



City of Kawasaki

Investor Presentation, October 2012



**Finance Department
Finance Bureau, City of Kawasaki**



Contents



I am Takao Abe, Mayor of Kawasaki City.

Kawasaki City has developed amid the rich natural resources provided by the Tama River. As the core of the Keihin Industrial Zone, the city supported Japan's rapid economic growth in the past. Now, it is home to numerous research and development organizations and companies specializing in environmental issues, life sciences and other leading-edge science and technology fields. It is transforming into one of the world's top leading science and technology centers.

The city also boasts abundant nature such as the Tama River and the Tama hills, where citizens often relax and connect with one another. Kawasaki City is rich in resources in the areas of culture, the arts, and sports, and boasts music colleges, bands, choirs, film schools, and sports teams, many of which are very active both in and outside of Japan. Using these strengths and characteristics, Kawasaki City promotes the development of itself as a "city of music," a "city of film," and a "city of sport."

As the three main pillars of local government administration, we have been promoting "decisive action on administration and fiscal reform," "concrete promotion of the new comprehensive planning," and "resident-led city development through local government ordinances." We will be implementing measures to make residents feel glad they live in Kawasaki.

To realize these goals, we are making efforts to (1) realize a "human city" that nurtures respect for life and gets people to support each other in areas like medical care, welfare, child-rearing, education (2) ensure a "safe and comfortable city" that provides safety, a sense of safety, and comfort in residents' daily lives and living environment (3) contribute to the global community and make a sustainable "lively city" by promoting measures against global warming and supporting the welfare industries and R&D in fields related to the environment and life sciences (4) create a "stability sustaining city" that makes efforts to support small- and medium-sized enterprises, promote traditional shopping arcades and agriculture, and secure jobs (5) create an attractive, "unique metropolitan city" by utilizing strengths and characteristics such as local resources.

We hope to make "yet another leap" with an eye to becoming one of Japan's liveliest and most attractive cities, and will do our best to achieve these goals. I would greatly appreciate your understanding and support for the Kawasaki City Government, both from investors and the citizens of Kawasaki City.

川崎市長 阿部 孝夫



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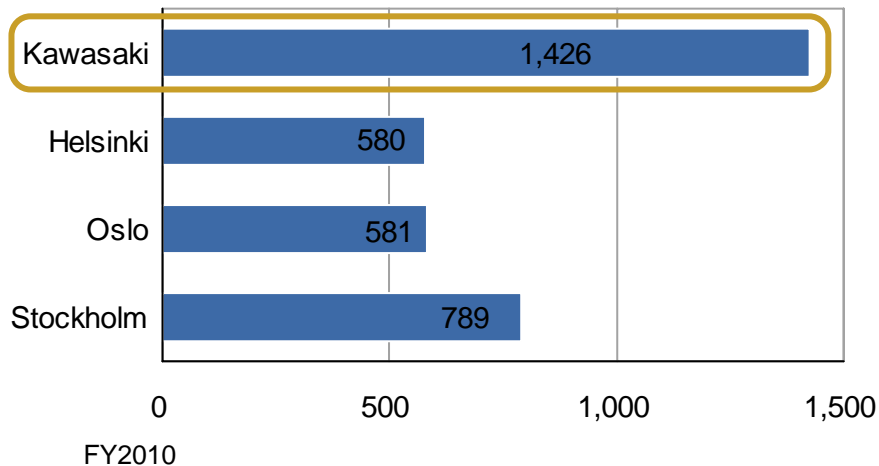
P.14

. Overview of Kawasaki

| | Kawasaki | Japan |
|--------------------------|-------------------------------|--------------------------------|
| Population | 1,438,170 (08/01/2012) | 127,570,000 (08/01/2012) |
| Population growth rate | 5.26% (2007 2012) | 0.17% (2007 2012) |
| Average age | 41.5 (10/01/2010) | 44.9 (10/01/2010) |
| Labor force (percentage) | 6,600,000 (46.2%) (FY2010) | 62,410,000 (48.7%) (FY2010) |

Population

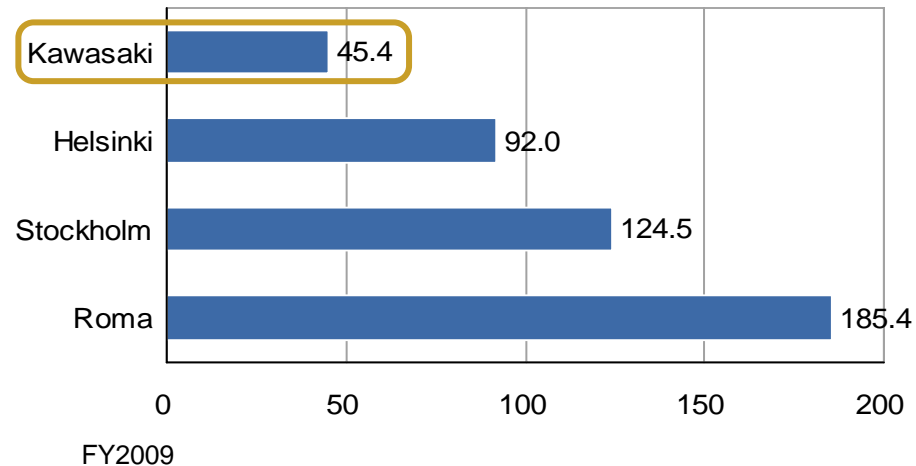
(thousands)



| | Kawasaki | Japan |
|---------------------------|--|---|
| Households | 672,050 (08/01/2012) | 51,840,000 (10/01/2010) |
| Area | 144.35 km ² | 377,929.99 km ² |
| GDP | 45.4 billion dollars (4.8 trillion yen) (FY2009) | 5.04 trillion dollars (473 trillion yen) (FY2009) |
| Major industries | Manufacturing (steel, electronics, telecommunications, precision machinery, petrochemical) information and service | |
| Developing industries | New manufacturing technologies, information and telecommunications, environment, welfare and life sciences, life culture | |
| Registered foreign people | 31,060 (2.2%) (06/30/2012) | 2,134,151 (1.7%) (12/31/2010) |
| Foreign firms | 115 (83 headquarters : 5th in Japan) | 3,500 |

GDP

(billion dollars)

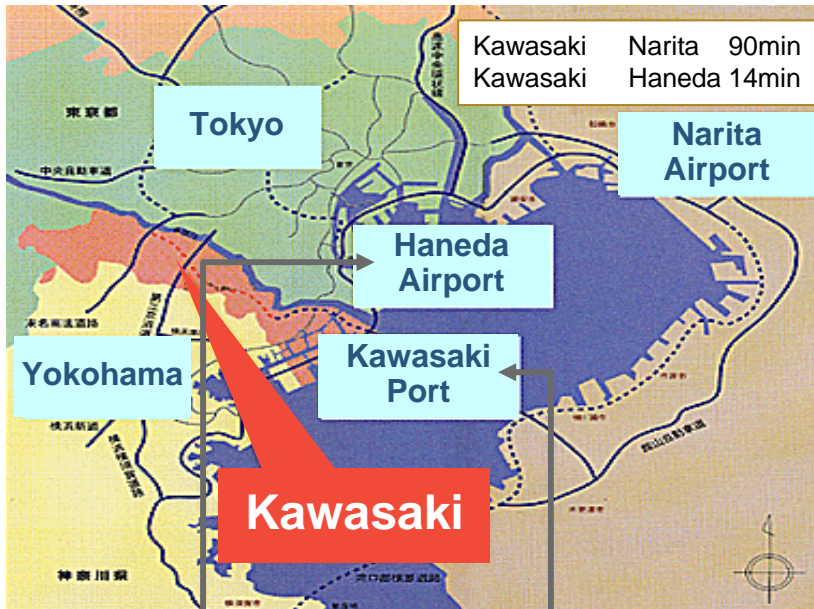


. Characteristics and Advantages of Kawasaki

- | | | |
|---|---|-----|
| 1 | Convenient access | P.4 |
| 2 | Top city for “industry and R&D” | P.5 |
| 3 | Front-runner of Environmental Innovations | P.7 |
| 4 | Famous city for “art and culture” | P.8 |



Potential 1. Convenient access



Kawasaki Narita 90min
Kawasaki Haneda 14min

Convenient access to airports

- 90 minutes to Narita Airport, 14 minutes to Haneda Airport

Lots of railways and roads

- 19 minutes to Tokyo, 8 minutes to Yokohama (via railways)

Extension and internationalization of Haneda Airport (from 10/21/2010)

