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City of Kobe Investor Relations Materials
October 2012

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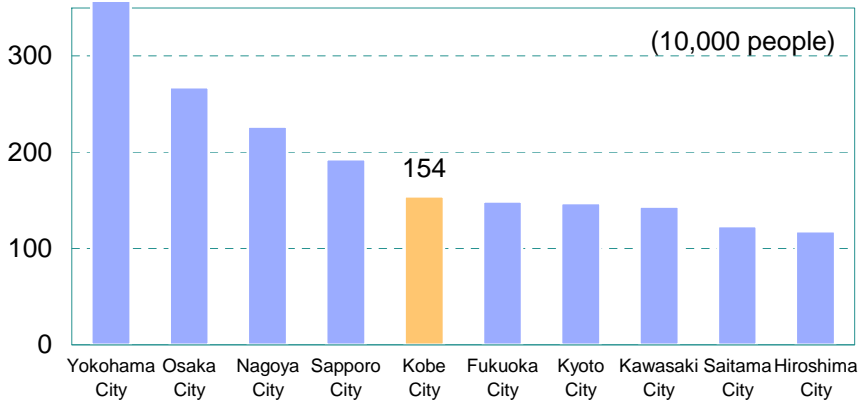
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City of Kobe Summary



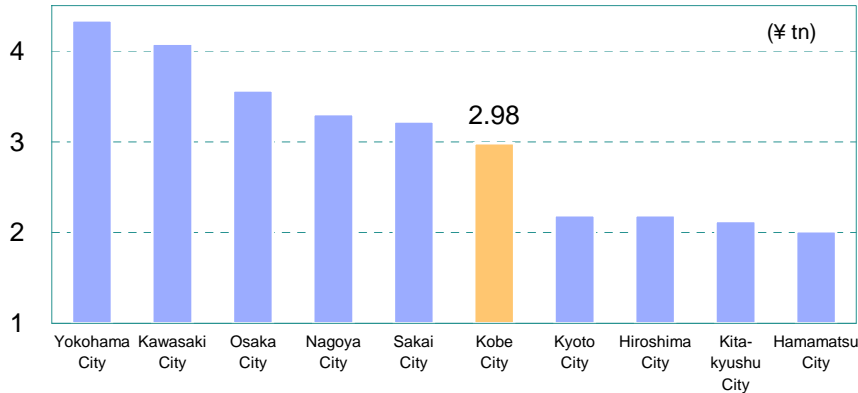
- Kobe is the 5th largest city by population (1.542 mn) among Japan's government-designated cities
- In preparation for a future population decline, Kobe is further enhancing its appeal as a major city, including securing jobs
- In conjunction with the Port of Kobe, the expansion of heavy and manufacturing industries, including food and rubber goods, as well as alcohol and western confectioneries also plays a part in creating the city's image

Population Gov't-designated cities Top ten ranking

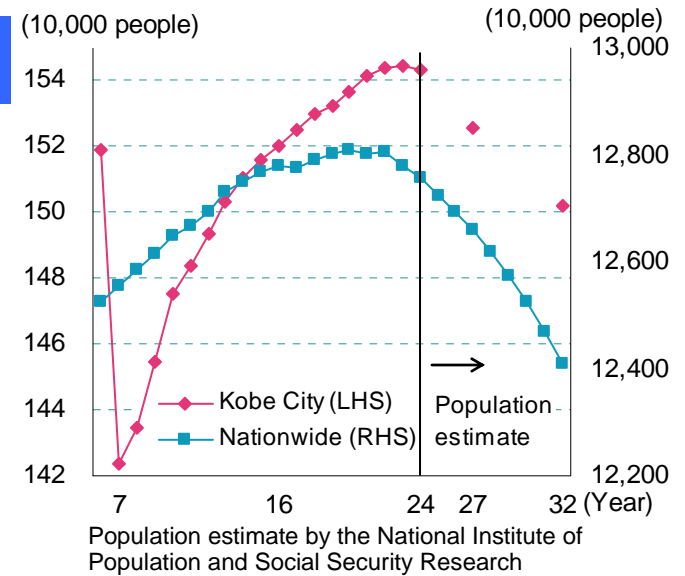


Shipment of mfd. goods Gov't-designated cities Top ten ranking

METI
2010 industrial statistics



Population Trends - Estimate



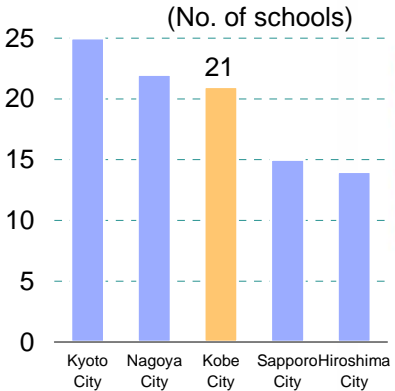
Shipment of manufactured products, etc. / ranking among gov't-designated cities	2008	2009	2010
Food manufacturing industry (pastries, bread)	2nd	1st	1st
Transportation machinery (shipbuilding, railways, equipment companies) (shipbuilding, railways, airplanes)	7th	5th	6th
Steel industry	8th	7th	7th
Beverage, tobacco, feed manufacturing companies (alcohol, coffee)	2nd	2nd	2nd
Rubber product manufacturers (chemical shoes)	2nd	1st	1st

- All modes of transportation (air, sea, and land routes) converge and are interlinked.
- The city is surrounded by nature. The Rokko mountain range lies in the background of the city area.



