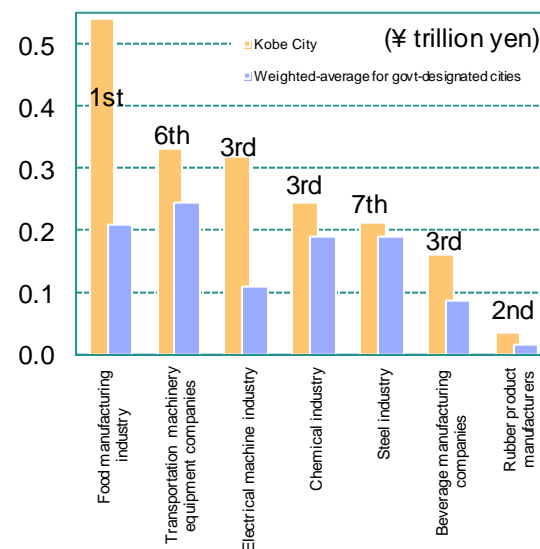
(Right) Kobe City/National population
transition and estimation
by the National Institute of Population and
Social Security Research



METI 2012 Economic Census for Business
Activity
Shipment of manufactured products, etc.



(Left) Government-designated cities Top 10
ranking
(Right) Ranks among government-designated
cities by industry



- To improve the level of medical care for its citizens and to stimulate the local economy, Kobe City is promoting the medical industry by consolidating the medical-related industries on Kobe's man-made Port Island.
- This is Japan's largest biomedical cluster, consisting of core facilities that act as an intermediary between basic and clinical researches and coordinate the research facilities of corporations and universities. In addition, there exist medical institutions and medical-related companies.

Kobe Gakuin University, Hyogo University of Health Sciences
Kobe Shukugawa Gakuin University,
Kobe Women's University / Junior College

- Kobe Minimally Invasive Cancer Center
- Nishi Memorial Port Island Rehabilitation Hospital
- Child Chemo House

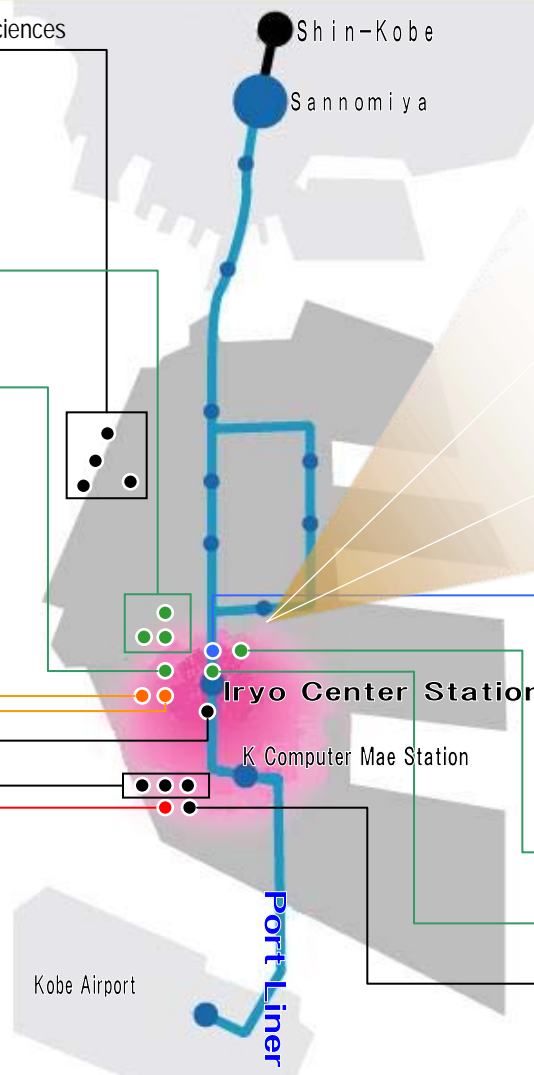
Kobe City Medical Center General Hospital

Riken Center for Developmental Biology

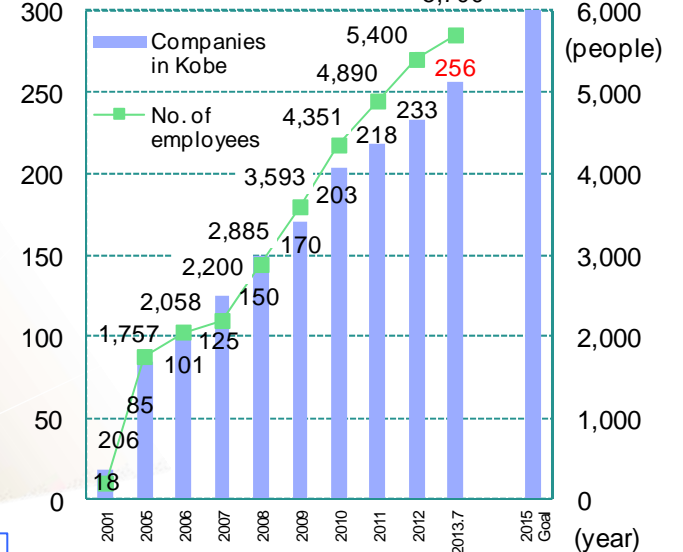
Institute of Biomedical Research and Innovation Hospital

Riken Center for Life Science Technologies
Konan University, Graduate School of University of Hyogo
Integrated Research Center of Kobe University

Super computer "K"



No. of companies and employees in Kobe Medical Industrial City
(No. of companies)



Estimated economic effects FY2005 FY2010

Economic effects ¥40.9 bn ¥104.1 bn

Tax revenue effects ¥1.3 bn ¥3.5 bn

International Medical Device Alliance

Hyogo Prefectural Kobe Children's Hospital

Kobe International Frontier Medical Center

Integrated Research Center of Kobe University Phase II
(To be completed in FY2014)

Commissioned by the METI, it conducts research and development of technologies for stable production of the next generation antibody drugs, etc.

Cluster of Advanced Specialized Medical Institutions

Kobe Minimally Invasive Cancer Center
80 beds, opened in April 2013

By combining use of radiation therapy and chemical therapy with anticancer drugs, it offers cancer treatment without surgery.

Nishi Memorial Port Island Rehabilitation Hospital
136 beds, opened in April 2013

It offers early convalescent stage rehabilitation in collaboration with medical institutions that offer acute medical care.

Child Chemo House
19 rooms, opened in 2013

It offers an environment for pediatric cancer patients and their family to stay for long term.

Kobe City Medical Center General Hospital

700 beds, moved in July 2011

The base hospital of Kobe City

Hyogo Prefectural Kobe Children's Hospital
290 beds, will open in 2015

The base hospital for Hyogo prefecture for pediatric and perinatal care

Kobe International Frontier Medical Center
120 beds, will complete in 2014

It offers advanced medical technologies and services in the fields of liver disorder and digestive disorder

The first clinical study using iPS cells in the world

- Regenerative remedies of retina

Designated as the Kansai Innovation International Strategic Comprehensive Special Zone

- Tax benefits (reduction of corporate tax, etc.)
 - Monetary support (subsidized interest payment system)
 - Financial support (Priority use of governmental budget)
 - Preferential measures of regulations
- PMDA-WEST was established in the International Medical Device Alliance (October 2013)

Institute of Biomedical Research and Innovation Hospital

Collection and transfer of cells

RIKEN

Center for Developmental Biology

Institute to prepare for cell preparation

Simulation by Super Computer "K"

- General purpose super computer that can be used for researches and industries by universities and corporations

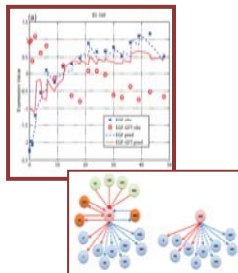
Life science

Prediction of development of drugs and side effects

Current

Animal tests, etc.

Predictable by simulation



Global environment

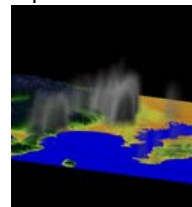
Simulation scale of typhoon route or severe rain

Existing super computer

3.5km

"K"

About 400m



Manufacturing

Creating models for car crash analysis

Man power

A few months

"K"

1 to 2 hours





Kobe City
Fiscal affairs



■ Kobe City worked on the restructuring of auxiliary organizations that had major issues based on the past administrative and financial reform and progress towards fiscal soundness.