- Increase of capacity (1.4 times larger than now)
- Expand close-range Asian business air routes
- Go into service to European major cities by 24-hour operation
- Expansion of international freight
- Plan for KING SKYFRONT
(building a site for life innovation and green innovation which can make contribution to the world)



source : Haneda Airport Expansion Project JV

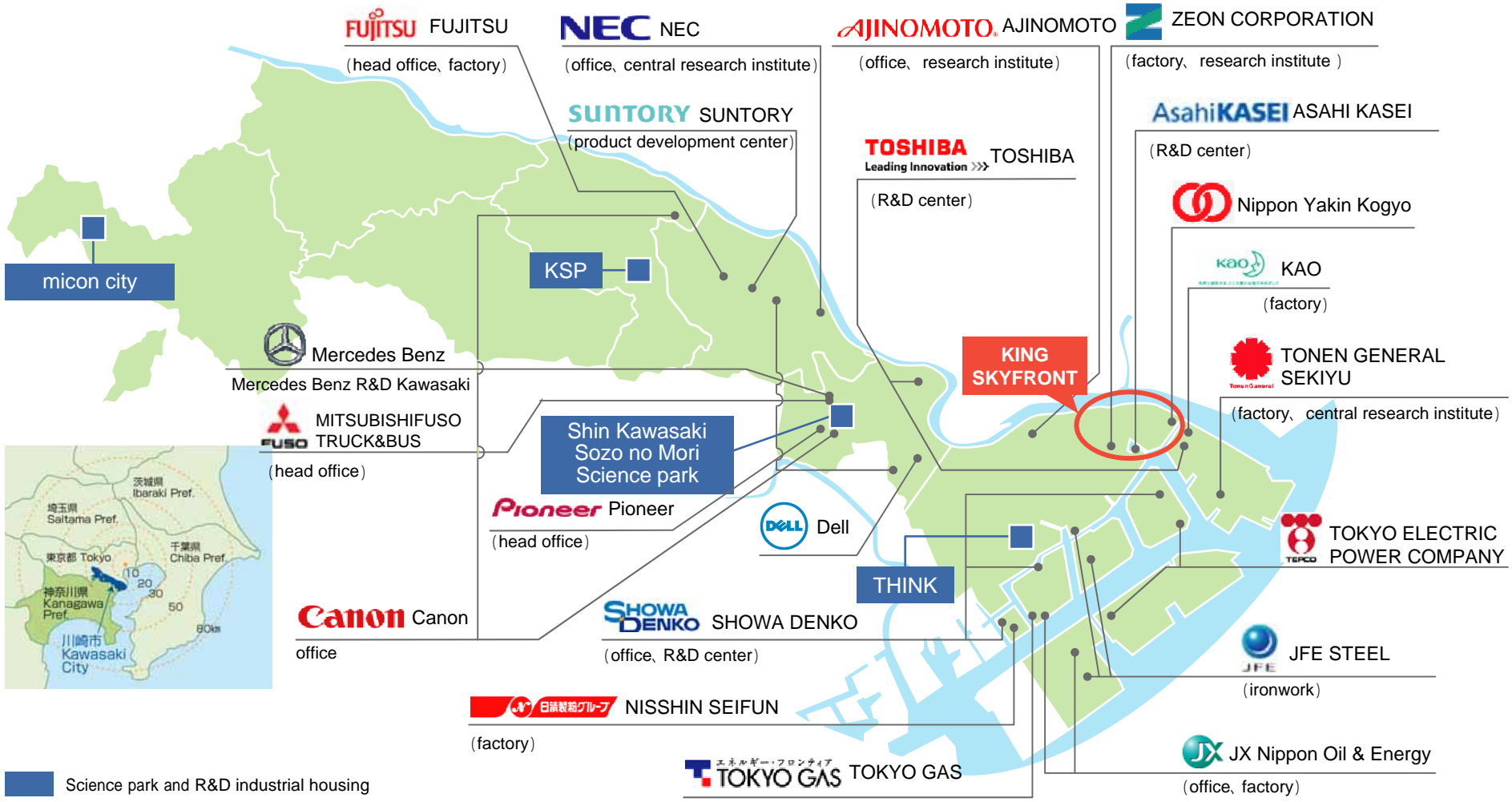
Further expansion will ultimately increase capacity by 1.4 times

| Pre 2010/10 | Now | When completed in 2014/3 |
|---|--|--|
| 303,000 flights/year (o/w 9,000 are int'l flights) | 390,000 flights/year (o/w 60,000 are int'l flights) | 447,000 flights/year (o/w 90,000 are int'l flights) |



Potential 2. Top city for “industry and R&D”

2 - 1 Global companies and major R&D institutions



Potential 2. Top city for “industry and R&D”

2 - 2 Three Science Parks Contributing to Creating New Industry - Only Kawasaki has 3 bases in a city -

Kanagawa Science Park (KSP)

<http://www.ksp.or.jp/>

- The first (in 1989) and one of the largest science park in Japan
- Home to 127 firms (April 2012)

KSP



Shin-Kawasaki Sozo no Mori Science Park (KBIC, K²)

<http://www.kawasaki-net.ne.jp/kbic/> <http://www.k2.keio.ac.jp/>

- (Collaboration between academia and industry)
- New university-industry-government joint research center for nano-micro technology
 - Activities of nano-micro fabrication consortium of four universities (Tokyo, Keio, Waseda, Tokyo Institute of Technology)
 - The Kawasaki Business Incubation Center (KBIC)
 - Keio University Shin Kawasaki Town Campus (K2)

“NANOBIK” Opened in April 2012

R&D basis formation of advanced science and technology with accumulations of companies in future-oriented industries
Home to 16 firms and 8 university research projects (April 2012)
Home to 13 university research projects (April 2012)

KBIC



NANOBIK Research Center

Techno Hub Innovation Kawasaki (THINK)

<http://www.techno-hub-innovation.com/>

- (Led by private organization)
- Home to 54 firms (April 2012)

Th!nk
Techno Hub
Innovation
Kawasaki



2 - 3 Efforts as the comprehensive Special Zones for International Competitiveness Development Centering on KING SKYFRONT

Formation of international strategy basis in life science and environmental areas

- Operation of Joint Research Center of Regeneration Medicine and New Drug Development
 - Implementation of research for practical realization of regeneration medicine technology
 - ~ Only technology to lead the world from Japan (development of medical treatment such as spinal cord injury using iPS cells)
 - Implementation of medical treatment and drug development for overall ataxia, etc. by using the world's only genetically-modified marmoset



“Nature” 2009/5/28 “Nature” 2012/9/20



Joint Research Center of
Regeneration Medicine and New
Drug Development
Operated from July 2011

Potential 3. Front-runner of Environmental Innovations

3-1 Experience in overcoming industrial pollution

Sky of Kawasaki (1967)



The city was covered by smoke emitted from factories along the sea.

Significant improvement by measures taken together by firms, citizens and the administration



Sky of Kawasaki (now)



Air condition has been improved by various measures.

3-2 Carbon challenge Kawasaki eco strategy (CC Kawasaki)

- Promotion of environment measures making use of characteristics and advantages of Kawasaki
- Promotion of international contribution through environmental technology
 - UNEP cooperation project
 - Kawasaki International ECO-Tech Fair
- Promotion of CO2 reductions by collaboration among various entities

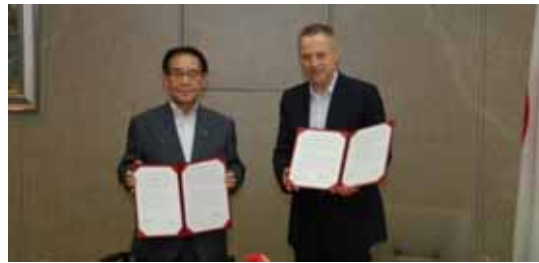
Mega Solor (Ukisima)



Built one of the largest mega-solar power plants in waterfront areas in collaboration with private company

- Ukisima (Operated in August 2011)
- Oogisima (Operated in December 2011)

Capacity 20,000kW (cover 5,900 households needs)



Exchange with Denmark on economy and industry
 As an effort in environment, welfare and life science sectors, Kawasaki City and the embassy of Denmark in July 2012 signed a memorandum of understanding regarding exchange on the economy and industry.

Source: electric vehicle research group of Keio university



Electric vehicle developed at K2 town campus 'Eliica'
Able to run 100 km by ¥100 electricity



Recycling factory producing resin for pet bottles by using old pet bottles
PET REFINE TECHNOLOGY Co.,Ltd

Potential 4. Famous City for “Art and Culture”

Kawasaki : City of music



MUZA KAWASAKI SYMPHONY HALL (left)
MUZA KAWASAKI CENTRAL TOWER (right)



Pipe organ placed at the Muza Kawasaki
Syphony Hall



Vienna Philharmonic Orchestra
(11/2010)

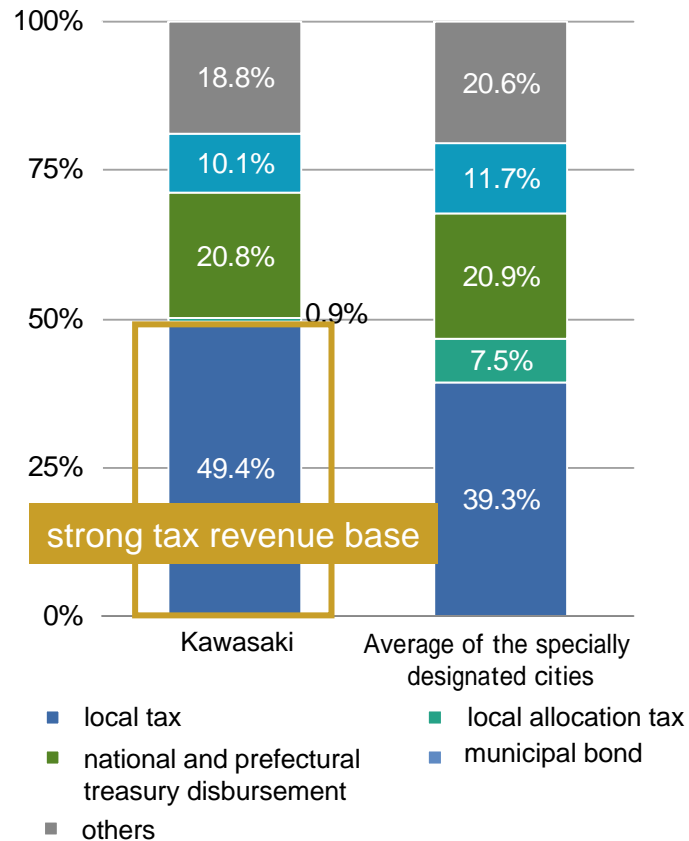


Montreux Jazz Festival, one of the three major international jazz festivals, was held in Kawasaki in November 2011 (and will be held again in November 2012)

. Financial Position of Kawasaki

Revenue structure (general account)