Universities

21 universities
3rd among gov't-designated cities



Highways

Hanshin, Sanyo, Chugoku, Kobe-Awaji Expressways

Parks

Per-capita city park area 17.04m²
1st among gov't-designated cities

Railways

JR, private railways, subways, new transport systems

Port of Kobe

Network linking 130 ports worldwide and 500 ports domestically



- approx. 2 hours → Sapporo
- approx. 75 mins → Ibaraki
- approx. 80 mins → Narita
- approx. 70 mins → Tokyo

Kobe Airport

- Linked to 7 major cities, 18 mins from Sannomiya
- approx. 60 mins → Nagasaki
- approx. 65 mins → Kagoshima
- approx. 2 hours → Okinawa

KOBE
AREA MAP

- To improve the level of medical care for its citizens and to stimulate the local economy, the city is promoting its medical industry by integrating medical-related industries on Kobe's man-made Port Island
- This is Japan's largest biomedical cluster, consisting of 14 core facilities that act as an intermediary between basic research to clinical research, and coordinates between the research organs of companies and universities, as well as medical institutions and medical-related companies.

Core facilities 14 facilities

- Riken Center for Developmental Biology
Retinal regenerative therapy using ES and iPS cells
- Foundation for Biomedical Research and Innovation
Vascular regenerative therapy and cell therapy for strokes

Universities

- Kobe University
- Hyogo College of Medicine
- Kobe Gakuin University
- Konan University

Kobe City Medical Center General Hospital

Transferred and opened in July 2011

Total beds: 700

Role as emergency center offering advanced medical care and a center of clinical science

Medical-related companies 220 (as of Aug 2012)

- | | |
|--|-------------------|
| ■ Pharmaceuticals | ■ Medical devices |
| Daiichi Sankyo: Asubio Pharmaceuticals | Panasonic |
| Eisai: Kan Research Institute | GE Healthcare |
| Senju Pharmaceutical | Seimens |
| | Systemex |
| ■ Regenerative therapy | ■ Healthcare |
| Olympus | Fujicco |
| | Noevir etc |

Kobe Minimally Invasive Cancer Center

Slated for opening in April 2013
Total beds: 80

Non-invasive cancer treatments using a combination of radiation and chemotherapy

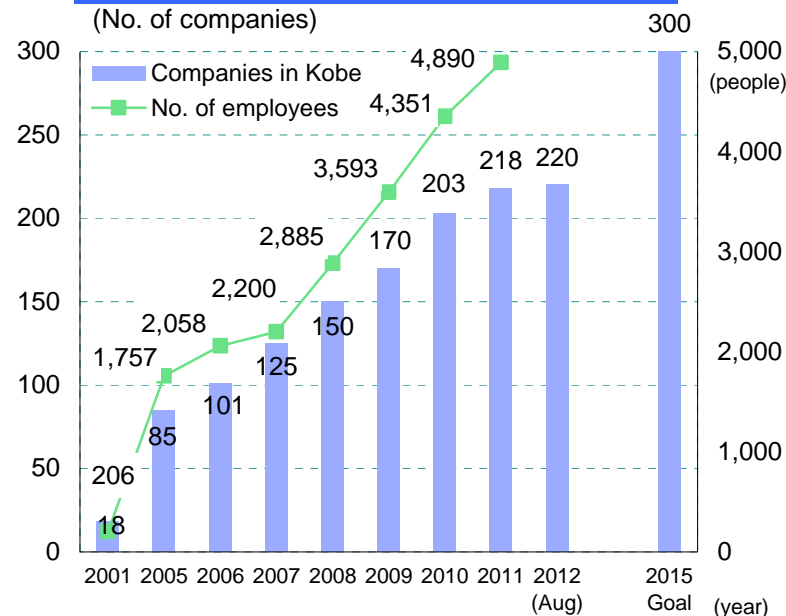
Child Chemo House (working name)

Slated for opening in April 2013
Number of rooms: 19 (proposal)

Facilities where children with cancer can stay with their families; treatment facilities are adjacent

	2005	2010
Economic benefit	¥40.9 bn	¥104.1 bn
Tax revenue benefit	¥1.3 bn	¥3.5 bn

No. of companies and employees in Kobe



Kansai Innovation Int'l Strategic Comp. Special Zone

- Conducting businesses using special ordinances and tax, fiscal, and financial aid measures
- To enhance global competitive strength, our goal is to double our share of the global market by increasing exports of pharmaceuticals and medical devices from the Kansai area.

Applicants

Kobe, Hyogo pref.
Kyoto, Kyoto pref.
Osaka, Osaka pref.

Special ordinances/aid measures

- Tax aid measures (reduce corporate tax, etc.)
- Financial aid measures (interest subsidy system)
- Fiscal aid measures (selectively use budget for related government agencies)
- Special ordinances (delegate ordinances stipulated by governmental and ministerial ordinances, etc.)
- ※ Successive additional measures after talks with the central government

Kobe Biomedical Innovation Cluster City District

Propose special measures for regulations that are likely to further speed up creating practical applications for R&D

- Promote ties with PMDA (Pharmaceuticals and Medical Devices Agency)
Set up PMDA-WEST functions
- Delegate authority for advanced medicine
- Simple filing for bed regulations in clinical development, etc.