Continuous administrative and financial reform

Progress towards fiscal soundness

Reduction in the number of employees

Reduction in auxiliary organizations

Sustaining surplus in primary balance

Reduction in city bonds balance

Improvement in the ratio for determining fiscal soundness

FY 2012

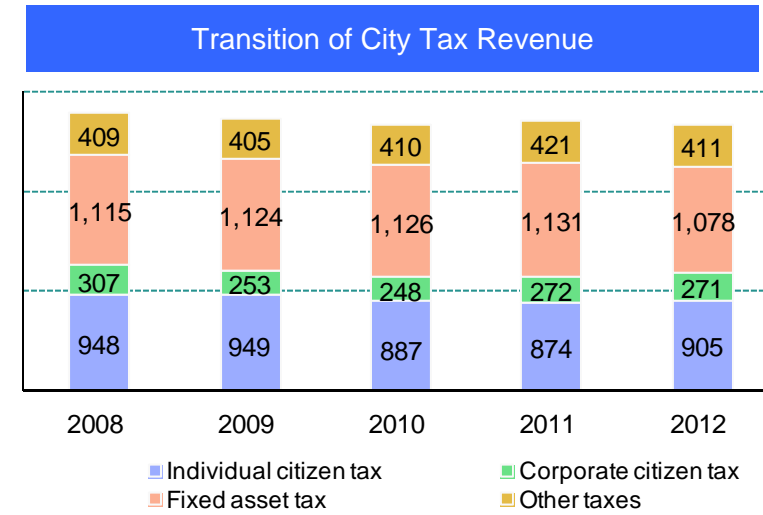
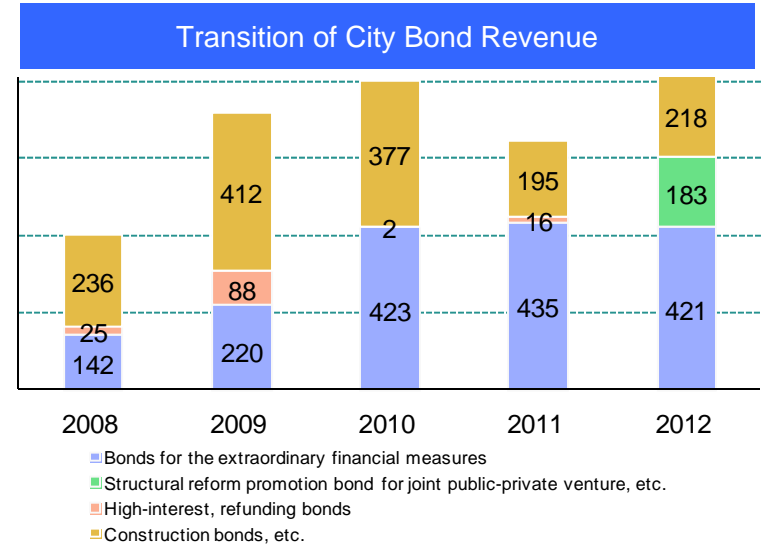
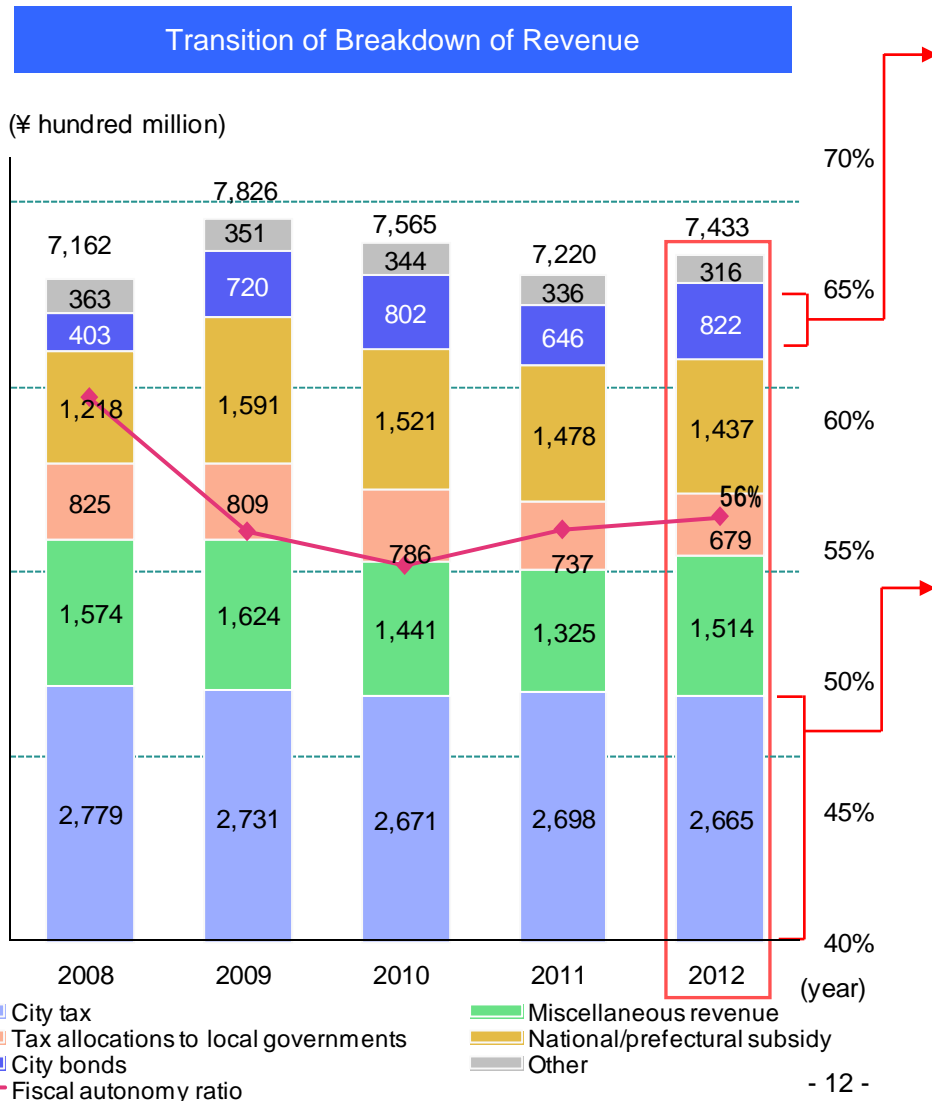
Reducing future burden by restructuring auxiliary organizations that have major issues

Better fiscal soundness

- Adjustment of debts and dissolution of Housing Corporation
- Maiko Villa project, Dissolution of land trust contract, Dissolution and special liquidation of Kobe Marine Hotels Co., Ltd.
- Dissolution of Kaijo Access Co., Ltd. excess debt and accumulative losses

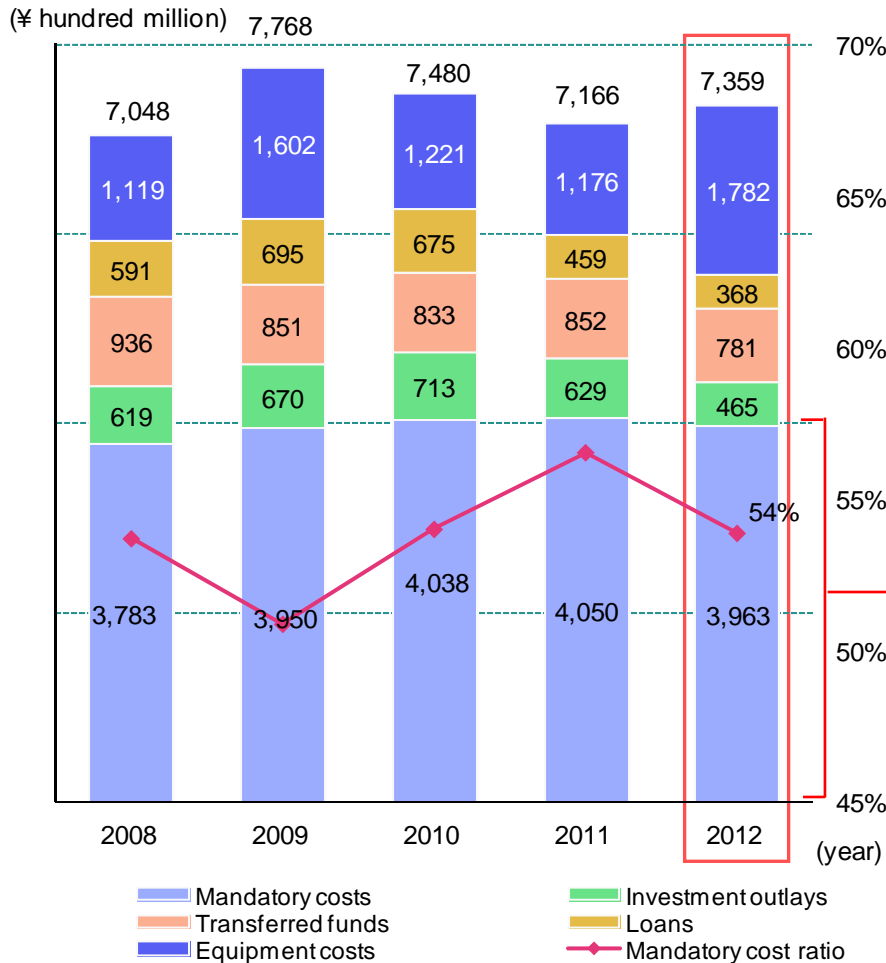
- Actual income of around ¥2 billion surplus (Surplus for 14 consecutive years)
- Improvement in the ratio for determining fiscal soundness
Real debt service ratio: 10.9% (1.2% improvement)
Future burden ratio: 120.2% (32.4% improvement)

- Personal municipal tax revenues increased as a result of abolishment of tax breaks for families with children under the age of 16. However, due to decrease in fixed assets tax as a result of fair value adjustments, the tax revenue declined by ¥3.3 billion YoY.
- As a result of issuance of bond for the third sector reform promotion associated with debt adjustment of Housing Supply Corporation, the city bond revenue increased by ¥17.6 billion YoY.

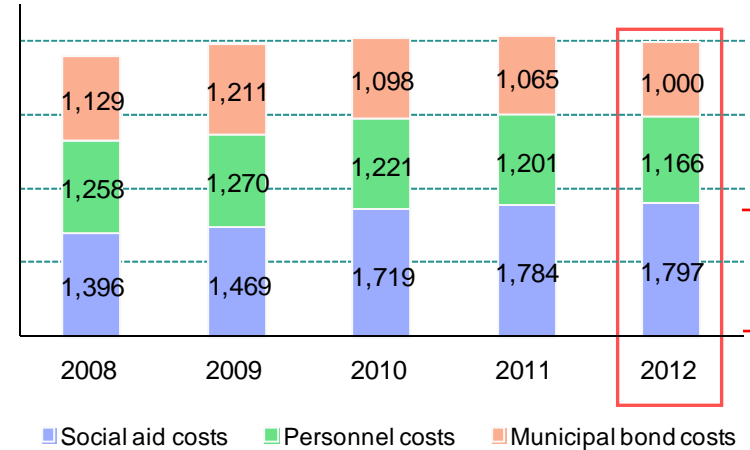


■ While social aid costs such as welfare expenses increased, the personnel costs and bond costs decreased due to measures to reduce the total number of city workers and also to reduce outstanding city bonds. Mandatory expenditures declined by ¥8.7 billion YoY.
 ■ Equipment costs increased by ¥60.6 billion YoY due to increase in subsidy for transferring New Kobe Tunnel and compensation for loss associated with restructuring of auxiliary organizations.