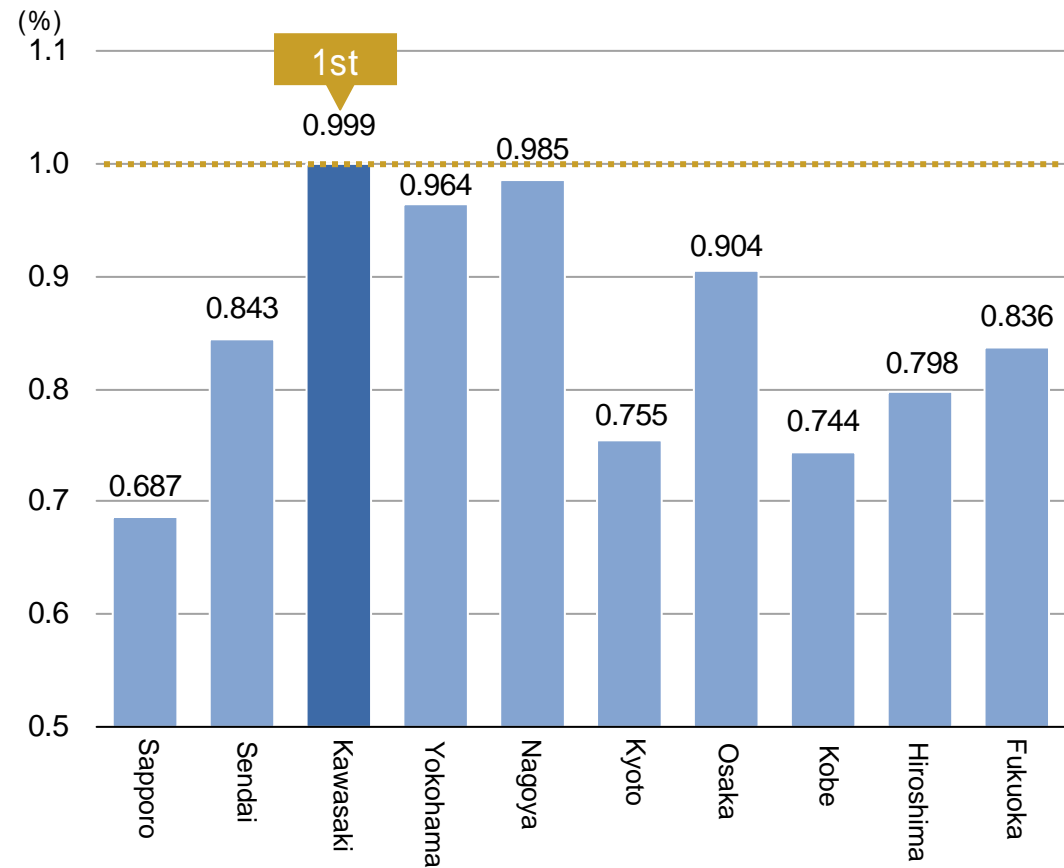
Higher percentage of local tax in Revenue



* Comparison of the specially designated cities based on the settlement of accounts (FY2011)

Financial index

FY 2012 Financial index: ranked 1st at 0.999



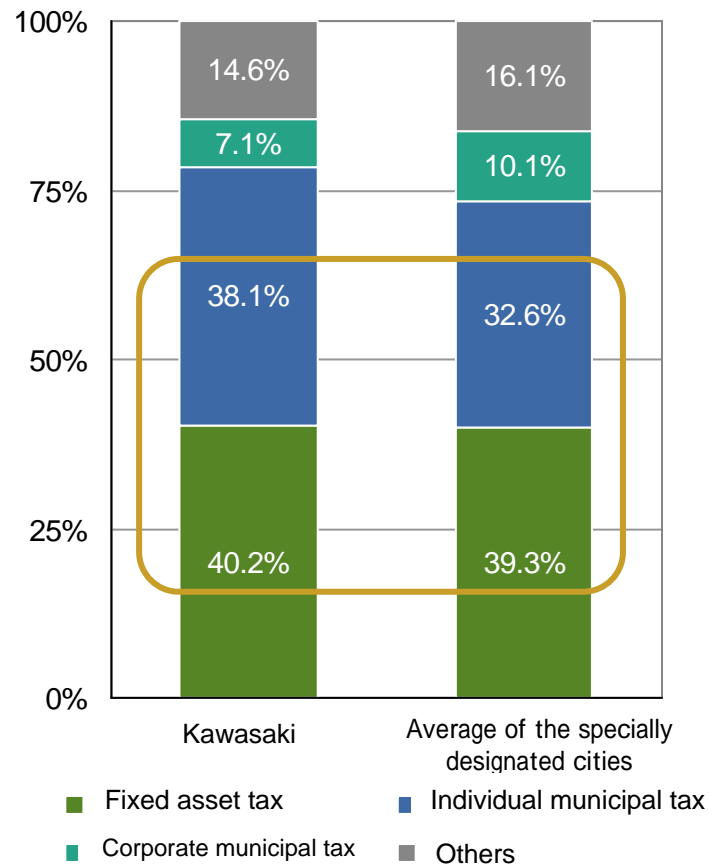
* Average index between FY2010 to FY2012

* Calculated by the Kawasaki City based on the data of each city

. Financial Position of Kawasaki

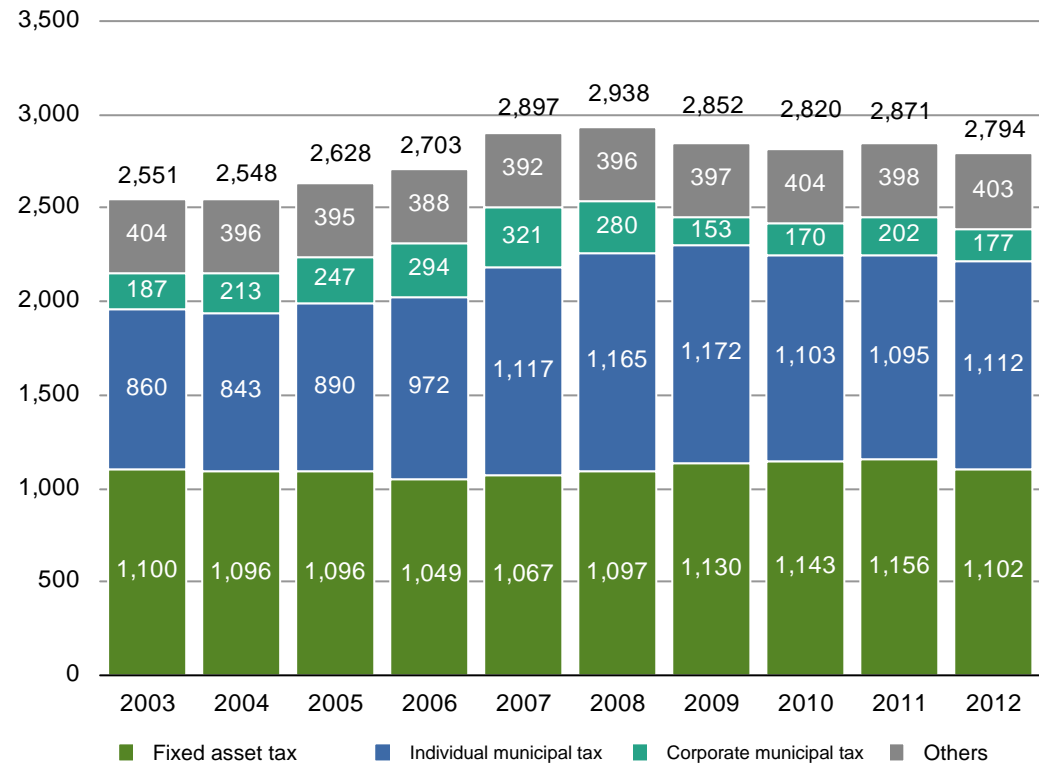
Analysis of Tax Revenue Structure

Stable tax revenue structure



State of tax revenue

(100 million yen)



* Comparison of the specially designated cities based on the settlement of accounts (FY2011)

*Initial budget (FY2012)

Kawasaki City Bonds

FY2012 Kawasaki City Bond Issue Plan

- Of 147.7 billion yen of all accounts, private funds are 129.8 billion yen (88%)
- The amount of public offering bonds is 100 billion yen (67%), of which the amount of Kawasaki individual bonds is 76 billion yen (51%)
- The total issue amount of bank, etc. underwritten bonds is 29.8 billion yen (20%)