Hanshin Port District

Strategic International Container Port, a focal point of the government

- Fortify international container cargo collection functions
- Support innovation, in part by cutting port costs

K Computer

- 10 quadrillion calculations per second
- In June and November 2011, it was ranked the world's fastest performing computer
- General use for research at universities and research institutions, as well as industrial use
- Began joint usage from September 28, 2012

Business/development entity

MEXT • Riken

Location

Port Island 2nd Stage

Life Science

■ Drug discovery

Shorten the new drug development period and cut costs via a high precision and high speed method of finding new drug candidates
Select pharmaceutical companies, including those companies that enter the Kobe Biomedical Innovation Cluster, for industrial use

Next-Generation Manufacturing

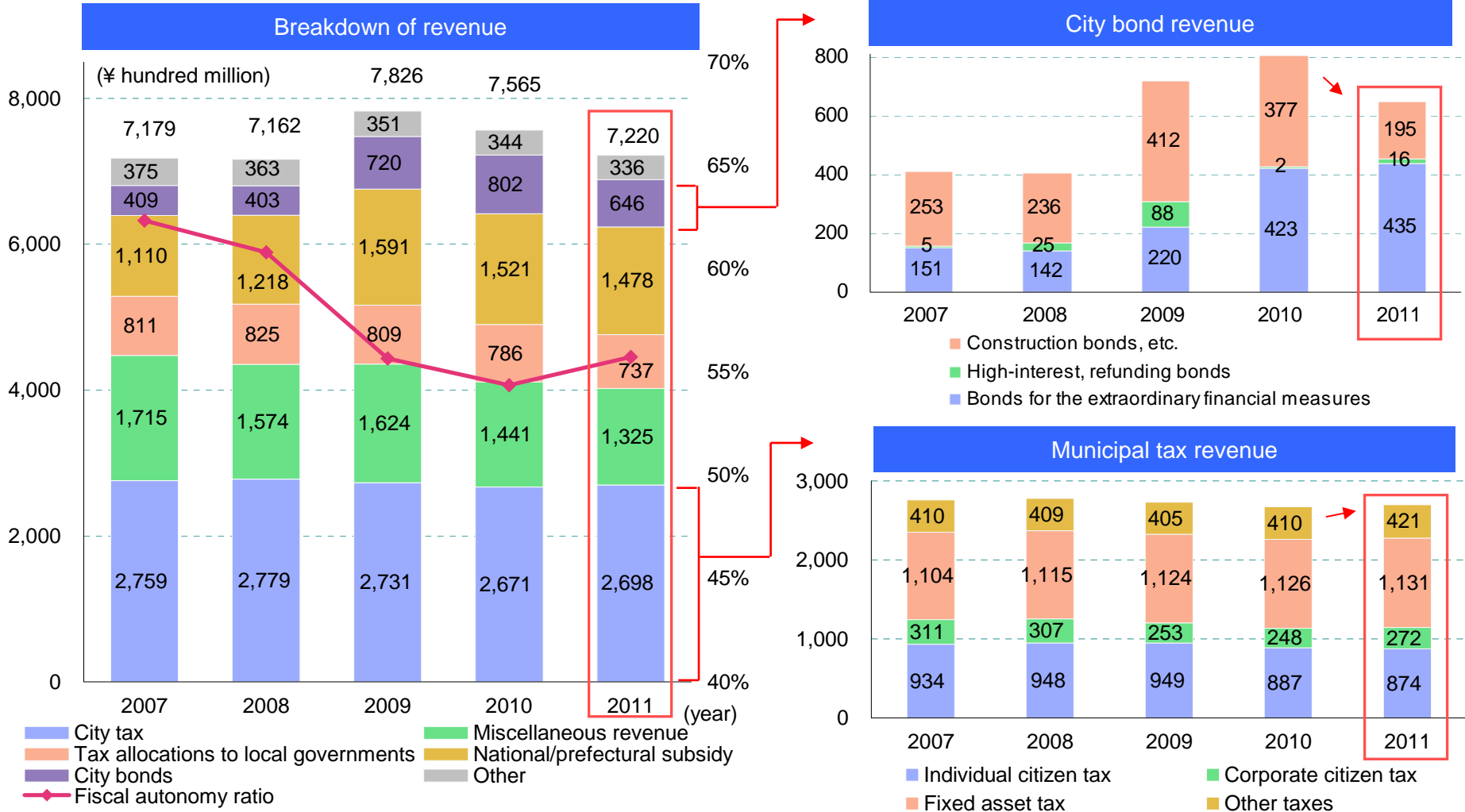
- Ties with industrial circles
Expected to substantially reduce development cost and time using high precision simulation models, such as for car collision testing