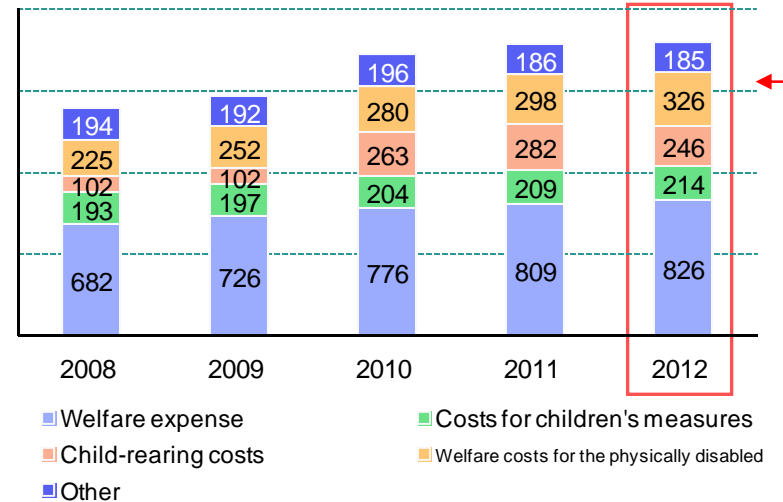
Transition of Breakdown of Expenditures



Transition of Mandatory Expenditures



Transition of Breakdown of Social Aid Costs



- There are 15 special accounts as of the end of FY 2012.

Accounting item	Revenue	Expenditure	Difference	Resources to be applied for carried forward project	Real balance	Transfer from the general account	
						(¥ mn)	Composition ratio
Municipal bond costs	342,612	342,612				99,953	61.6%
National Healthcare Insurance costs	159,147	159,147				13,221	8.2%
Nursing care insurance costs	110,473	109,658	815		815	15,916	9.8%
Medical care expenditures for the elderly aged 75 or over	30,088	29,977	111		111	15,707	9.7%
Market costs	5,127	5,104	23	23		341	0.2%
Meat processing center costs	1,180	1,180				871	0.5%
Worker welfare insurance costs	373	373				19	0.0%
Agricultural insurance costs	297	247	50		50	88	0.1%
Loans from Welfare Funds for Mothers with Dependent Children and Widows	247	135	112		112	1	0.0%
Parking lot business costs	1,152	1,152				187	0.1%
Agricultural community sewer program costs	1,202	1,202				1,019	0.6%
Coastal environment improvement project costs	275	275				175	0.1%
Urban redevelopment project costs	10,976	10,817	159	159		8,775	5.4%
City-managed housing costs	28,199	27,860	339	339		5,167	3.2%
Airport development costs	2,887	2,887				724	0.4%
Total	694,235	692,626	1,609	521	1,088	162,164	100.0%

(Reference)

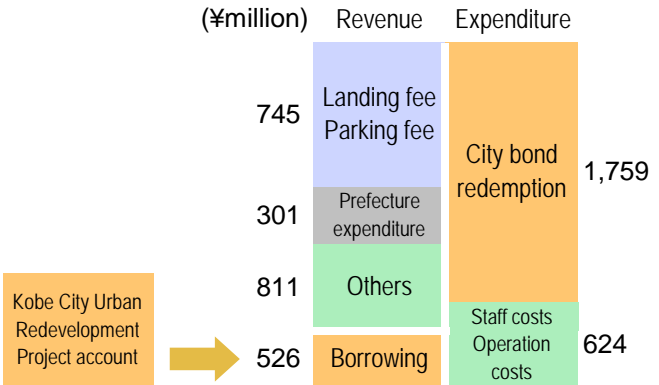
FY 2011 Special Accounts Settlement (16 Accounts)	727,123	724,791	2,332	552	1,780	170,089	
Out of which, public bond cost	384,723	384,723				106,476	62.6%

※ In FY 2012, the land advance acquisition project account was abolished, and in FY 2013, coastal environment improvement project account was abolished (14 accounts).

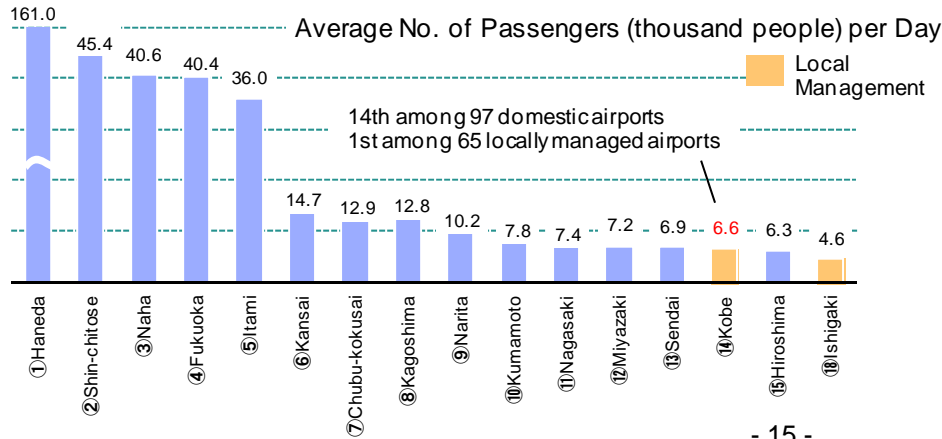
- For the balance of payment for the airport development project, we borrowed from the urban redevelopment business account to avoid increasing city bond redemption cost.
- The number of users of the Kobe Airport in FY2012 was approximately 2.41 million.

Manager	Kobe City
Access	18 minutes from Sannomiya by Kobe New Transit (Port Liner) (17 min. by rapid train)
Runway	2,500 meters, 1 line
Opening date	February 16, 2005
Operating hours	From 7:00 to 22:00
Operating airlines	All Nippon Airline, Skymark Solaseed Air, AIRDO
No. of flights	28 (As of October 1, 2013)

Airport Account Balance of Payments



No. of Passengers Ranking by Airport (Domestic flights)



Future actions

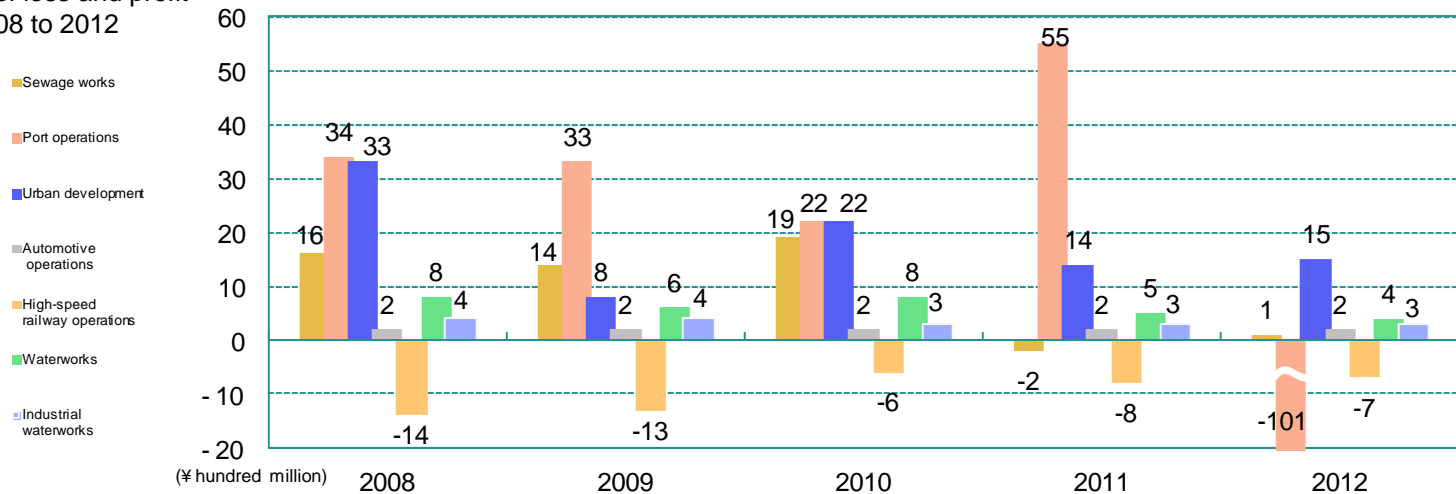
- Improve convenience
We will ask airlines to increase the number of flights, create new routes and bring in larger aircrafts.
- Enrich functions and ease regulations
We will ask the national government to extend operation hours and expand arrival and departure slot.

- The profit and loss of 7 accounts suffered a deficit of ¥8.3 billion (surplus in 5 accounts and deficit in 2 accounts).
- The port operations business posted a deficit due to special loss (around ¥15.6 billion) accompanied by restructuring of auxiliary organizations (e.g. Kaijo Access Co., Ltd.) .
- Although the high-speed railway business increased revenue from fares, it posted deficit due to large capital cost burden including depreciation costs.