billion yen

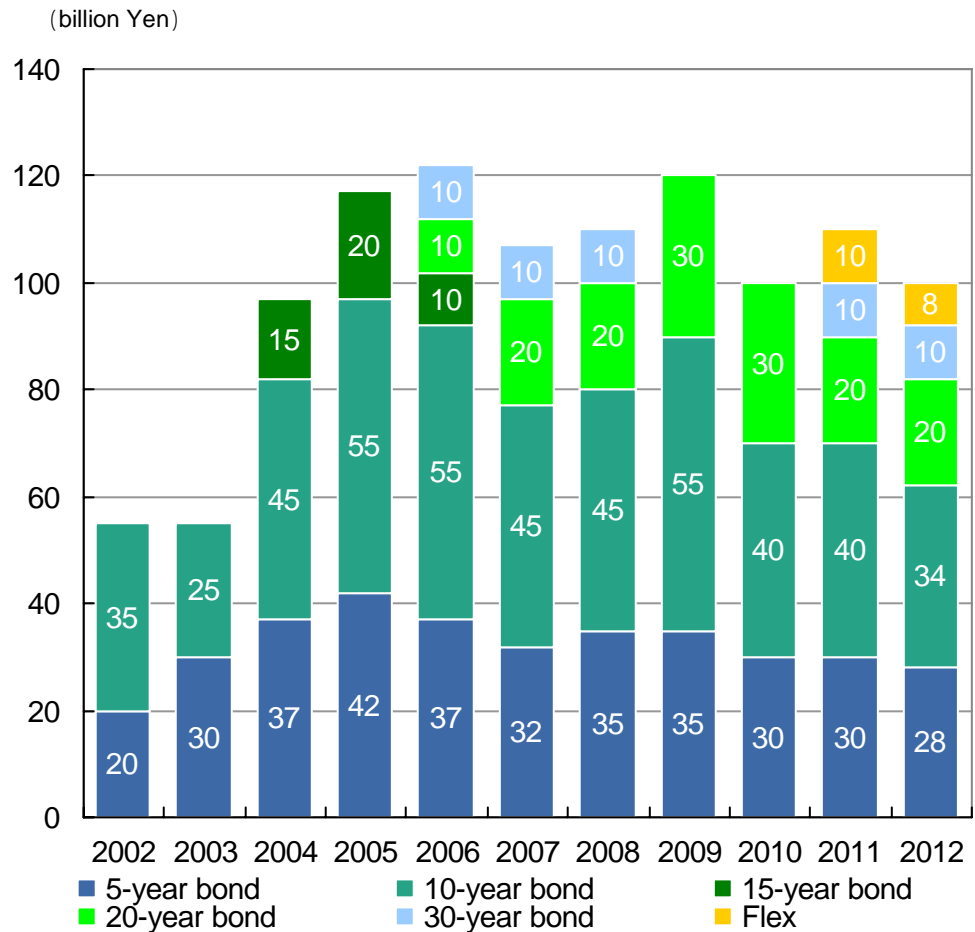
| Category | | | Term (year) | Sum | 2012 | | | | | | | 2013 | | | Spot | TBD | |
|-------------------------------|---------------------------------------|-----------------------------------|-------------|--------------|------|----|---|---|---|---|----|------|----|-----|------|-----|---|
| | | | | | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | | | 2 |
| Public offering bond | Individual bond | Nationwide market public offering | 5 | 28 | | 7 | | 7 | | | 7 | | | 7 | | | |
| | | | 10 | 10 | | | | | | | 10 | | | | | | |
| | | Super long | 30 | 10 | | 10 | | | | | | | | | | 10 | |
| | | Flex (mid to long term) | 8 | | | | | | | | | | | | | 8 | |
| | Joint local government bond | 10 | 24 | | 5 | | 5 | 5 | | | 5 | | 4 | | | | |
| Subtotal | | | | 100 | | | | | | | | | | | | | |
| Bank, etc. underwritten bonds | Securities issue or certificate issue | 5 | 11.1 | | | | | | | | | | | 1.1 | | 10 | |
| | | 10 | 14.3 | | | | | | | | | | | 4.3 | | 10 | |
| | | Super long | 4.4 | | | | | | | | | | | | | 4.4 | |
| Subtotal | | | | 29.8 | | | | | | | | | | | | | |
| Public funds | | | | 17.9 | | | | | | | | | | | | | |
| Total | | | | 147.7 | | | | | | | | | | | | | |

- Issuance of mid-term (1/3), long-term (1/3), and super long-term (1/3) to reduce interest-rate fluctuation risk, etc.
- Independent, self-reliant fund-raising from the market. The ratio of private funds to public funds is about 9 to 1.

Kawasaki City Bonds

Kawasaki City Bonds: Liquidity and Safety

Total amounts of Kawasaki City's public offering bonds issued



Risk Weights under BIS Standard

| JGB | Government Guaranteed Bonds | Kawasaki City Bonds | Fiscal investment and loan bonds | Electric utility bonds |
|-----|-----------------------------|---------------------|----------------------------------|------------------------|
| 0% | 0% | 0% | 10% | 20% |

Tax-Exempt Measures for Non-Residents

- In accordance with the amendment to the Act on Special Measures Concerning Taxation Article 5-2, a nonresident or a foreign corporation who satisfies the specific requirements may receive interest on book-entry transfer local government bonds paid on January 1, 2008 and thereafter exempted from income tax.
- Starting from June 2010, tax-exemption procedures for the interest payments on book-entry transfer local government bonds received by nonresidents, etc., has been simplified and the scope of tax-exempt qualified person has been widened.

For further details, please visit the website of Japan Local Government Bond Association

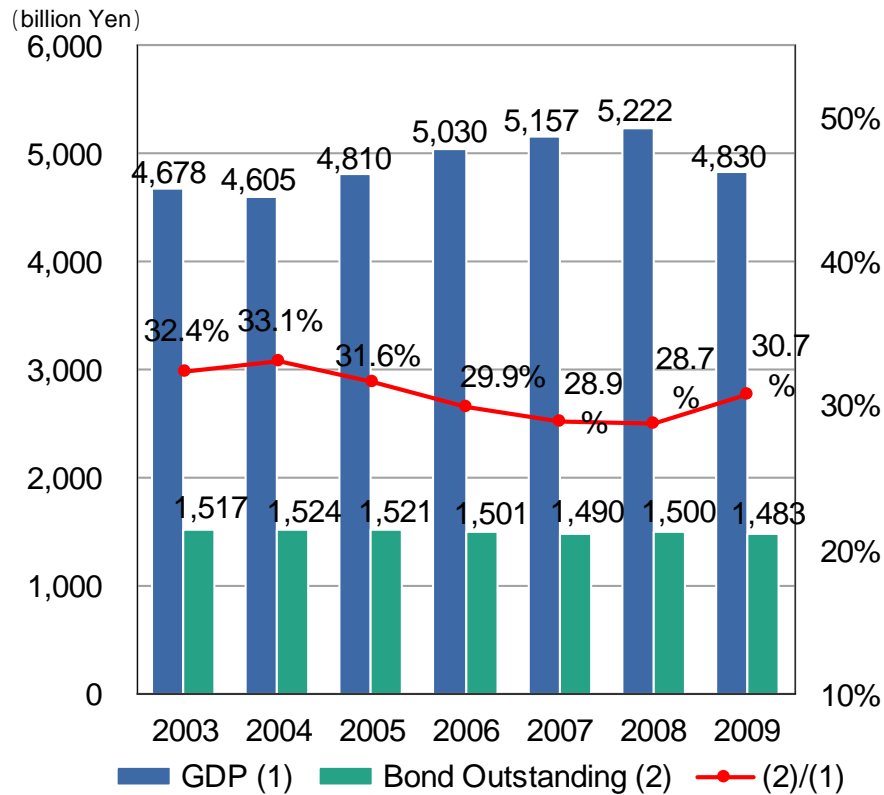
Tax Exemption Scheme (J – BIEM)
<http://www.chihousai.or.jp/english/08/index.html>



IV. Kawasaki City Bonds

Bond Outstanding vs GDP

Bond Outstanding vs GDP is 30.7% (FY2009)



* Bond Outstanding includes all accounts

Kawasaki City Investor Relations Website

Please visit our website for bond issue plan and track records.
<http://www.city.kawasaki.jp/23/23sikin/home/ir/english/index.html#3>

City of Kawasaki Investor Relations Website

Updated Information about Publicly Offered Kawasaki Municipal Bonds

| Term | Nominal Interestrate (%) | Issue price | Terms & conditions finalization date | Issue date | Over-the-counter sale period |
|-------------------------|--------------------------|-------------|--------------------------------------|---------------|------------------------------|
| 2-year municipal bonds | 0.08% | 99.99 JPY | Nov. 24, 2011 | Dec. 13, 2011 | |
| 5-year municipal bonds | 0.22% | 99.99 JPY | Jul. 10, 2012 | Jul. 31, 2012 | Jul. 11-25, 2012 |
| 10-year municipal bonds | 0.87% | 99.99 JPY | Jan. 13, 2012 | Jan. 27, 2012 | Jan. 16-23, 2012 |
| 20-year municipal bonds | 1.790% | 100 JPY | Apr. 19, 2012 | Apr. 27, 2012 | |
| 30-year municipal bonds | 2.087% | 100 JPY | Jun. 14, 2012 | Jun. 25, 2012 | |

[Municipal Bond Issue Plan](#)
About the Kawasaki municipal bond issue

[Municipal Bonds Issued](#)
About municipal bonds actually issued by

V. Appendix

1

International Contribution with World-Class Technologies P.15

- International Eco-Tech Fair & Asian Forum on Intellectual Property
- Water Resources Project with State of Queensland, Australia
- Internationally Competing Facility of Life Science and Environment in KING SKYFRONT
- Promotes Showcasing of Environmental Technologies in All Over Kawasaki City

2

Financial Data P.19

- Analysis of Annual Expenditure Structure
- Primary Balance
- Indices on Soundness of Local Public Finance
- Ordinary Account Balance Sheet of Kawasaki City
- Comprehensive Balance Sheet of Kawasaki City
- Consolidated Balance Sheet including Affiliated Entities
- Administrative Cost Statement

1. International Contribution with World-Class Technologies

International Eco-Tech Fair & Asian Forum on Intellectual Property

Kawasaki International Eco-Tech Fair 2012



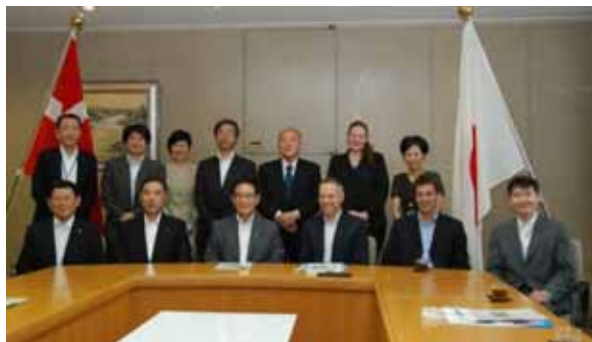
2012/2/10-11 @Kawasaki

| | |
|-----------------|---------------------------------|
| Participants | 136 organizations 226 booths |
| No. of visitors | 13,500 |

- Environmental professionals gathered
- International business-matching opportunity

*Next exhibition will be held in January 2013.