Disaster Prevention/Reduction

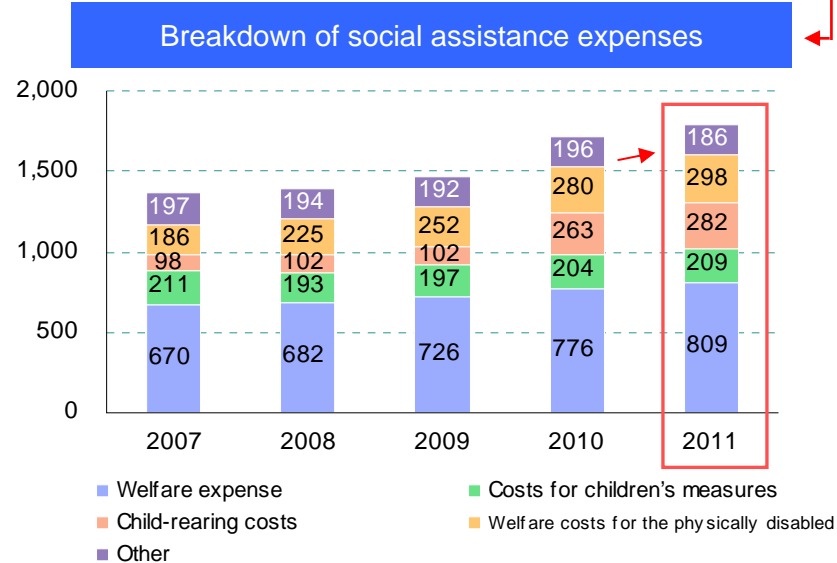
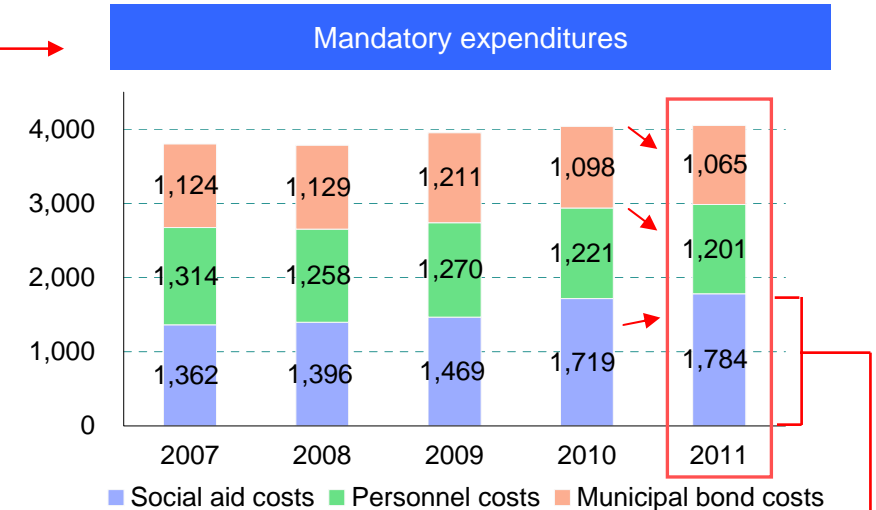
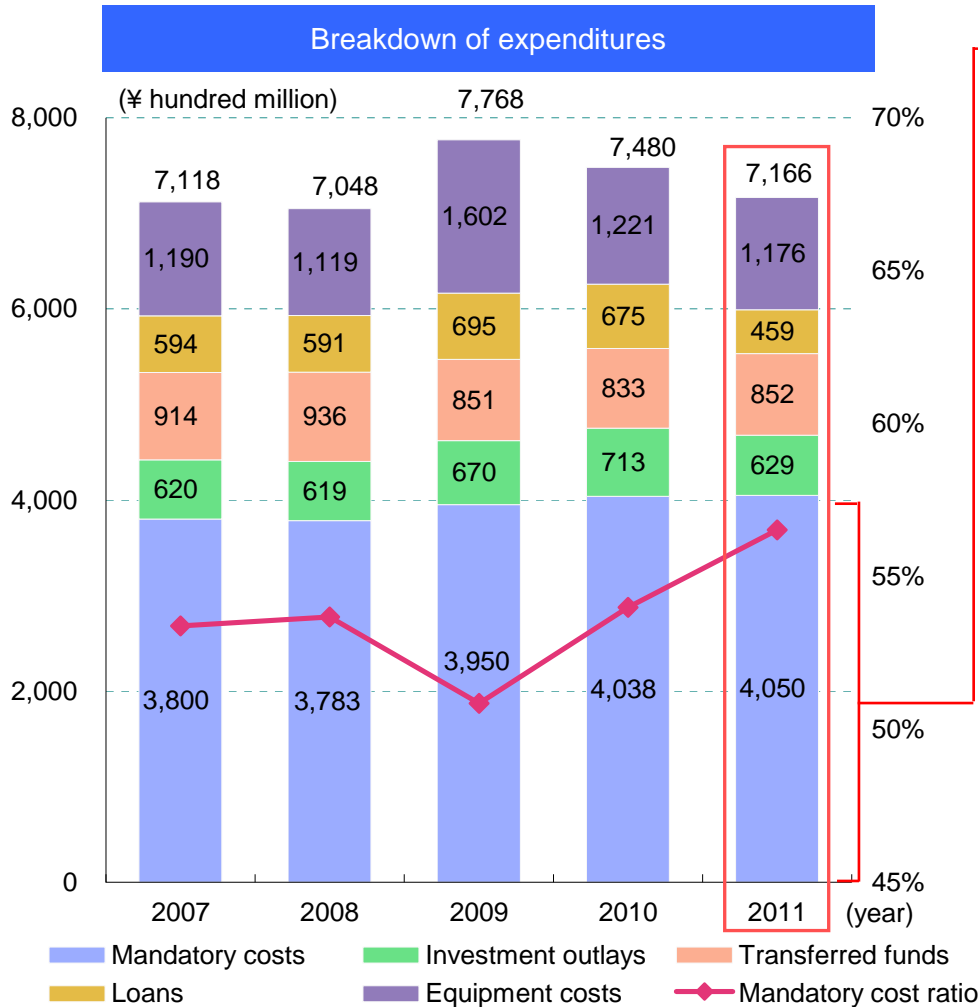
- Forecast weather disasters
Aim to reduce weather disasters, including predicting earthquakes, tsunamis, typhoons, and torrential downpours.