(¥ mn)

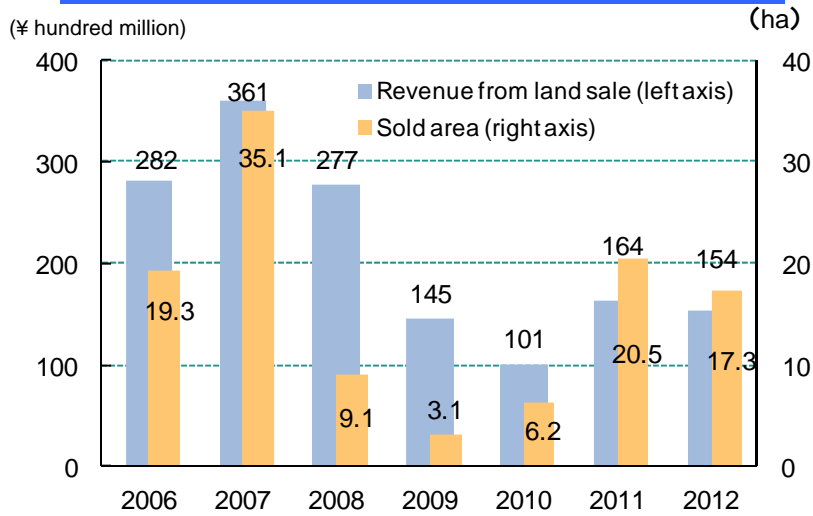
Accounting item		Sewage works	Port operations	Urban development	Automotive operations	High-speed railway operations	Waterworks	Industrial waterworks
Revenue and expenditures	Revenues	22,941	21,921	18,640	12,874	21,854	34,202	1,455
	Expenses	22,887	32,041	17,117	12,667	22,566	33,764	1,133
	Difference	54	-10,120	1,523	207	-712	438	322
Balance sheet items	Assets	790,658	1,095,034	455,231	21,354	290,791	345,663	20,674
	Liabilities	12,263	13,622	85,061	4,448	67,855	13,277	679
	Capital	778,395	1,081,412	370,170	16,906	222,936	332,386	19,995
	Corporate bonds portion	154,491	264,330	239,433	6,124	189,008	39,549	4,472

Transition of loss and profit from FY2008 to 2012

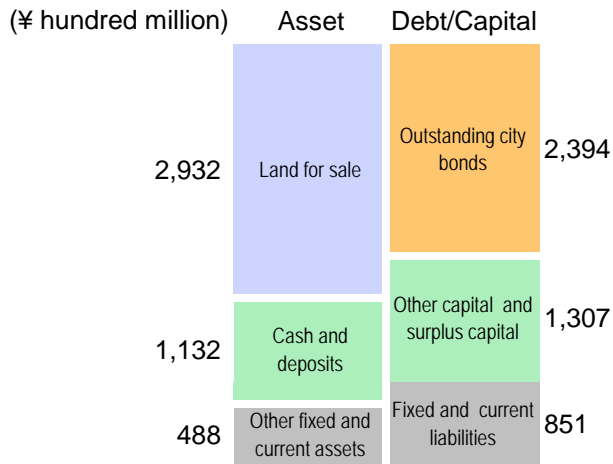


- Create a city with multiple functions by supplying industrial land in order to provide residential land and strengthen economic bases.
- Promote land sales through measures for inviting companies to Kobe while retaining funds within the account.

Transition of Revenue from Land Sales



Balance Sheet



System to aid companies setting up in Kobe	
Condominium	Price
Port Island Phase II	Max. 40 to 50% discount
Kobe Techno Logistic Park	Max. 50% discount

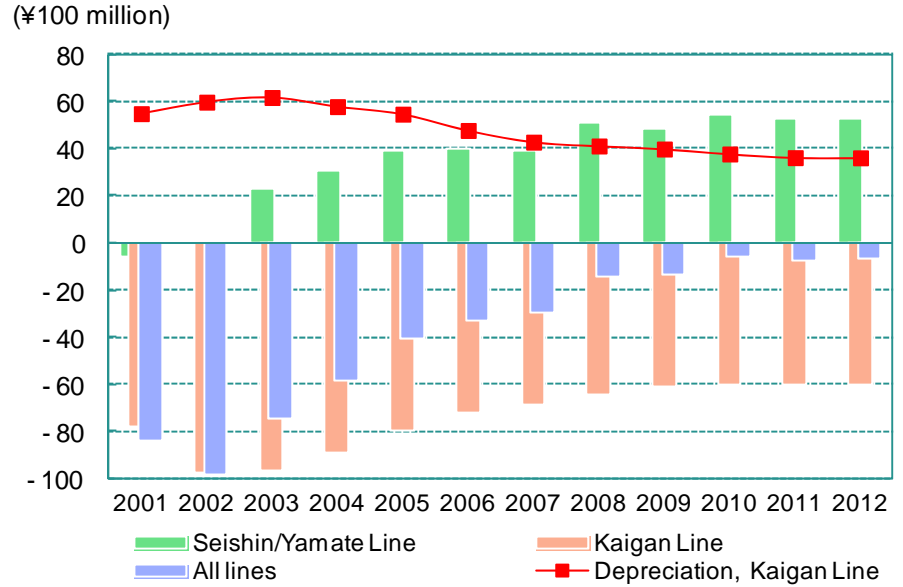
Preferential tax system		
Fixed asset tax Urban planning tax	Business tax	Real estate acquisition tax
50% decline (3 years)	Fixed asset rate 50% decline (3 years)	50% decline (Limit ¥200 million)

※ The companies must meet terms and conditions to be eligible for the system to aid companies setting up in Kobe and preferential tax system.
 ※ Other aid systems include various subsidies and low interest financing system.

- The Seishin/Yamate line has a surplus for 10 consecutive years. The Kaigan line has severe deficit due to large capital cost burden including depreciation costs.
- The city will try to improve balance of payments to maintain stable business to secure “public transportation” that transport about 300,000 people per day.



Transition of Ordinary Profit and Loss by Line



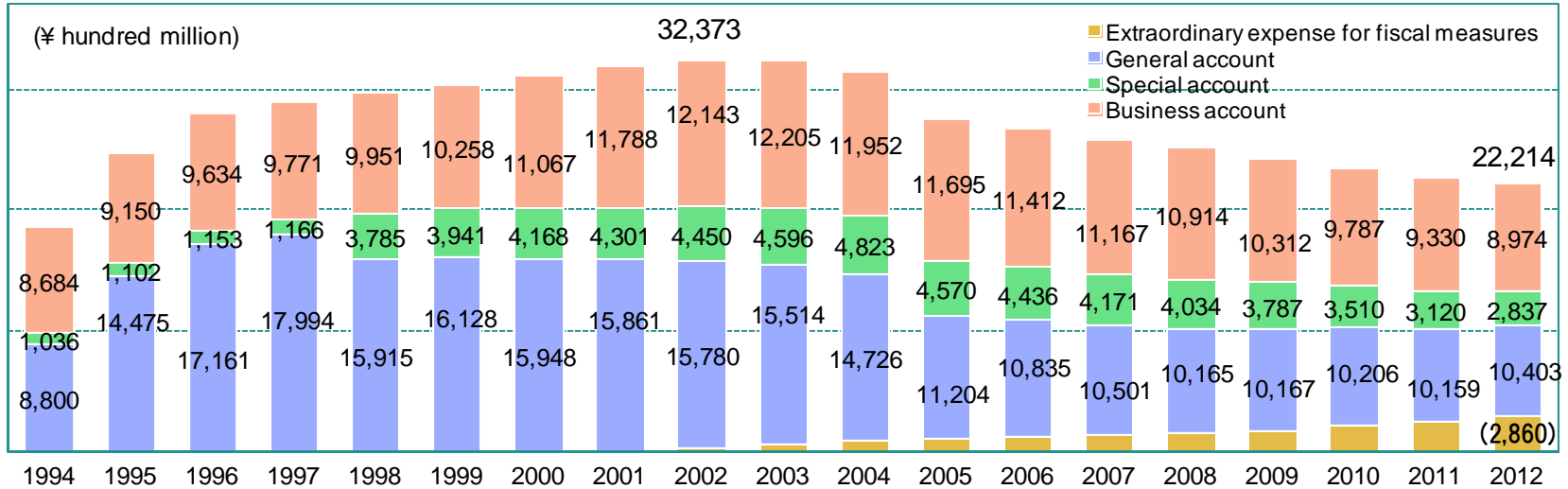
(¥million)	Opening time	Service distance	FY2012 Results				
			Revenue	Expenditure	Depreciation	Ordinary profit and loss	No. of passengers
Seishin/Yamate Line	1977 to 1987	22.7km	18,911	13,631	4,480	5,280	260,740
Kaigan Line	2001	7.9km	2,943	8,935	3,616	-5,992	42,894
All lines		30.6km	21,854	22,566	8,096	-712	303,634

Actions to Improve Balance of Payments

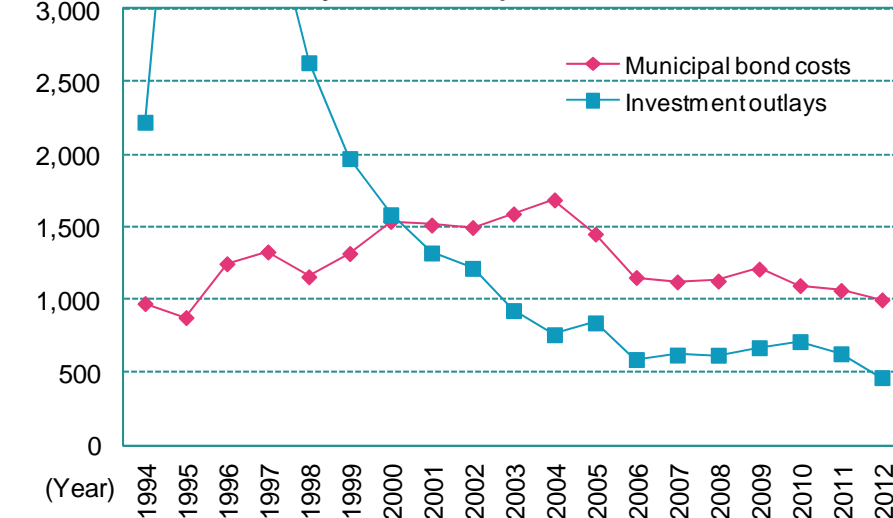
- Activation of areas along the cost and along rail roads.
 - Collaboration with Ion Mall that will open in September 2015.
 - Collaboration with Vissel Kobe and INAC Kobe.
- Promotion of incidental businesses
 - Attract commercial facilities, etc. in the stations
 - Effective use of idle land

■ Compared with 2002 (peak), the outstanding city bonds decreased by approximately ¥1 trillion, and the amount of outstanding city bonds per citizen ranks around the middle among the government-designated cities.