Economy/Industry Exchange with Denmark



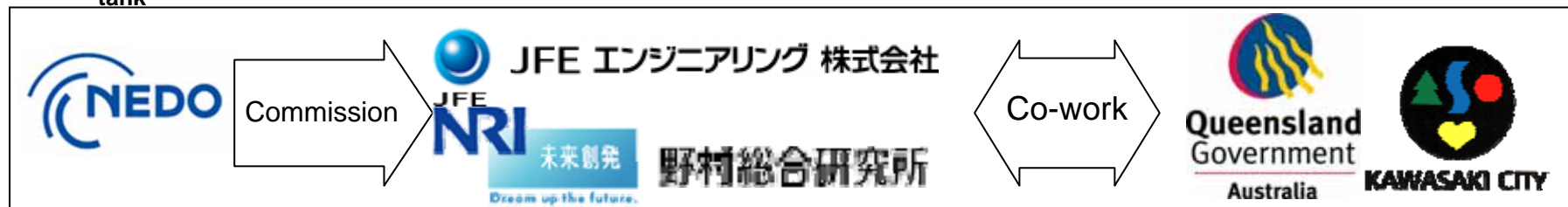
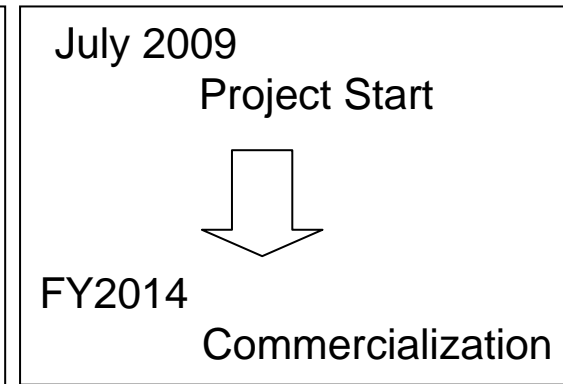
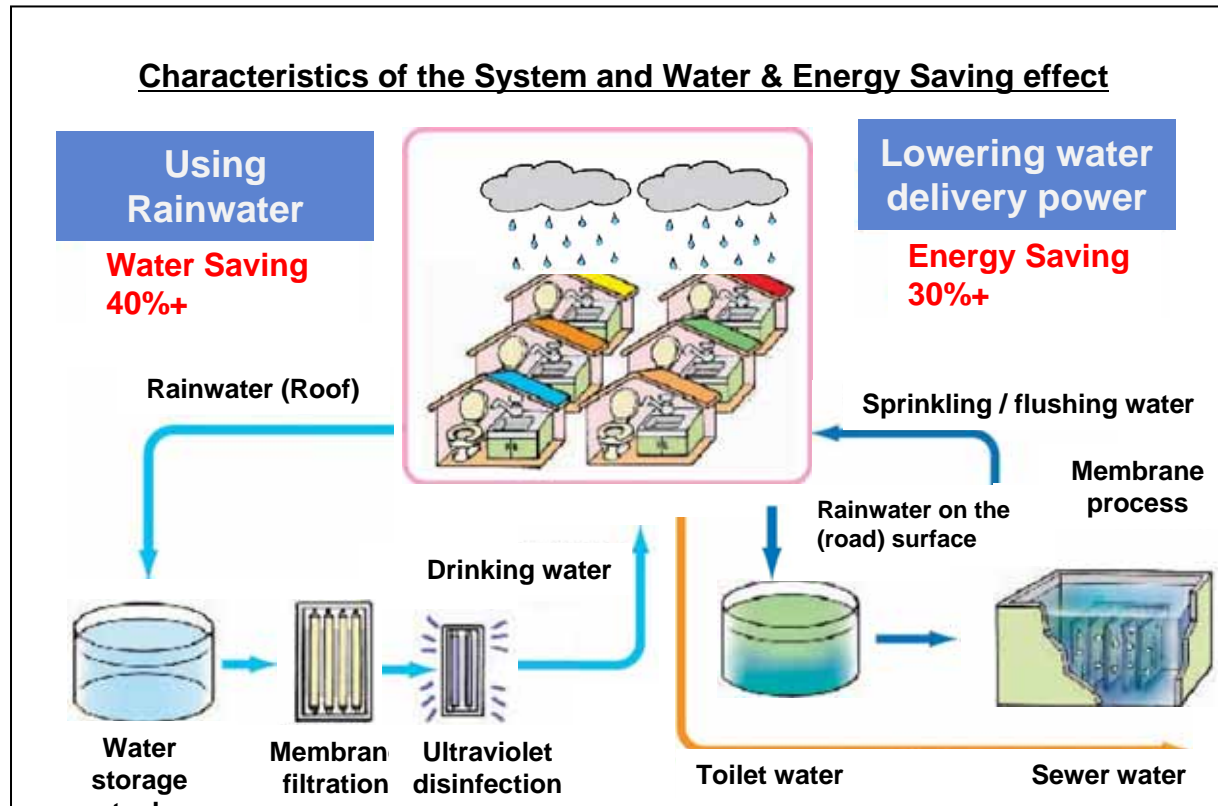
Kawasaki City and the embassy of Denmark in July 2012 signed a memorandum of understanding regarding exchange on the economy and industry.

Asian Forum on Intellectual Property



1. International Contribution with World-Class Technologies

Water Resources Project with State of Queensland, Australia



1. International Contribution with World-Class Technologies

Internationally Competing Facility of Life Science and Environment in KING SKYFRONT

Kawasaki Innovation Gateway at SKYFRONT (Tonomachi area)

Attracting research institutes and corporations by supporting international competition



Haneda Airport International Terminal

Tonomachi area

Basic agreement of promoting advanced medical development (2009/4/23)



(From left)
 Tatsuji Nomura, President of Central Institute for Experimental Animals
 Takao Abe, Mayor of Kawasaki City
 Hideyuki Okano, Medical Professor of Keio University




"Nature" 2009/5/28

<1st stage>

Central Institute for Experimental Animals
 Joint Research Center of Regeneration Medicine & New Drug Development

Advanced medical development, 'Regenerative medicine'
 Innovative new medicine
 New medical instrument




- Operation started in July 2011.
- Pioneering research institute in Tonomachi area

<2nd stage>

Industry-Government-Academia-Citizen Joint Research Center (tentative name)

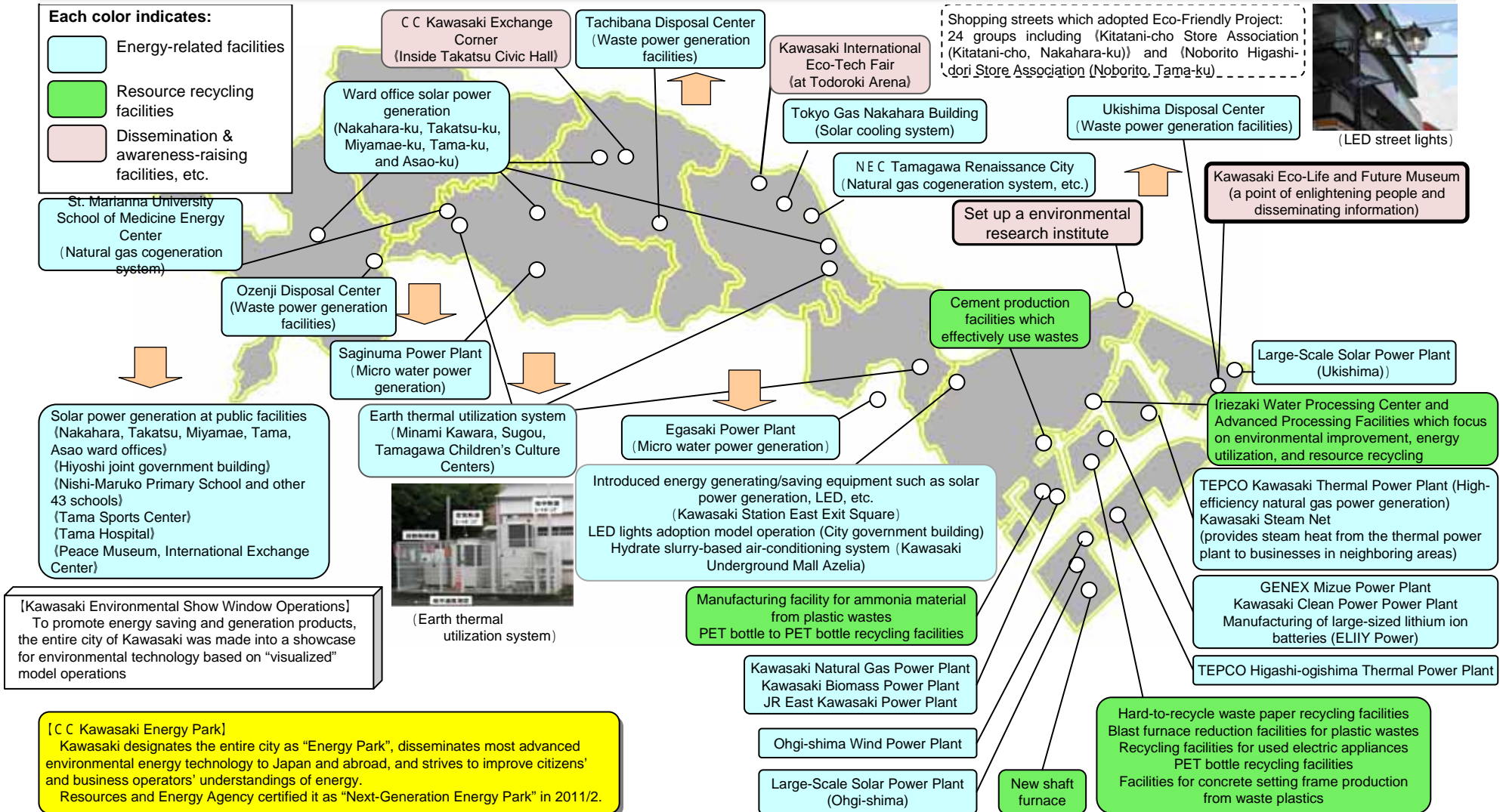
Environmental Research Institute Tokyo, Health and Safety Research Center will move into.
 Attracting other research institutes