Kobe City
Fiscal affairs

- Personal municipal tax revenues declined due mainly to a decline in wages; corporate municipal taxes increased owing to an improvement in corporate earnings; tax revenues rose for the first time in three years
- Bonds for extraordinary financial measures increased but total city bond revenue decline ¥15.6 billion YoY, mainly due to a decrease in construction bonds
- The real balance between revenues and expenditures was a positive ¥2.2 billion, the first positive balance since the Great Hanshin-Awaji Earthquake



- Payrolls decreased due to measures to reduce the total number of city workers; debt service costs declined thanks to a decrease in the outstanding balance of city bonds, including disaster restoration bonds
- The increase in mandatory expenses reflects an increase in social assistance outlays, such as welfare checks and child-rearing allowances



- As of the end of fiscal 2011, there were 16 accounting items in the special account
- In the airport maintenance operations, to cover the increase in the cost of city bond redemption, funds were borrowed from urban development account
- In 2011, 2.57 million people used Kobe Airport (user rate of 70.3%)

(¥ mn)

Accounting item	FY 2011			
	Revenue	Expenditure	Real balance	Transfer from the general account
Municipal bond costs	384,723	384,723		106,476
National Healthcare Insurance costs	154,721	154,721		13,454
Nursing care insurance costs	104,918	103,323	1,534	15,332
Medical care expenditures for the elderly aged 75 or over	27,775	27,688	87	15,008
Market costs	4,370	4,370		294
Meat processing center costs	1,105	1,105		858
Worker welfare insurance costs	378	378		20
Agricultural insurance costs	306	252	54	90
Loans from Welfare Funds for Mothers with Dependent Children and Widows	350	245	105	1
Costs for land acquisition for future development	79	79		7
Parking lot business costs	1,145	1,145		151
Agricultural community sewer program costs	1,211	1,211		1,011
Coastal environment improvement project costs	1,420	1,420		349
Urban redevelopment project costs	10,781	10,602		9,822
City-managed housing costs	29,720	29,408		6,572
Airport development costs	4,121	4,121		644
Total	727,123	724,791	1,780	170,089

Airport account management revenues/expenses		
(¥ mn)	2010	2011
Revenue		
Arrival/departure & holding fees	614	740
Prefectural expenditures	266	229
Loans in other accounts	-	186
Other	1,084	1,028
Expenditure		
City bond redemption	1,369	1,567
Other	595	616

Future measures

- Improve convenience
Encourage airlines to add flights, establish new flights, and increase flight equipment
- Enhance functions, ease regulations
Request that the government extends operating hours and arrival/departure slots

- The total for the 7 accounting items was a surplus of ¥6.9 billion (surplus in 5 accounts and deficits in 2 accounts)
- The deficit in the sewage works business was ¥209 million, mainly due to a disposal loss at the Chubu treatment plant
- Despite measures to enhance management efficiency in the high-speed railway works business was ¥778 million, due mainly to a decrease in passengers

(¥ mn)

Accounting item	Sewage works	Port operations	Urban development	Automotive operations	High-speed railway operations	Waterworks	Industrial waterworks	
Revenue and expenditures	Revenues	23,010	22,416	19,507	12,854	21,979	34,467	1,430
	Expenses	23,219	16,893	18,160	12,703	22,757	33,936	1,108
	Difference	△ 209	5,523	1,347	151	△ 778	531	322
Balance sheet items	Assets	784,215	1,103,595	462,501	21,815	295,528	344,089	20,478
	Liabilities	12,987	13,530	86,184	4,700	65,316	13,212	565
	Capital	771,228	1,090,065	376,317	17,115	230,212	330,877	19,913
	Corporate bonds portion	155,588	268,928	260,213	5,059	144,763	40,625	4,737

High-speed railway works
Revenue/expenses
by routes

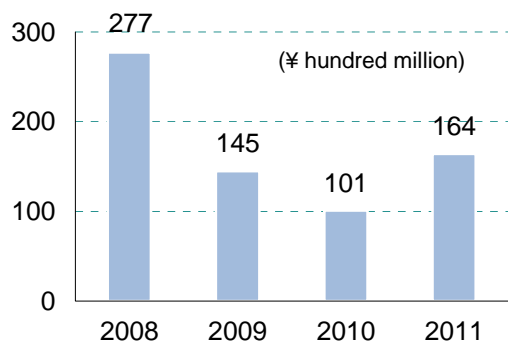
	Seishin-Yamate Line		Kaigan Line	
Date opened	1977~1987		2001	
Operating distance	22.7km		7.9km	
(¥ mn)	2010	2011	2010	2011
Operating revenue	18,134	18,198	1,957	2,012
Operating expense	12,384	12,355	6,156	6,155
Depreciation expense portion	4,756	4,610	3,779	3,627
Recurring profit/loss	5,433	5,247	△ 6,064	△ 6,025

Measures to improve revenues

- Promote business inside train stations
 - Increase ATM installation
 - Turn sales stalls into convenience stores
- Promote areas along lines
 - Home's Stadium and INAC Kobe
 - Invite the building of large-scale facilities that attract customers
- Improve management efficiency
 - Outsource train station operations
 - Continue with one-man driving

- Create a city with complex functions by supplying industrial land with the objective of providing residential land and fortifying management base
- Repay bonds issued to cover costs of land development using the revenue from land sales
- Promote land sales via measures for inviting companies to Kobe while building up reserves

Land sales revenue



(¥ hundred million)	2010	2011
Assets		
Salable land	2,903	2,788
Cash and deposits	1,348	1,209
Other fixed and current assets, etc.	626	628
Total	4,877	4,625
Liabilities & capital		
Fixed and current liabilities	871	862
Outstanding number of city bonds	2,865	2,602
Other capital and surplus capital	1,141	1,161
Total	4,877	4,625