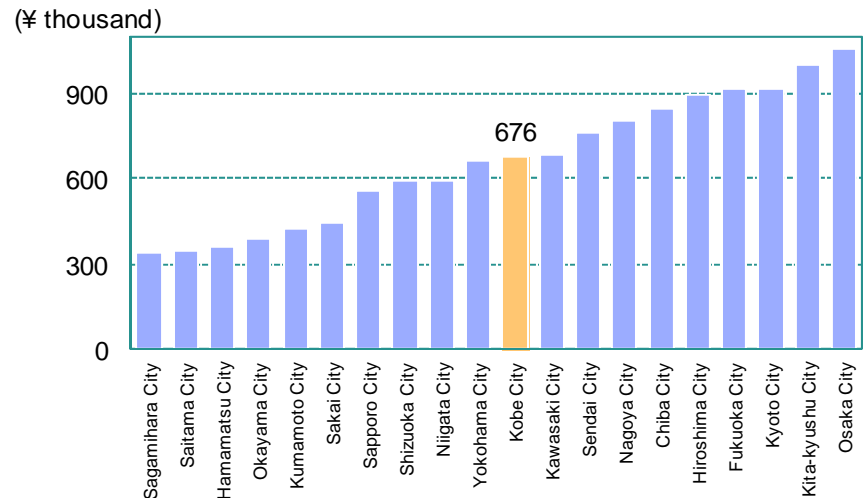
Transition of the outstanding city bonds



General account: Transition of investment outlays and municipal bond costs

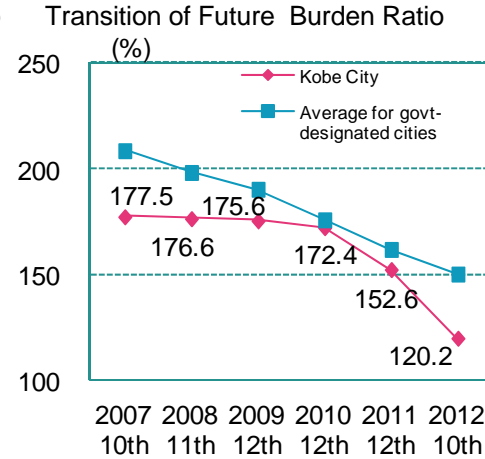
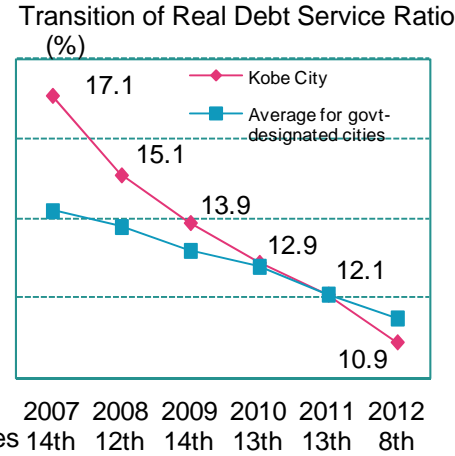
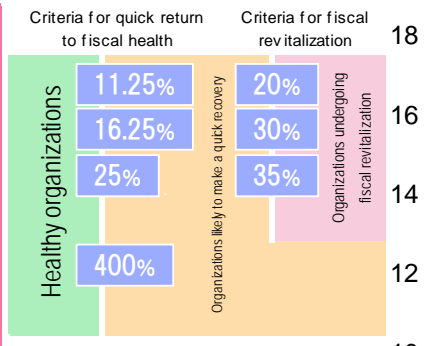


General account: Amount of outstanding city bonds per citizen by the government-designated cities
 Outstanding amount in FY 2012/Estimated population as of April 1, 2013



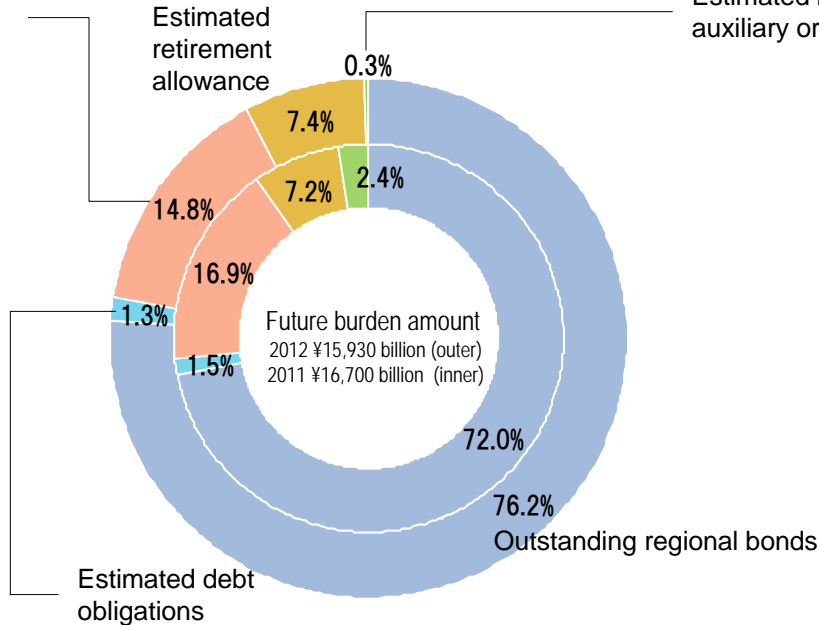
- Indicators reflect the administrative and fiscal reform measures such as reducing outstanding city bonds and sustaining surplus in primary balance.
- Future burden ratio has drastically improved due to reduction in outstanding city bonds amount in the business account.

(%)	2012
Real deficit ratio	-
Consolidated real deficit ratio	-
Real debt service ratio	10.9
Average for govt-designated cities	11.5
Future burden ratio	120.2
Average for govt-designated cities	150.5



Expected transfer to special account, etc.

(¥ hundred million)	2011	2012
Agricultural community sewer program costs	106	102
Urban redevelopment project costs	650	579
Meat processing center costs	26	23
Sewage works	548	511
Port operations	720	590
High-speed railway operations	540	495
Automotive operations	7	5
Waterworks	2	2
Others	231	53
Total	2,830	2,360



Estimated burden for compensating auxiliary organizations.

(¥ hundred million)	2011	2012
Road Public Corporation	-	-
Land Development Public Corporation	-	-
Kobe New Transit	4	3
Kobe Rapid Transit Railway	5	4
Foundation for Biomedical Research and Innovation	10	10
Kobe Airport Terminal	3	3
Kobe Port Terminal	18	16
Housing Supply Corporation	251	-
Maiko Villa project	101	-
Others	9	7
Total	401	43

Fiscal soundness indicators are moving to a level that is not inferior to those of other market issuers.



City of Kobe
Administrative & fiscal reforms



- Prompt restoration and reconstruction from damages caused by the Great Hanshin-Awaji Earthquake and breaking out of critical fiscal situation.
- Continuation of administrative and fiscal reforms to carry out the mission of the municipal government to protect the lives, safety and security of our citizens.

	Period	
Kobe City administrative and fiscal improvement emergency 3-year plan	1996 to 1998	<ul style="list-style-type: none"> ▪ Review of business operations from scratch, introduction of private sector resources, etc. ▪ Reduction of outstanding city bonds ▪ Cutting the total number of employees by around 5,500 ▪ Cutting salary of all employees (FY2003 to 2005) ▪ Sustaining surplus of primary balance since 1997 ▪ Fiscal effect around ¥290 billion
New administrative and fiscal improvement measures	1999 to 2003	
Administrative management policies	2004 to 2010	

Environment surrounding municipality

Shortage of revenue

Population decline, low birth rate, and aging society

Increase in responsibilities and roles due to promotion of local autonomy reform

Increase in social security costs and medical costs

Unclear trend of city tax revenue and local allocation tax

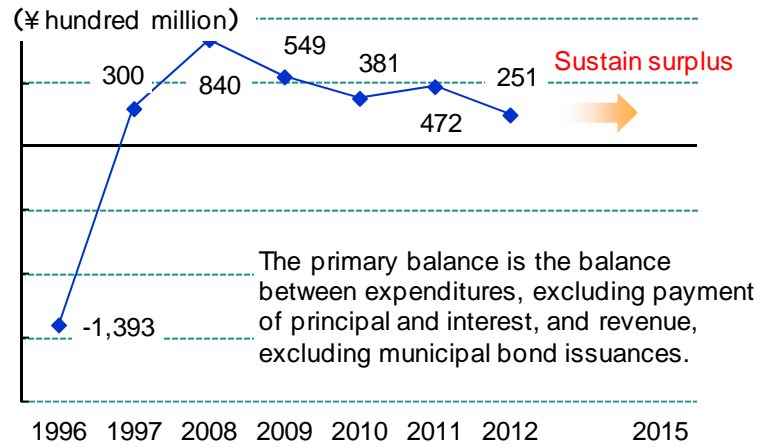
Decisive implementation of administrative and fiscal reforms based on Kobe City Administrative and Fiscal Reform 2015

■ From 2011 to 2015, we will further promote the administrative and fiscal reforms that we have been putting all our efforts into thus far.

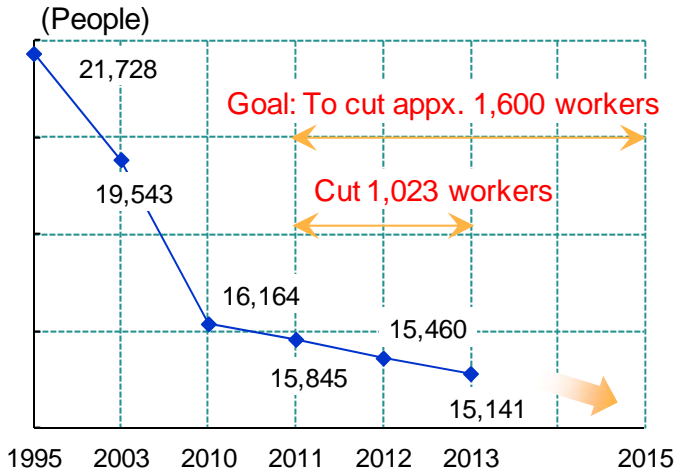
Select and Focus on Specific Businesses

- Reconstruction of business process
Promote streamlining of work methods and effectively use limited human resources
- Introduction of private sector resources
Introduce optimal methods including discerning public and private sector roles, privatization, outsourcing to private sector, and introduction of designated management systems.