- Groundbreaking in December 2011
- Operation start in January 2013

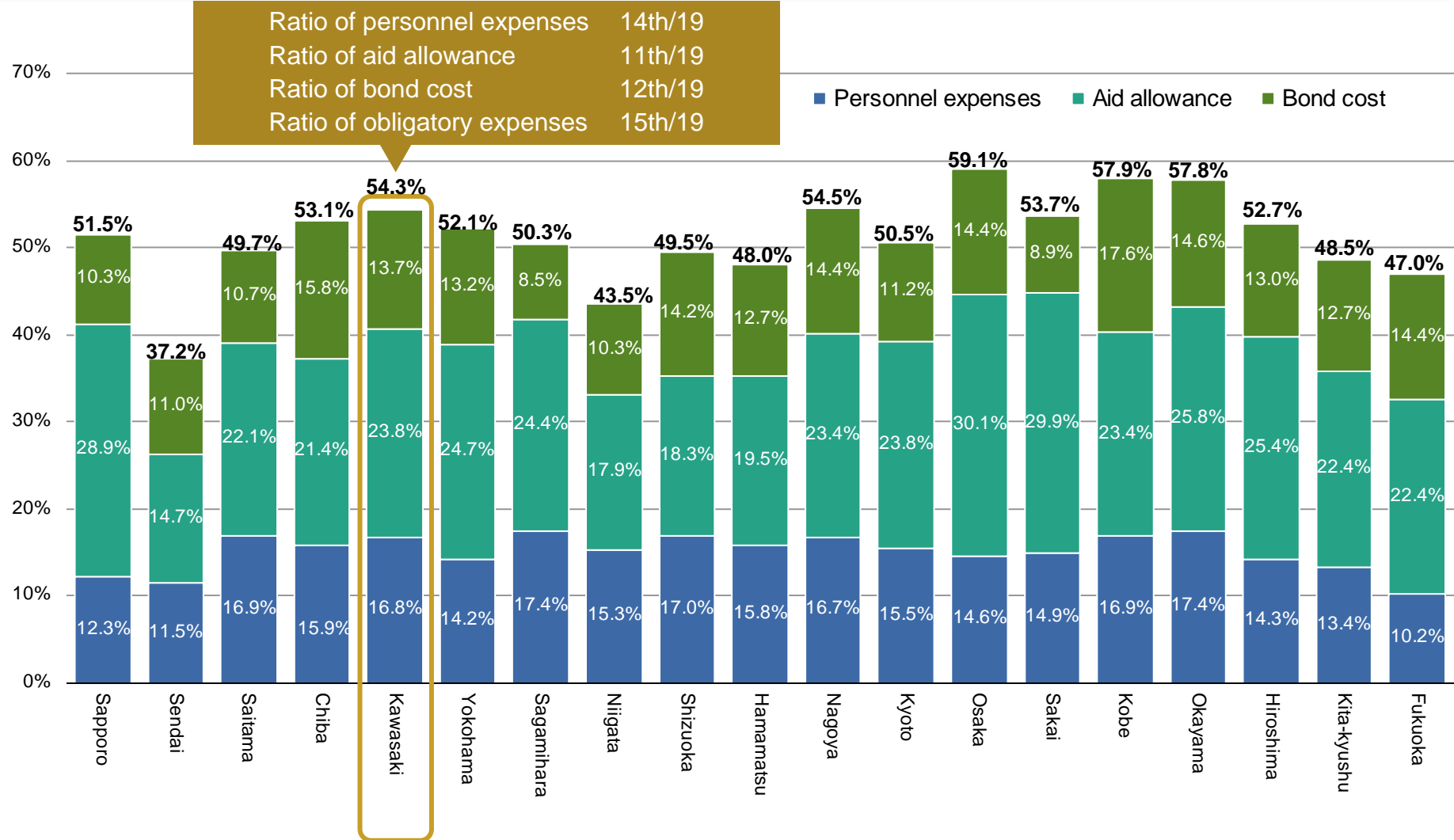
1. International Contribution with World-Class Technologies

Promotes Showcasing of Environmental Technologies in All Over Kawasaki City



2. Financial Data

Analysis of Expenditure Structure (general account)

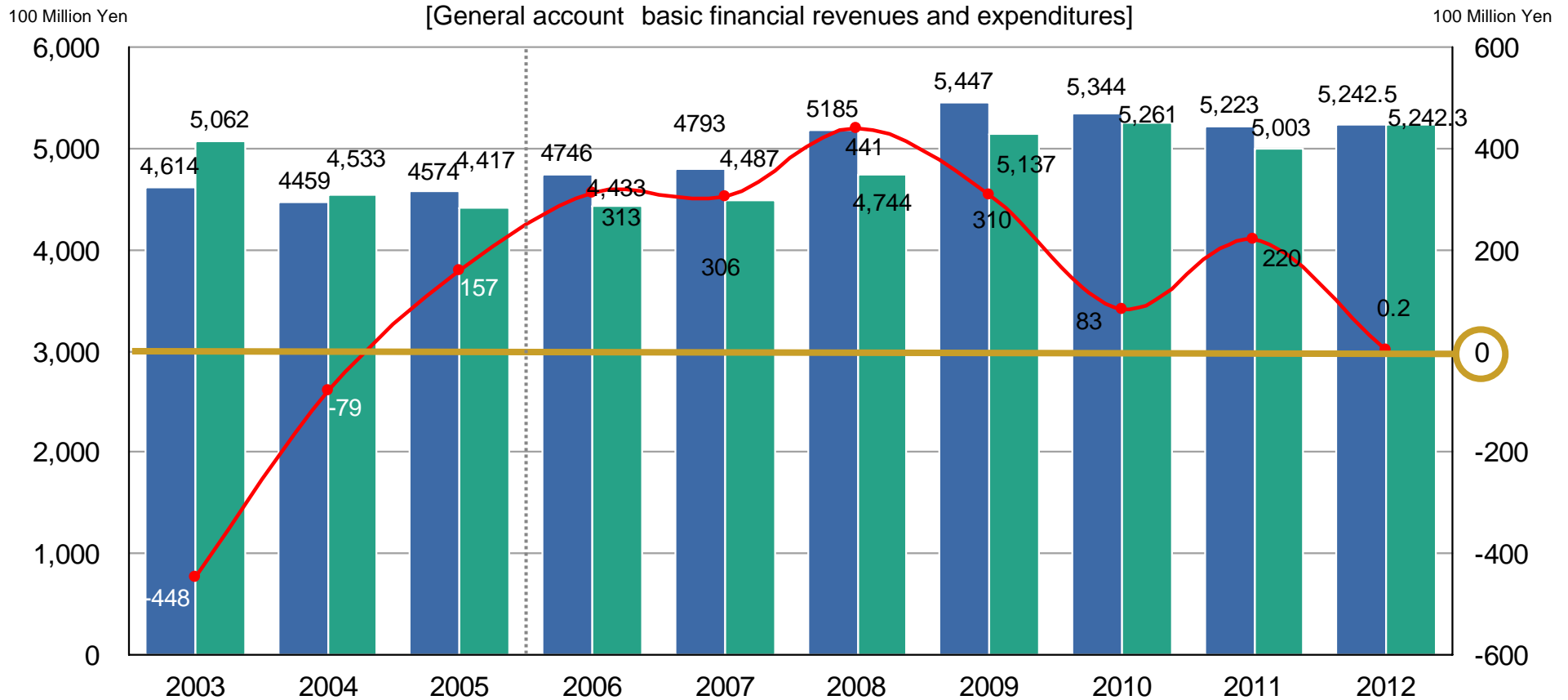


*Specially designated cities (FY2011)

2. Financial Data

Primary Balance

Positive scores since FY2005



■ Revenue excluding city bond issue ■ Expenditure excluding public bond issue ● Primary balance (right axis)

Initial budget (2012)



2. Financial Data

State of the Ratio for Determining Soundness and the Financial Shortfall Ratio

- The Local Government Financial Soundness Law stipulates that the following ratios are used to gauge the fiscal health of local governments. (1) Real deficit ratio (2) Consolidated real deficit ratio (3) Real debt service ratio (4) Future burden ratio
- Also, the (5) Financial shortfall ratio was established for assessing fiscal health of public enterprises.
- The local government must draft a financial health improvement plan if any ratios exceed the early financial soundness criterion and a financial recovery plan must be drafted if any ratios exceed Financial Rebuilding Criterion.

| Fiscal Health Assessment | FY2011 | FY2010 | The early financial soundness criterion | The financial Rebuilding Criterion |
|---------------------------------|--------|--------|---|------------------------------------|
| Real deficit ratio | - % | - % | 11.25% | 20.00% |
| Consolidated real deficit ratio | - % | - % | 16.25% | 40.00% |
| Real debt service ratio | 10.9% | 11.9% | 25.0% | 35.0% |
| Future burden ratio | 111.2% | 120.0% | 400.0% | |

| Capital shortfall ratio | FY2011 | FY2010 | Management Stabilizing Standard |
|--|--|--|---------------------------------|
| Financial shortfall ratio (6public enterprises account) | All public enterprises have no capital shortfall. | All public enterprises have no capital shortfall. | 20% |

- Kawasaki City does not have any real deficits in general or public project accounts.
- Fiscal conditions are sound, as it is within the real debt service ratio and the future burden ratio under the early financial soundness criterion.

2. Financial Data

State of the Ratio for Determining Soundness and the Financial Shortfall Ratio

1 Real deficit ratio

- Ratio of general account real deficit to standard financial scale in general account

$$\text{Real deficit ratio} = \frac{\text{real deficit of general account, etc.}}{\text{standard financial scale}}$$

Standard financial scale: Standard projected revenue (projected total of legal general tax, local allocation tax, special allocation tax, local transfer tax, traffic safety measure allocations, ordinary allocation tax, temporary fiscal measure bonds)

The early financial soundness criterion

11.25%

The financial Rebuilding Criterion

20.00%

- Does not apply, as Kawasaki City has a 1.4bill. yen surplus.