Measures for inviting companies

■ Preferential tax system

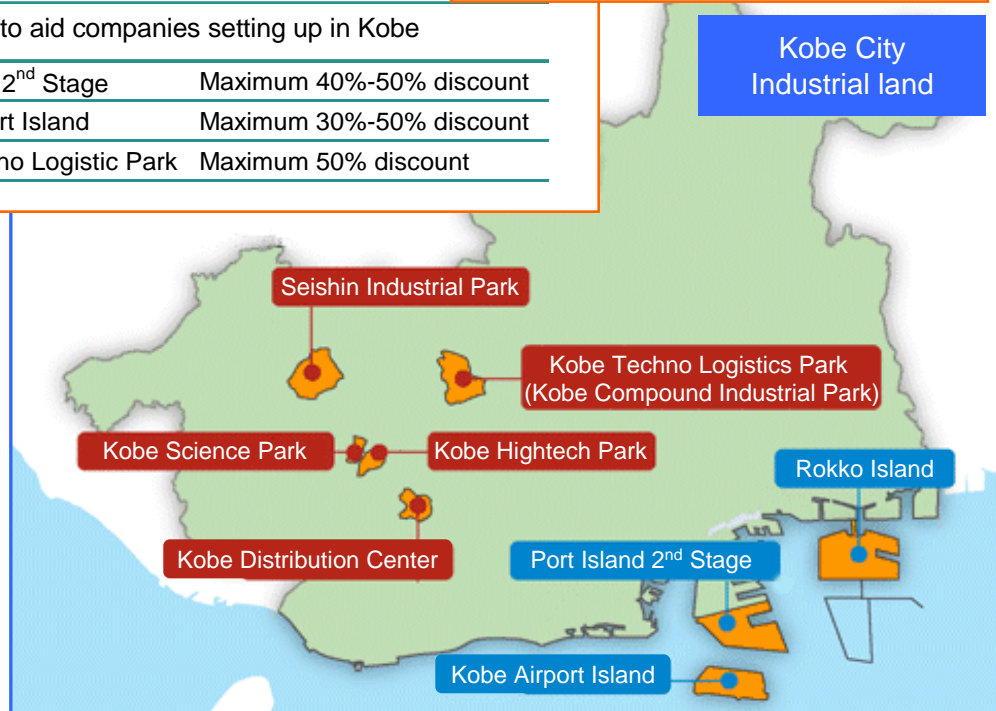
Fixed asset tax	50% decline (3-years)
Urban planning tax	50% decline (3-years)
Business tax	Fixed asset rate 50% decline (3-years)
Real estate acquisition tax	50% decline (¥200 mn limit)

- Certification as a designated business is required to be eligible for the preferential tax system
- Other aid includes various subsidies and low-interest financing
- Real estate acquisition tax has to be filed with Hyogo prefecture
- Discounts vary depending on factors such as investment amount, number of employees, and reduction of environmental burden

■ System to aid companies setting up in Kobe

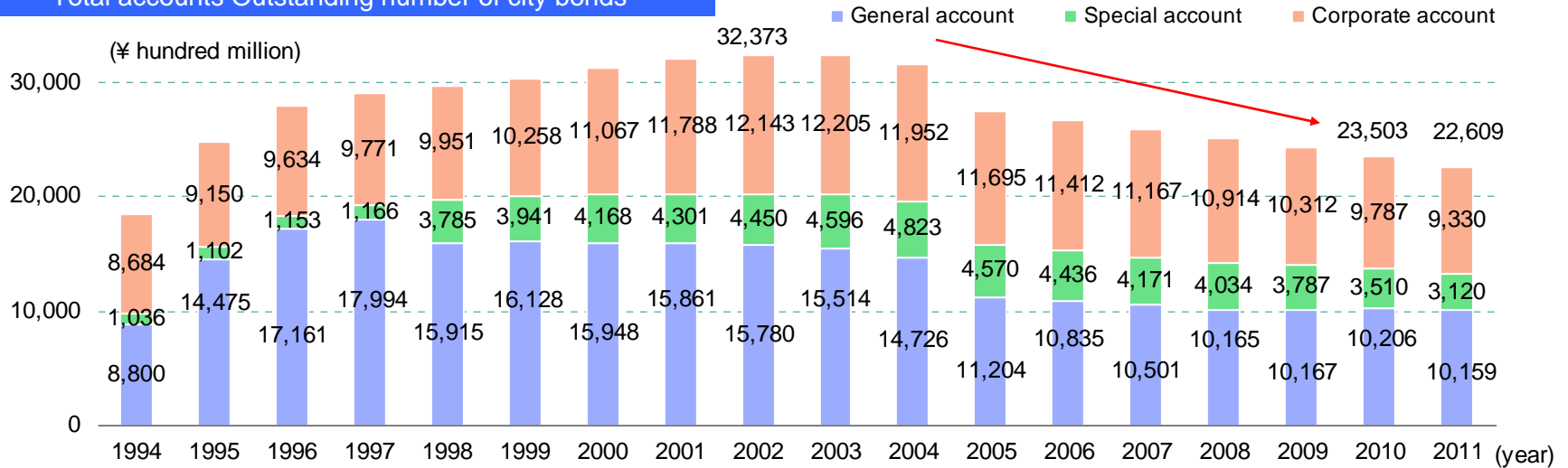
Port Island 2 nd Stage	Maximum 40%-50% discount
Kobe Airport Island	Maximum 30%-50% discount
Kobe Techno Logistic Park	Maximum 50% discount