Sustain Surplus in Primary Balance



Cut 1,600 workers



Planned Cut 10 or More Auxiliary Organizations



■ Based on our basic policy of “Not leaving burdens to the next generation and not putting the problems off”, we will promptly carry out management reforms of auxiliary organizations with a view of minimizing the burden on citizens and achieving transparency.

41 organizations
End of FY2011

[Liquidation]
▪ Kobe City Air Terminal

[Integration]
▪ Development and Management Foundation

[Liquidation]
▪ Land Development Public Corporation

[Liquidation]
▪ Housing Supply Corporation

37 organizations
End of FY2012

[Liquidation]
▪ Kobe Marine Hotels Co., Ltd.

[Integration]
▪ Kaijo Access Co., Ltd.

35 organizations
End of FY 2013
(planned)

“Review Committee for an Ideal Organizational Structure”, consisting of external experts, is to study the following organizations:

■ Housing Supply Corporation

Through **civil rehabilitation proceeding**, their projects were handed over to Kobe Housing and Urban Development Corporation and their debts to various financial institutions were settled. Thereafter, they were **dissolved**. The burden of approximately ¥25.7 billion on Kobe City was covered by the Third Sector Reform Promotion bonds, etc.

■ Maiko Villa Project [Kobe Marine Hotels]: hotel management

Kobe City dissolved the land trust contract. Loss compensation of approximately ¥10.2 billion was covered by the foundation. The hotel building was sold to the succeeding business owner, and the land was leased based on the fixed-term land lease right contract. Kobe Marine Hotels Co., Ltd. was **dissolved** after transferring the hotel management business to a private business and completing the liquidation process through **special liquidation proceeding**.

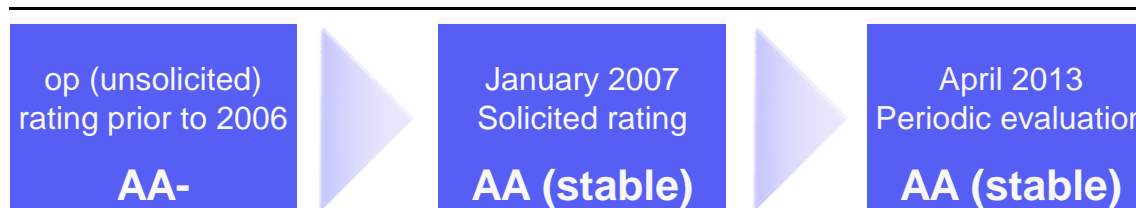
■ Kaijo Access Co., Ltd.: Kobe Airport – Kansai International Airport Bay Shuttle

Kaijo Access dissolved the excessive debt and accumulative deficit through **civil rehabilitation proceeding** and has gained healthy financial condition. As for the city’s claims, by exchanging ¥170 million of stocks, approximately ¥14.2 billion special loss including contribution was posted.

In order to further strengthen the management basis and continue to stably provide air business, **its management was merged** with OM Kobe Co., Ltd.

- Since January 2007, issuers have been rated to ensure stable fund procurement.

R&I Rating and Investment Information Center



AA Very high creditworthiness supported by excellent factors

[Rating direction]

op Op is a credit rating from R&I that was unsolicited

Ratings for other organizations		
	Rating	Direction
Shizuoka Prefecture	AA+	Stable
Aichi Prefecture	AA+	Stable
Saitama Prefecture	AA+	Stable
Tochigi Prefecture	AA+	Stable
Nara Prefecture	AA	Stable
Fukui Prefecture	AA	Stable
Tokushima Prefecture	AA	Stable
Okayama Prefecture	AA	Stable

Key points of rating evaluation

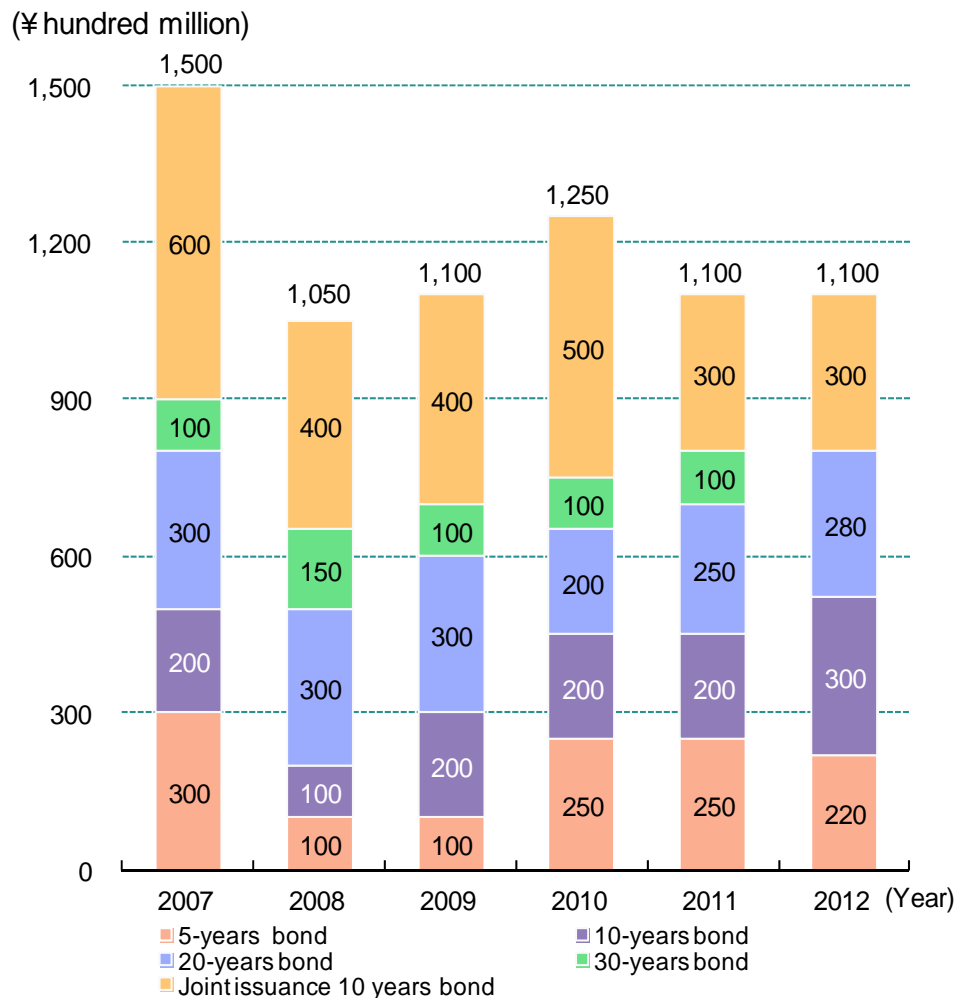
- Economic strength
Economy of Kobe City is expected to boost because (1) shared use of super computer “K” began, and (2) Kobe City became one of the Kansai Innovation International Strategic Comprehensive Special Zones.
- Debt level
Good evaluation was given to Kobe City as it is steadily reducing the outstanding city bonds, considering the fact that many other local governments tend to increase outstanding local bonds including extraordinary financial measures bonds.
- Auxiliary organizations
Kobe City is implementing management reform of auxiliary organizations, which drastically reduces risks of additional financial burden in the future.

City of Kobe Financing

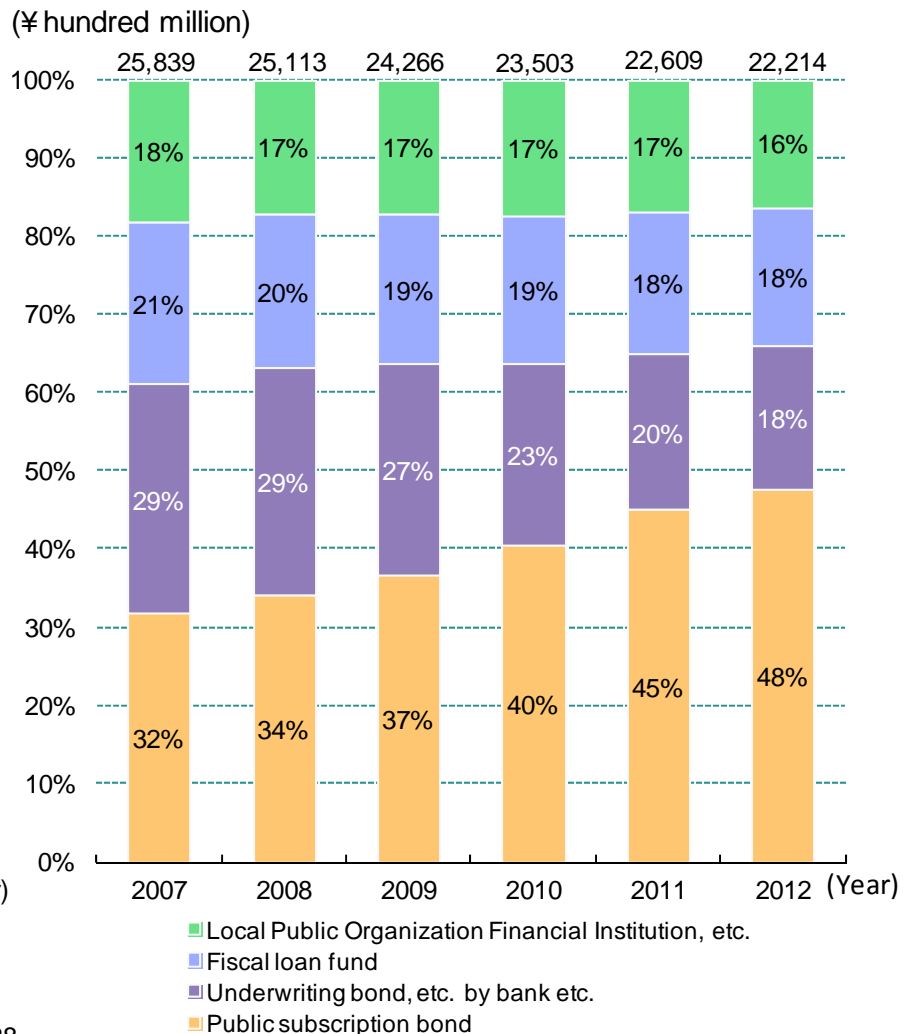


- Mideum-term, long-term and ultra long-term nationwide public subscription bonds have been continuously issued.
- Increased ratio of private funds in the outstanding bonds.