2 Consolidated real deficit ratio

- The ratio of real deficit (or financial shortfall) in all accounts to the standard financial scale in all accounts.

$$\text{Consolidated real deficit ratio} = \frac{\text{Real deficit in ordinary accounts} + \text{real deficit in public project account}}{\text{standard financial scale}}$$

- Ordinary account real deficit: Kawasaki City has a 1.4bill. yen surplus in ordinary account.
- Public enterprise account real deficit: No capital shortfalls in public enterprise accounts.

The early financial soundness criterion

16.25%

The financial Rebuilding Criterion

40.00%

- Does not apply, as Kawasaki City has general account and public project account surplus.

2. Financial Data

State of the Ratio for Determining Soundness and the Financial Shortfall Ratio

3 Real debt service ratio

- Ratio of redemption and quasi redemption of principal and interest of local bonds in general accounts to the standard financial scale (average of the last three years)

$$\text{Real debt service ratio} = \frac{(A + B) - (C + D)}{E - D} \text{ 3-year average}$$

- A: Redemption of principal and interest of local bonds
- B: Quasi redemption of principal and interest of local bonds
- C: Special resources for principal, interest repayment source
- D: Amount included in standard financial requirements pertaining to redemption of principal and interest and quasi-redemption of principal and interest)
- E: Standard financial scale

| Kawasaki City | | The early financial soundness criterion | The financial Rebuilding Criterion |
|---------------|-------|---|------------------------------------|
| 2011 | 2010 | | |
| 10.9% | 11.9% | 25.0% | 35.0% |

- Real debt service ratio is below the early financial soundness criterion of 25.0%

2. Financial Data

State of the Ratio for Determining Soundness and the Financial Shortfall Ratio

4 Future burden ratio

- Ratio of real burden to be borne in future by ordinary accounts (incl. public enterprises) to the standard financial scale.

$$\text{Future burden ratio} = \frac{A - B}{C - D}$$

A: Future burden amount

- Current balance of general account local govt. bonds
- Planned expenditures based on debt payments (excl. joint bonds, etc.)
- Estimated rollover from the ordinary account for public enterprise operations
- Necessary retirement funds assuming all workers retire voluntarily
- Funds for public enterprises
- Payments for indemnity contract holders

B: Resources that can be used for future burden ratio

- Amount of appropriable funds
- Estimated amount of special revenue sources
- Amount expected to be included in standard financial requirements pertaining to outstanding local government bonds, etc

C: Standard financial scale

- D: Amount included in standard financial requirements pertaining to redemption of principal and interest, etc.

| Kawasaki City | | The early financial soundness criterion |
|---------------|--------|---|
| 2011 | 2010 | |
| 111.2% | 120.0% | 400.0% |

- Future burden ratio is below the early financial soundness criterion of 400.0%

2. Financial Data

State of the Ratio for Determining Soundness and the Financial Shortfall Ratio

5 Capital Shortage Ratio

- Ratio of capital shortage to business scale of each public enterprise

$$\text{Financial Shortfall Ratio} = \frac{\text{deficit of funds}}{\text{size of business}}$$

The early financial soundness criterion

20.0 %

- Public enterprise accounting of Kawasaki City

- Hospital accounting
- Sewage business accounting
- Water business accounting
- Industrial water works business accounting
- Vehicle transport business accounting
- Rapid-transit railway business accounting
- Wholesale market business special accounting
- Port improvement enterprise special accounting
- Ikuta Ryokuchi Golf Course business special accounting

- No Kawasaki City public enterprises reported deficits under public enterprise accounting.

2. Financial Data

Ordinary Account Balance Sheet of Kawasaki City (5 years)

The Ministry of Internal Affairs and Communications (MIC) Method

(100 million yen, %)

| Category | | FY2006 | FY2007 |
|-------------|---|---------------|---------------|
| Assets | 1. Tangible fixed assets | 19,460 | 19,624 |
| | 2. Investments | 2,008 | 2,104 |
| | 3. Current assets | 276 | 298 |
| | Total assets | 21,744 | 22,026 |
| Liabilities | 1. Fixed liabilities | 8,887 | 8,486 |
| | (of which local government bonds) | 8,119 | 7,763 |
| | 2. Current liabilities | 579 | 870 |
| | Total liabilities | 9,466 | 9,356 |
| Net Assets | 1. National treasury disbursement | 2,373 | 2,416 |
| | 2. Prefectural government treasury disbursement | 238 | 233 |
| | 3. General fund, etc. | 9,667 | 10,021 |
| | Total net assets | 12,278 | 12,670 |
| Index | Net assets to total assets ratio (%) | 56.5 | 57.5 |

Amended MIC Method Model

(100 million yen, %)

| Category | | FY2008 | FY2009 | FY2010 | Increase (Decrease) | Change (%) |
|-------------|---|---------------|---------------|---------------|---------------------|------------|
| Assets | 1. Public assets | 43,439 | 43,640 | 44,007 | 367 | 1 |
| | 2. Investments | 1,990 | 2,023 | 2,126 | 103 | 5 |
| | 3. Current assets | 1,235 | 1,188 | 1,333 | 145 | 12 |
| | Total assets | 46,664 | 46,851 | 47,466 | 615 | 1 |
| Liabilities | 1. Fixed liabilities | 9,201 | 9,392 | 9,508 | 116 | 1 |
| | (of which local government bonds) | 8,322 | 8,542 | 8,677 | 135 | 2 |
| | 2. Current liabilities | 1,309 | 954 | 1,136 | 182 | 19 |
| | Total liabilities | 10,510 | 10,346 | 10,644 | 298 | 29 |
| Net Assets | 1. National and prefectural subsidies for public assets improvement | 2,858 | 2,917 | 3,007 | 90 | 3 |
| | 2. General revenue of public assets improvement | 35,768 | 36,193 | 36,360 | 167 | 0 |
| | 3. Other general revenue, etc. | 2,501 | 2,691 | 2,704 | 13 | 0 |
| | 4. Revaluation difference of assets | 29 | 86 | 159 | 73 | 197 |
| | Total net assets | 36,154 | 36,505 | 36,822 | 317 | 1 |
| Index | Net assets to total assets ratio (%) | 77.5 | 77.9 | 77.6 | 0.3 | - |

2. Financial Data

Comprehensive Balance Sheet of Kawasaki City (as of March 31, 2011)

(100 million yen)

| Category | Ordinary account | Special accounts | Public enterprises account | Simple total | Combined total | |
|----------|-------------------------------|------------------|----------------------------|---------------|----------------|---------------|
| Assets | 1. Public assets | 44,007 | 1,196 | 10,454 | 55,657 | 55,657 |
| | Tangible fixed assets | 43,936 | 1,196 | 10,405 | 55,537 | 55,537 |
| | Intangible assets | 0 | 0 | 49 | 49 | 49 |
| | Saleable assets | 71 | 0 | 0 | 71 | 71 |
| | 2. Investments, etc. | 2,126 | 253 | 242 | 2,621 | 1,657 |
| | Investment and equity balance | 1,454 | 0 | 116 | 1,570 | 606 |
| | Loans receivable | 290 | 37 | 0 | 327 | 327 |
| | Funds, etc. | 286 | 145 | 1 | 432 | 432 |
| | Long-term delinquent loans | 112 | 88 | 6 | 206 | 206 |
| | Others | 0 | 0 | 120 | 120 | 120 |
| | Non-recoverable amounts | 16 | 17 | 1 | 34 | 34 |
| | 3. Current assets | 1,333 | 58 | 517 | 1,908 | 1,870 |
| | Funds | 81 | 23 | 341 | 445 | 419 |
| | Accounts receivable | 46 | 43 | 148 | 239 | 225 |
| | Real estate for sale | 0 | 0 | 0 | 0 | 0 |
| | Others | 1,210 | 0 | 29 | 1,239 | 1,239 |
| | Non-recoverable amounts | 4 | 8 | 1 | 13 | 13 |
| | 4. Deferred accounts | 0 | 0 | 0 | 0 | 0 |
| | Total assets | 47,466 | 1,507 | 11,213 | 60,186 | 59,184 |

(100 million yen)

| Category | Ordinary account | Special accounts | Public enterprises account | Simple total | Combined total | |
|-------------|---|------------------|----------------------------|---------------|----------------|---------------|
| Liabilities | 1. Fixed liabilities | 9,508 | 160 | 4,776 | 14,444 | 14,444 |
| | Local public entities | 8,677 | 158 | 4,636 | 13,471 | 13,471 |
| | Affiliated entities | 0 | 0 | 0 | 0 | 0 |
| | Long-term accounts payable | 76 | 0 | 0 | 76 | 76 |
| | Allowances | 755 | 2 | 140 | 897 | 897 |
| | Others | 0 | 0 | 0 | 0 | 0 |
| | 2. Current liabilities | 1,136 | 6 | 857 | 1,999 | 1,960 |
| | Amount to be redeemed in the next fiscal year | 960 | 5 | 583 | 1,548 | 1,548 |
| | Short-term borrowings | 0 | 0 | 0 | 0 | 0 |
| | Accounts payable | 6 | 0 | 227 | 233 | 194 |
| | Retirement benefits payable in the next fiscal year | 116 | 0 | 16 | 132 | 132 |
| | Allowance for bonus | 54 | 1 | 9 | 64 | 64 |
| | Others | 0 | 0 | 22 | 22 | 22 |
| | Total liabilities | 10,644 | 166 | 5,633 | 16,443 | 16,404 |
| | Total net assets | 36,822 | 1,341 | 5,580 | 43,743 | 42,780 |
| | Total liabilities and net assets | 47,466 | 1,507 | 11,213 | 60,186 | 59,184 |

2. Financial Data

Balance Sheets Consolidated with Affiliated Entities (as of March 31, 2011)