Kobe City Industrial land



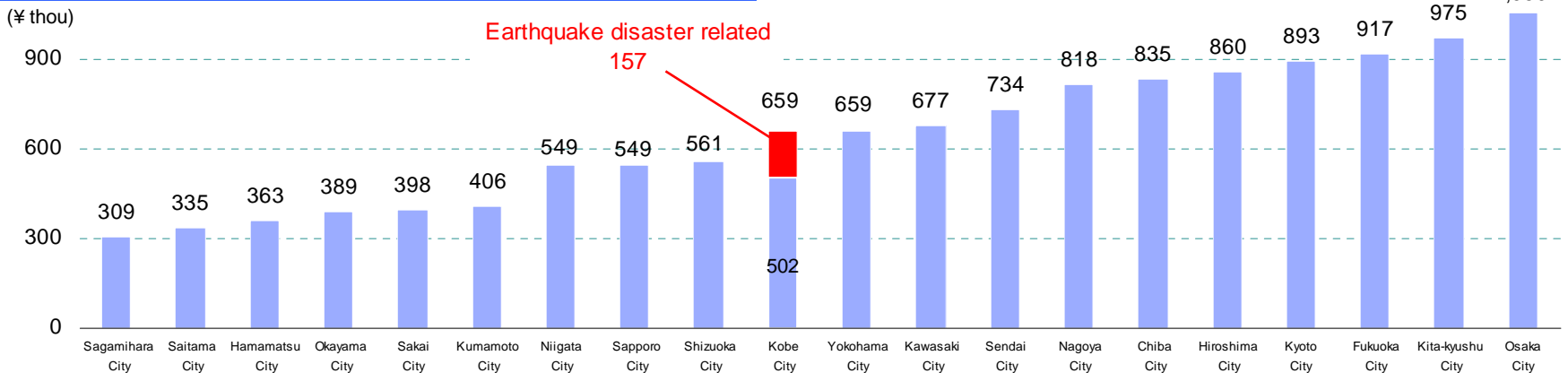
■ Curb investment outlays by clearly prioritizing businesses and emphasizing policies, and thereby reducing the outstanding balance of city bonds

Total accounts Outstanding number of city bonds



■ Kobe ranks 10th among government-designated cities, 7th when excluding quake-related bonds

General account Outstanding number of city bonds per citizen



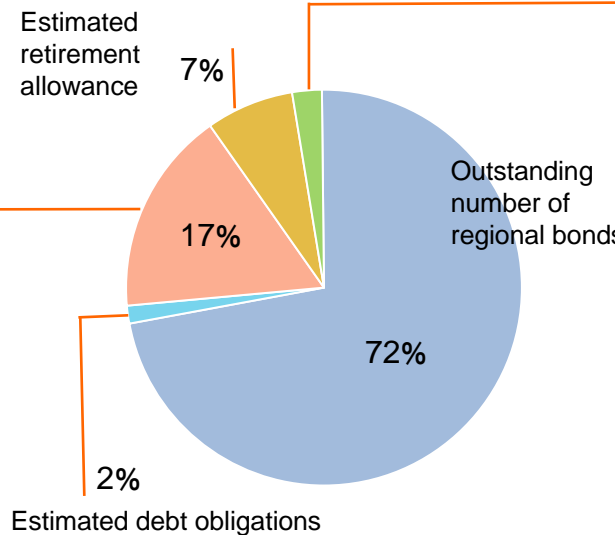
- All of the indicators are below the criteria for achieving quick fiscal health
- Indicators reflect the measures carried out this far, including the reduction of its outstanding balance for city bonds and sustaining surplus in primary balance.
- Loss compensation from auxiliary organizations, which are under review, has already factored in as future cost burden

	2009	2010	2011	Weighted-average for gov-designated cities	Criteria for quick return to fiscal health	Criteria for fiscal revitalization
Real deficit ratio	-	-	-		11.25%	20%
Consolidated real deficit ratio	-	-	-		16.25%	30%
Real debt payment ratio	13.9%	12.9%	12.1%	12.1%	25%	35%
Future burden ratio	175.6%	172.4%	152.6%	162.1%	400%	

Expected transfer to special and other accounts
(¥ hundred million)

Agricultural community sewer program costs	106
Urban redevelopment project costs	650
Sewage works	548
Port operations	720
Urban development	134
Automotive operations	7
High-speed railway operations	540
Waterworks	2
Others	123
Total	2,830