Issuance of Nationwide Public Subscription Bonds



Outstanding Bonds by Type of Funds



- To use the lead manager underwriting method for all bonds, to set the timing of issuance based on investor demand and to set the conditions of issuance through communication with the market.
- To continuously carry out disclosure via individual visits using mainly IR materials; to continuously provide public information via internet.

(¥ hundred million)

Bond term	2013						2014						Total
	April	May	June	July	August	September	October	November	December	January	February	March	
5-year bond					100 0.312%		100						200
10-year bond	100 0.571%						100						200
Ultra-long bond				100 [20-year] 1.817%			100						200
Flex framework Additional issuance or single issuance					100 Additional issuance of 5-year bond		100						200
Joint bond (10-year)	50 0.576%	30 0.62%	20 0.873%	20 0.912%	20 0.821%	20 0.811%	20	20	20	10	20	50	300
Bonds underwritten by banks, etc.		100 Syndicate d loan					400 [Syndicated loan, bidding, proposal request]						500

In the lead manager underwriting method, a financial institution selected by issuers based on proposals serves as the lead underwriter. The lead management carries out the bond issuance while consulting with the issuer. One feature of this method is that the lead underwriter raises investor demand and determines the transaction conditions (i.e. spread) based on prevailing market conditions.

Supplemental materials



Ratio of Current Expenditures to Revenue	
Okayama City	88.2
Kumamoto City	89.1
Hamamatsu City	89.6
Niigata City	91.2
Shizuoka City	91.5
Kobe City	91.5
Fukuoka City	91.7
Saitama City	92.8
Sapporo City	94.3
Sagamihara City	95.4
Yokohama City	95.6
Sendai City	96.5
Sakai City	96.7
Hiroshima City	96.8
Chiba City	97.5
Kita-kyushu City	97.7
Kawasaki City	99.4
Nagoya City	99.8
Kyoto City	100.3
Osaka City	101.9
Average	94.9

Financial Capability Index	
Kawasaki City	0.999
Nagoya City	0.985
Saitama City	0.973
Yokohama City	0.964
Sagamihara City	0.955
Chiba City	0.951
Osaka City	0.904
Shizuoka City	0.892
Hamamatsu City	0.851
Sendai City	0.843
Fukuoka City	0.836
Sakai City	0.833
Hiroshima City	0.798
Kyoto City	0.755
Okayama City	0.745
Kobe City	0.744
Niigata City	0.703
Kita-kyushu City	0.688
Sapporo City	0.687
Kumamoto City	0.665
Average	0.839

Consolidated Real Deficit Ratio	
Sapporo City	N/A
Sendai City	
Saitama City	
Yokohama City	
Kawasaki City	
Sagamihara City	
Niigata City	
Shizuoka City	
Hamamatsu City	
Nagoya City	
Kyoto City	
Osaka City	
Sakai City	
Kobe City	
Okayama City	
Hiroshima City	
Kita-kyushu City	
Fukuoka City	
Kumamoto City	
Chiba City	

Real Debt Service Ratio	
Sagamihara City	3.8
Sakai City	4.9
Saitama City	5.4
Sapporo City	7.6
Osaka City	9.4
Kawasaki City	10.1
Kita-kyushu City	10.8
Kobe City	10.9
Kumamoto City	11.1
Sendai City	11.3
Niigata City	11.3
Shizuoka City	11.5
Hamamatsu City	11.5
Nagoya City	12.1
Okayama City	13.5
Kyoto City	13.8
Fukuoka City	14.6
Yokohama City	15.4
Hiroshima City	15.9
Chiba City	19.5
Weighted average	11.5

Future Burden Ratio	
Hamamatsu City	28.3
Saitama City	34.1
Sakai City	36.9
Sagamihara City	43.2
Okayama City	64.0
Shizuoka City	87.3
Sapporo City	90.8
Kawasaki City	106.3
Niigata City	113.5
Kobe City	120.2
Kumamoto City	120.7
Sendai City	141.2
Kita-kyushu City	170.3
Osaka City	180.8
Nagoya City	188.4
Fukuoka City	191.9
Yokohama City	200.4
Kyoto City	235.4
Hiroshima City	238.7
Chiba City	261.1
Weighted average	150.5

Ratio of Current Expenditures to Revenue: This index determines the elasticity of the fiscal structure. It is the ratio of general financial resources allotted to recurring expenses such as personnel costs, social aid costs, and municipal bond costs, to general financial resources from recurring income, mainly regional taxes and the portion of national taxes allocated to local governments.

Financial Capability Index: The three-year average ratio of basic fiscal revenue, including city taxes, to financial resources required to carry out operations (basic fiscal demand).

Consolidated Real Deficit Ratio: The ratio of real deficit or capital shortage in all accounts, including standard scope of finances municipal utility accounts, versus the standard financial scale

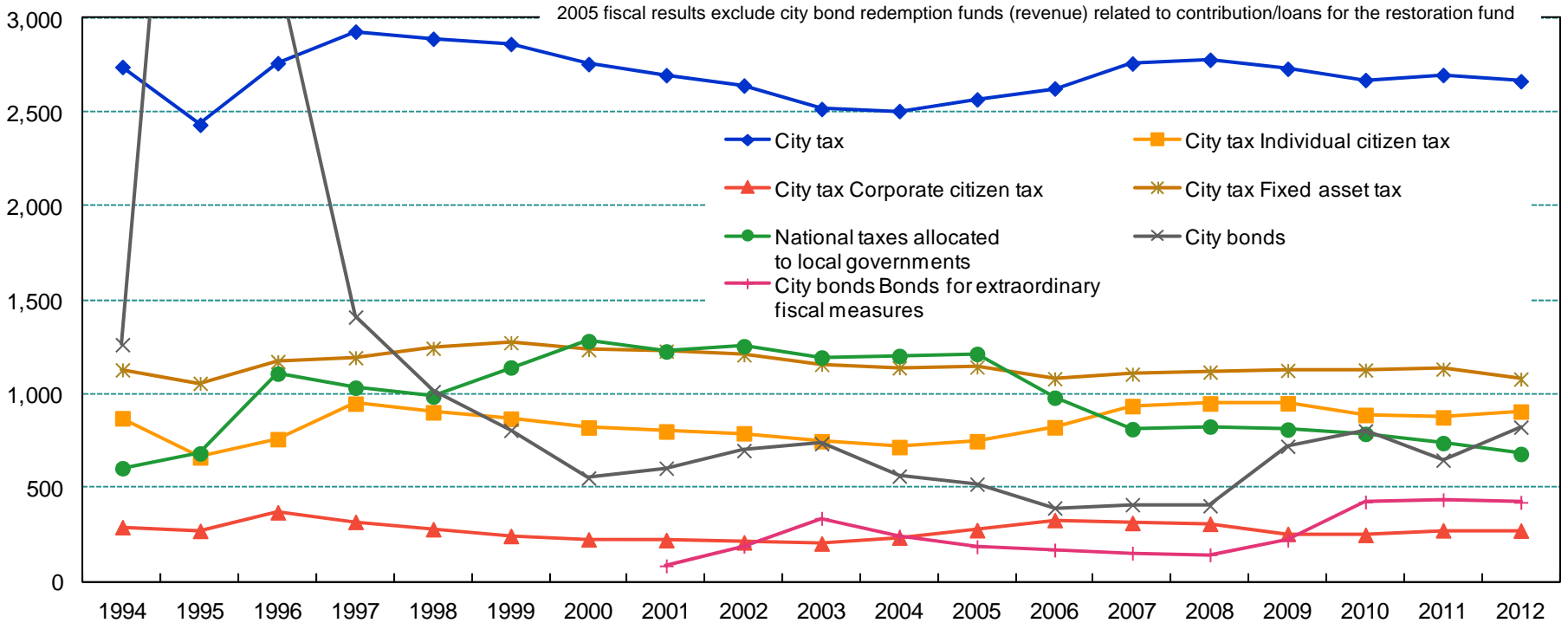
Real Debt Service Ratio: The ratio of the amount of funds used for the redemption of principal and interest and quasi-redemption of principal and interest in the general account to standard financial scale.

Future Burden Ratio: Ratio of actual liabilities that are a part of the standard financial scale to future burden, mainly in the general account, including burden mainly related to regional public corporations and public corporations that are compensating for losses.