(100 million yen)

| Category | Ordinary account | Special accounts | Public enterprises account | Third Sectors, etc. | Simple total | Combined total |
|-------------------------------|------------------|------------------|----------------------------|---------------------|---------------|----------------|
| 1. Public assets | 44,007 | 1,196 | 10,454 | 1,070 | 56,727 | 56,727 |
| Tangible fixed assets | 43,936 | 1,196 | 10,405 | 842 | 56,379 | 56,379 |
| Intangible assets | 0 | 0 | 49 | 228 | 277 | 277 |
| Saleable assets | 71 | 0 | 0 | 0 | 71 | 71 |
| 2. Investments, etc. | 2,126 | 253 | 242 | 346 | 2,967 | 1,758 |
| Investment and equity balance | 1,454 | 0 | 116 | 24 | 1,594 | 566 |
| Loans receivable | 290 | 37 | 0 | 184 | 511 | 330 |
| Funds, etc. | 286 | 145 | 1 | 10 | 442 | 442 |
| Long-term delinquent loans | 112 | 88 | 6 | 0 | 206 | 206 |
| Others | 0 | 0 | 120 | 130 | 250 | 250 |
| Non-recoverable amounts | 16 | 17 | 1 | 2 | 36 | 36 |
| 3. Current assets | 1,333 | 58 | 517 | 135 | 2,043 | 2,000 |
| Funds | 81 | 23 | 341 | 94 | 539 | 511 |
| Accounts receivable | 46 | 43 | 148 | 13 | 250 | 235 |
| Real estate for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 1,210 | 0 | 29 | 29 | 1,268 | 1,268 |
| Non-recoverable amounts | 4 | 8 | 1 | 1 | 14 | 14 |
| 4. Deferred accounts | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 47,466 | 1,507 | 11,213 | 1,551 | 61,737 | 60,485 |

(100 million yen)

| Category | Ordinary account | Special accounts | Public enterprises account | Third Sectors, etc. | Simple total | Combined total |
|---|------------------|------------------|----------------------------|---------------------|---------------|----------------|
| 1. Fixed liabilities | 9,508 | 160 | 4,776 | 1,097 | 15,541 | 15,368 |
| Local public entities | 8,677 | 158 | 4,636 | 0 | 13,471 | 13,471 |
| Affiliated entities | 0 | 0 | 0 | 715 | 715 | 542 |
| Long-term accounts payable | 76 | 0 | 0 | 186 | 262 | 262 |
| Allowances | 755 | 2 | 140 | 19 | 916 | 916 |
| Others | 0 | 0 | 0 | 177 | 177 | 177 |
| 2. Current liabilities | 1,136 | 6 | 857 | 118 | 2,117 | 2,065 |
| Amount to be redeemed in the next fiscal year | 960 | 5 | 583 | 57 | 1,605 | 1,598 |
| Short-term borrowings | 0 | 0 | 0 | 1 | 1 | 1 |
| Accounts payable | 6 | 0 | 227 | 37 | 270 | 225 |
| Retirement benefits payable in the next fiscal year | 116 | 0 | 16 | 1 | 133 | 133 |
| Allowance for bonus | 54 | 1 | 9 | 0 | 64 | 64 |
| Others | 0 | 0 | 22 | 22 | 44 | 44 |
| Total liabilities | 10,644 | 166 | 5,633 | 1,215 | 17,658 | 17,433 |
| Total net assets | 36,822 | 1,341 | 5,580 | 336 | 44,079 | 43,052 |
| Total liabilities and net assets | 47,466 | 1,507 | 11,213 | 1,551 | 61,737 | 60,485 |

2. Financial Data

Administrative Cost Statement (Ordinary Account)

Amended MIC Method Model

[Administrative Cost]

100 Million Yen, %

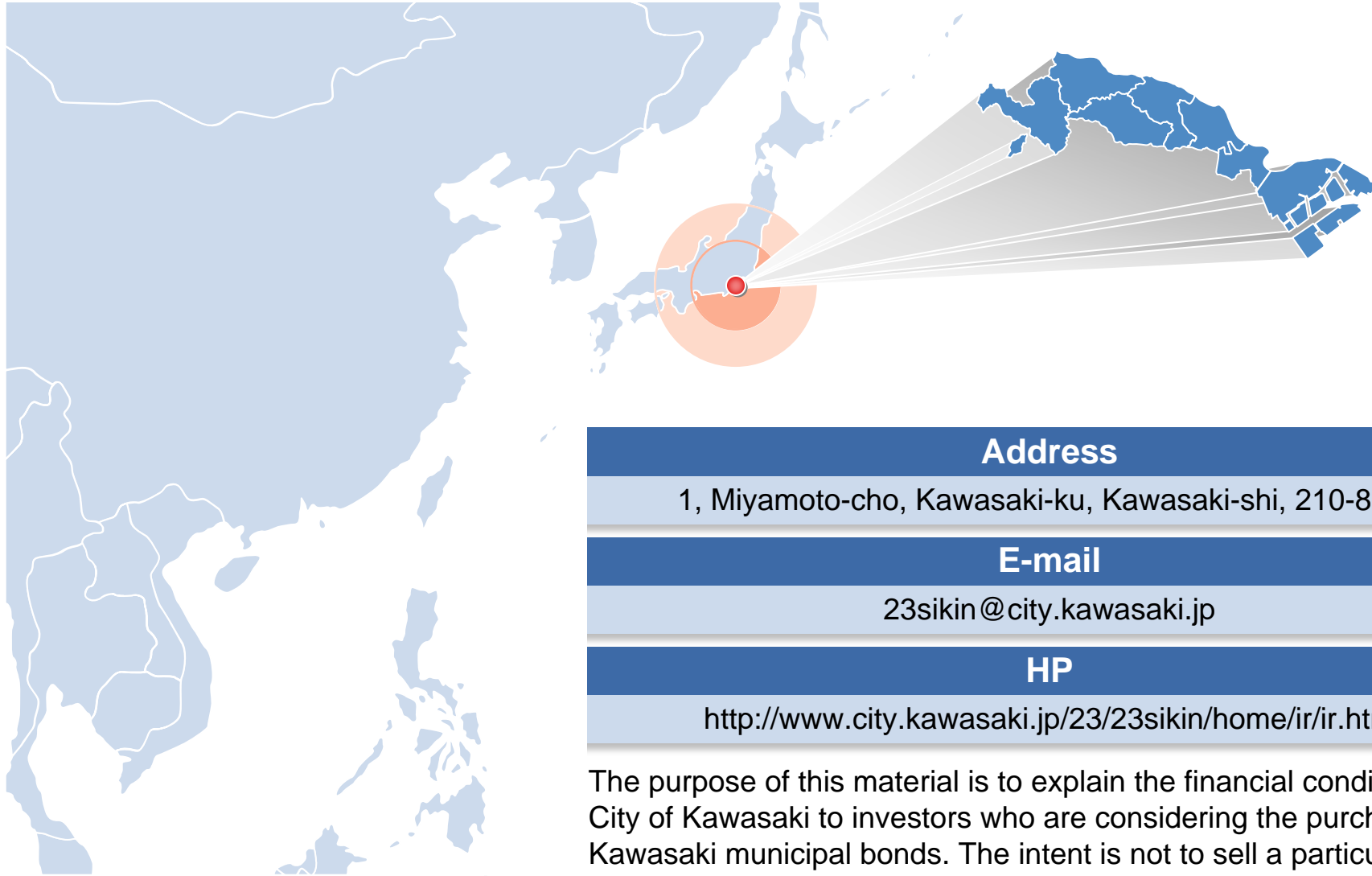
[Ordinary Revenue]

100 Million Yen, %

| | Item/Fiscal year | FY2009 | | FY2010 | |
|----------------------------------|--|--------|-------|--------|-------|
| | | Amount | % | Amount | % |
| Cost on personnel | (1) Personnel cost | 857 | 19.6 | 841 | 19.1 |
| | (2) Provision of allowance for retirement benefits, etc. | 96 | 2.2 | 84 | 1.9 |
| | (3) Provision of allowance for bonus | 63 | 1.4 | 54 | 1.2 |
| | Subtotal | 1,016 | 23.2 | 979 | 22.2 |
| Cost on equipment | (1) General expenses | 564 | 12.9 | 555 | 12.6 |
| | (2) Cost of maintenance and repairs | 63 | 1.4 | 72 | 1.7 |
| | (3) Depreciation | 448 | 10.3 | 456 | 10.3 |
| | Subtotal | 1,075 | 24.6 | 1,083 | 24.6 |
| Cost on transfer expenditure | (1) Social security benefit payments | 1,029 | 23.6 | 1,291 | 29.3 |
| | (2) Subsidies, etc. | 426 | 9.8 | 212 | 4.8 |
| | (3) Expenditure to other accounts, etc. | 552 | 12.6 | 560 | 12.7 |
| | (4) Public asset improvement subsidy to other entities, etc. | 96 | 2.2 | 113 | 2.5 |
| | Subtotal | 2,103 | 48.2 | 2,176 | 49.3 |
| Other costs | (1) Interest paid | 156 | 3.6 | 155 | 3.5 |
| | (2) Non-recoverable amounts | 17 | 0.4 | 19 | 0.4 |
| | (3) Other administrative cost | 0 | 0.0 | 0 | 0.0 |
| | Subtotal | 173 | 4.0 | 174 | 3.9 |
| Ordinary administrative cost (A) | | 4,367 | 100.0 | 4,412 | 100.0 |

| | FY2009 | | FY2010 | |
|--|--------|-------|--------|-------|
| | Amount | % | Amount | % |
| 1. Usage charge, commissions (B) | 192 | 78.0 | 185 | 75.8 |
| B/A | 4.4% | | 4.2% | |
| 2. Shares, contribution, donations (C) | 54 | 22.0 | 59 | 24.2 |
| C/A | 1.2% | | 1.3% | |
| Total ordinary revenue (B+C) | 246 | 100.0 | 244 | 100.0 |

City of Kawasaki



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The purpose of this material is to explain the financial conditions of City of Kawasaki to investors who are considering the purchase of Kawasaki municipal bonds. The intent is not to sell a particular bond or to solicit buyers.



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