General Account Revenue Trends

(¥ hundred million)

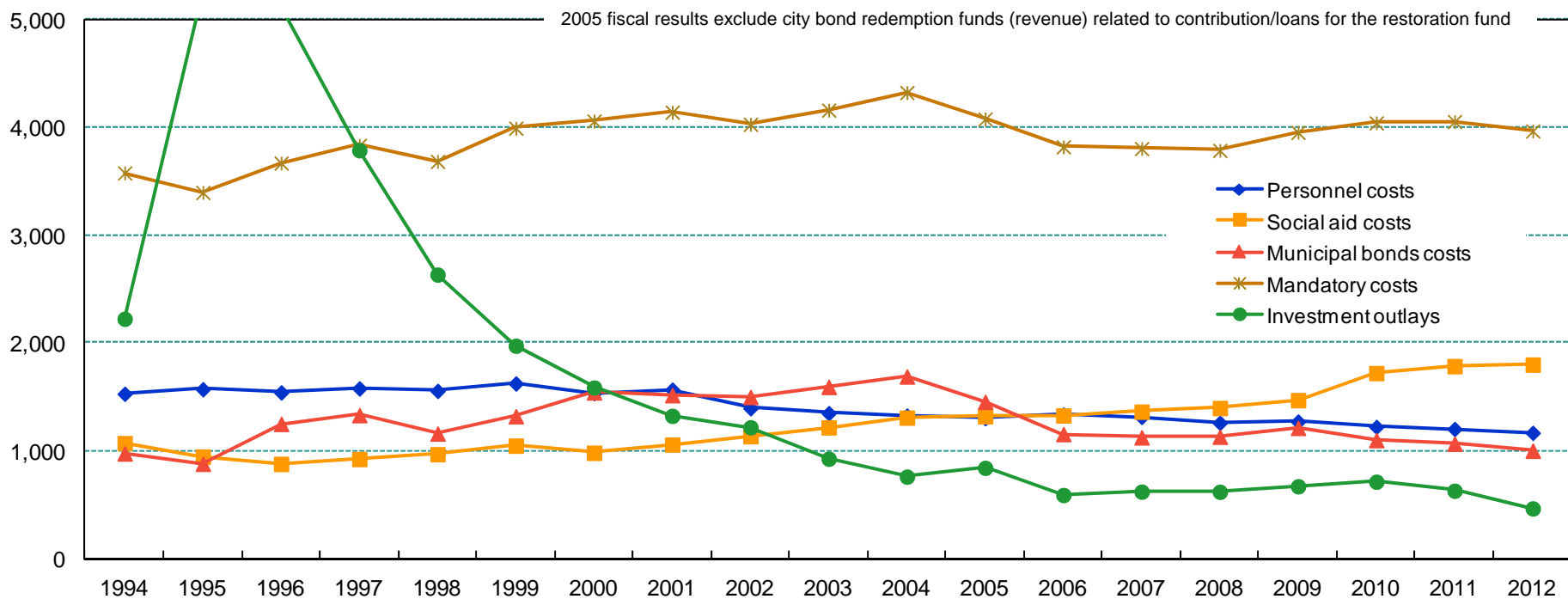
Category/year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City tax	2,741	2,433	2,761	2,929	2,891	2,863	2,756	2,697	2,642	2,517	2,506	2,568	2,626	2,759	2,779	2,731	2,671	2,698	2,665
Individual citizen tax	869	661	758	947	901	867	820	799	789	747	716	747	821	934	948	949	887	874	905
Corporate citizen tax	289	269	368	317	278	242	224	220	208	202	234	273	327	311	307	253	248	272	271
Fixed asset tax	1,127	1,055	1,171	1,192	1,242	1,272	1,235	1,227	1,207	1,156	1,138	1,142	1,080	1,104	1,115	1,124	1,126	1,131	1,078
National taxes allocated to local governments	603	682	1,107	1,032	985	1,140	1,280	1,225	1,253	1,193	1,201	1,212	979	811	825	809	786	737	679
City bonds	1,261	6,065	3,267	1,408	1,011	805	551	603	697	734	561	518	391	409	403	720	802	646	822
Bonds for extraordinary fiscal measures								83	188	336	241	185	167	151	142	220	423	435	421
Other	5,110	7,714	6,879	5,862	4,923	4,800	4,317	4,022	3,734	3,478	3,578	3,410	3,205	3,200	3,155	3,566	3,306	3,139	3,267
Revenue	9,715	16,894	14,014	11,231	9,810	9,608	8,904	8,547	8,326	7,922	7,846	7,708	7,201	7,179	7,162	7,826	7,565	7,220	7,433



General Account Expense Trends

(¥ hundred million)

Category/year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Mandatory costs	3,574	3,393	3,666	3,830	3,681	3,989	4,055	4,137	4,025	4,156	4,319	4,074	3,816	3,800	3,783	3,950	4,038	4,050	3,963
Personnel costs	1,528	1,570	1,540	1,577	1,554	1,623	1,534	1,566	1,393	1,348	1,325	1,302	1,335	1,314	1,258	1,270	1,221	1,201	1,166
Social aid costs	1,071	945	878	923	968	1,047	981	1,056	1,134	1,216	1,306	1,319	1,327	1,362	1,396	1,469	1,719	1,784	1,797
Municipal bonds costs	975	878	1,248	1,330	1,159	1,319	1,540	1,515	1,498	1,592	1,688	1,453	1,154	1,124	1,129	1,211	1,098	1,065	1,000
Investment outlays	2,223	5,222	5,104	3,784	2,632	1,973	1,585	1,323	1,217	926	760	841	589	620	619	670	713	629	465
Transferred fund	709	761	732	692	831	829	886	826	798	835	790	864	893	914	936	851	833	852	781
Equipment costs, etc.	2,856	7,046	3,886	2,548	2,380	2,694	2,243	2,149	2,233	1,953	1,926	1,856	1,774	1,784	1,710	2,297	1,896	1,635	2,150
Expenditures	9,362	16,422	13,388	10,854	9,524	9,485	8,769	8,435	8,273	7,870	7,795	7,635	7,072	7,118	7,048	7,768	7,480	7,166	7,359
Mandatory cost ratio	38.2%	20.7%	27.4%	35.3%	38.6%	42.1%	46.2%	49.0%	48.7%	52.8%	55.4%	53.4%	54.0%	53.4%	53.7%	50.9%	54.0%	56.5%	53.8%



Public Subscription Bonds

Date of issue	Bond number	Amount issued	5-year bond			10-year bond			20-year bond			30-year bond			
			Coupon	Issue price	Yield	Coupon	Issue price	Yield	Coupon	Issue price	Yield	Coupon	Issue price	Yield	
Fiscal 2009	April 2009	Fiscal 2009 No. 1 municipal bond	¥20.0 bn	-	-	-	-	-	-	2.28%	¥99.96	2.282%	-	-	-
	June 2009	Fiscal 2009 No. 7 municipal bond	¥10.0 bn	-	-	-	1.69%	¥99.98	1.692%	-	-	-	-	-	-
	September 2009	Fiscal 2009 No. 8 municipal bond	¥10.0 bn	-	-	-	-	-	-	-	-	-	2.391%	¥100	2.391%
	November 2009	Fiscal 2009 No. 9 municipal bond	¥10.0 bn	-	-	-	1.551%	¥100	1.551%	-	-	-	-	-	-
	December 2009	Fiscal 2009 No. 10 municipal bond	¥10.0 bn	0.598%	¥100	0.598%	-	-	-	-	-	-	-	-	-
	January 2010	Fiscal 2009 No. 11 municipal bond	¥10.0 bn	-	-	-	-	-	-	2.233%	¥100	2.233%	-	-	-
Fiscal 2010	April 2010	Fiscal 2010 No. 1 municipal bond	¥10.0 bn	-	-	-	1.445%	¥100	1.445%	-	-	-	-	-	-
	June 2010	Fiscal 2010 No. 3 municipal bond	¥10.0 bn	0.431%	¥100	0.431%	-	-	-	-	-	-	-	-	-
	September 2010	Fiscal 2010 No. 4 municipal bond	¥10.0 bn	-	-	-	-	-	-	1.895%	¥100	1.895%	-	-	-
	October 2010	Fiscal 2010 No. 5 municipal bond	¥10.0 bn	-	-	-	0.951%	¥100	0.951%	-	-	-	-	-	-
	December 2010	Fiscal 2010 No. 6 municipal bond	¥15.0 bn	0.503%	¥100	0.503%	-	-	-	-	-	-	-	-	-
	December 2010	Fiscal 2010 No. 7 municipal bond	¥10.0 bn	-	-	-	-	-	-	-	-	-	2.285%	¥100	2.285%
	January 2011	Fiscal 2010 No. 9 municipal bond	¥10.0 bn	-	-	-	-	-	-	2.090%	¥100	2.090%	-	-	-
Fiscal 2011	June 2011	Fiscal 2011 No. 2 municipal bond	¥10.0 bn	-	-	-	1.192%	¥100	1.192%	-	-	-	-	-	-
	August 2011	Fiscal 2011 No. 3 municipal bond	¥15.0 bn	0.375%	¥100	0.375%	-	-	-	-	-	-	-	-	-
	September 2011	Fiscal 2011 No. 4 municipal bond	¥10.0 bn	-	-	-	-	-	-	1.913%	¥100	1.913%	-	-	-
	October 2011	Fiscal 2011 No. 5 municipal bond	¥10.0 bn	-	-	-	1.025%	¥100	1.025%	-	-	-	-	-	-
	December 2011	Fiscal 2011 No. 12 municipal bond	¥10.0 bn	0.395%	¥100	0.395%	-	-	-	-	-	-	-	-	-
	February 2012	Fiscal 2011 No. 14 municipal bond	¥15.0 bn	-	-	-	-	-	-	1.794%	¥100	1.794%	-	-	-
	March 2012	Fiscal 2011 No. 23 municipal bond	¥10.0 bn	-	-	-	-	-	-	-	-	-	2.173%	¥100	2.173%
Fiscal 2012	June 2012	Fiscal 2012 No. 2 municipal bond	¥10.0 bn	-	-	-	0.891%	¥100	0.891%	-	-	-	-	-	-
	August 2012	Fiscal 2012 No. 3 municipal bond	¥15.0 bn	-	-	-	-	-	-	1.635%	¥100	1.635%	-	-	-
	August 2012	Fiscal 2012 No. 4 municipal bond	¥10.0 bn	0.236%	¥100	0.236%	-	-	-	-	-	-	-	-	-
	October 2012	Fiscal 2012 No. 10 municipal bond	¥20.0 bn	-	-	-	0.796%	¥100	0.796%	-	-	-	-	-	-
	December 2012	Fiscal 2012 No. 11 municipal bond	¥12.0 bn	0.199%	¥100	0.199%	-	-	-	-	-	-	-	-	-
	December 2012	Fiscal 2012 No. 12 municipal bond	¥13.0 bn	-	-	-	-	-	-	1.711%	¥100	1.711%	-	-	-

For inquiries

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