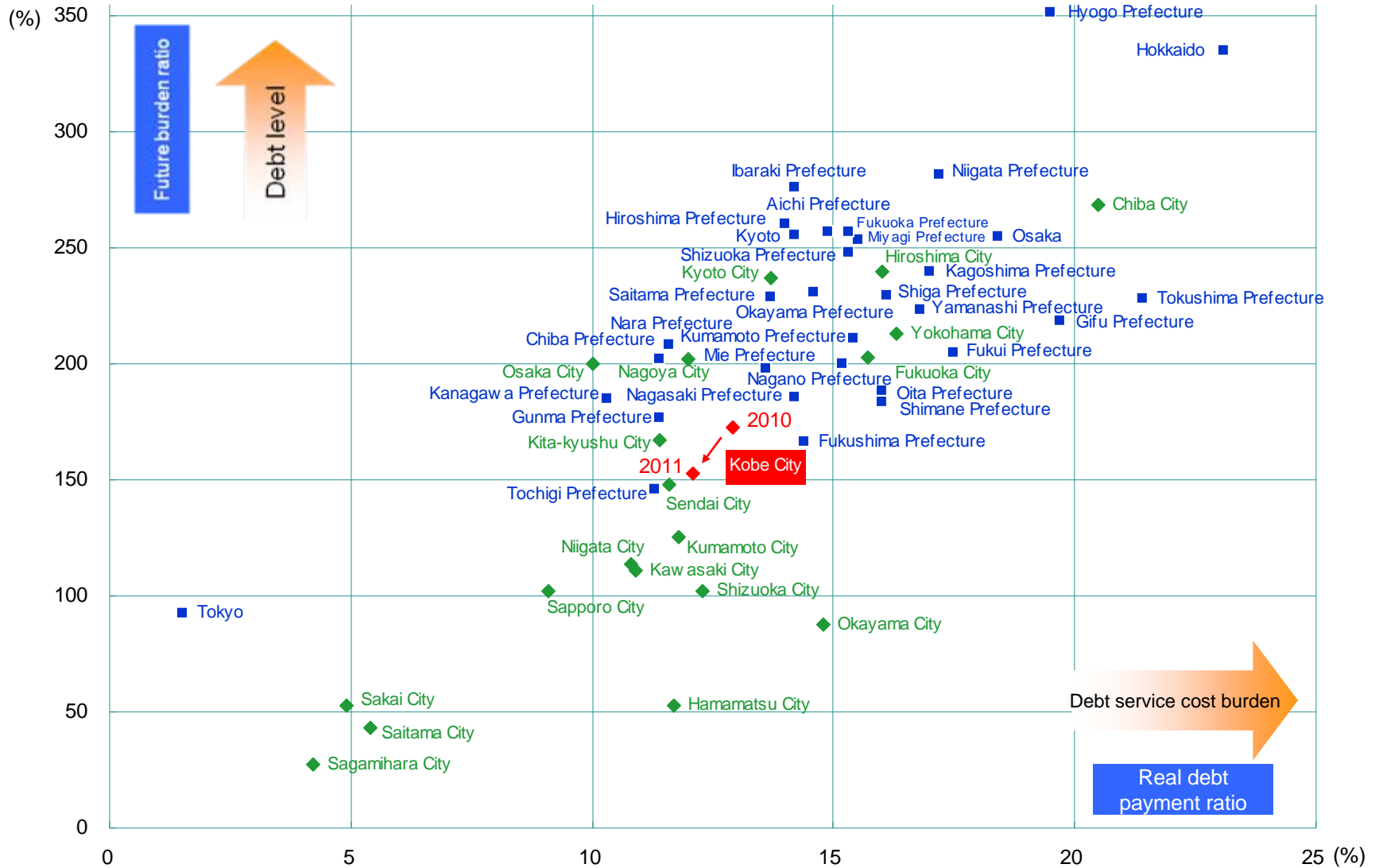
Future burden ¥1,670.0 bn



Expected burden from loss compensation from auxiliary organizations
(¥ hundred million)

Road Public Corporation	0
Land Development Public Corporation	0
Kobe New Transit	4
Kobe Rapid Transit Railway	5
Foundation for Biomedical Research and Innovation	10
Kobe Airport Terminal	3
Kobe Port Terminal	18
Housing Supply Corporation	251
Maiko Villa	101
Others	9
Total	401

■ Fiscal health indicators are moving to a level that is not inferior compared with those of other market issuers



City of Kobe
Administrative & fiscal reforms

- Quickly break free from restoration, reconstruction and critical fiscal condition caused by the Great Hanshin-Awaji Earthquake
- Continue with administrative and fiscal reforms to carry out the mission of government to protect the lives, safety, and peace of mind of our citizens

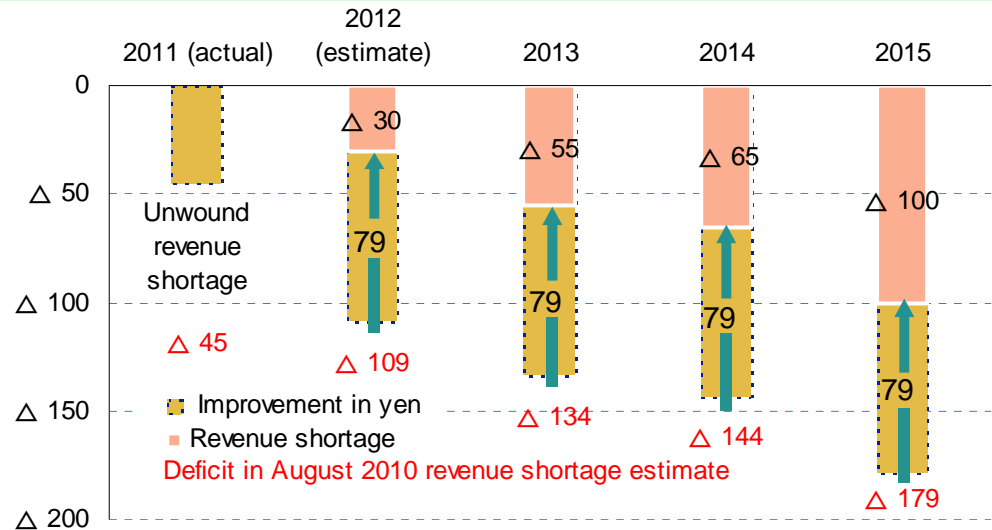
	Kobe City administrative and fiscal improvement emergency 3-year plan	New administrative and fiscal improvement measures	Administrative management policies
Period	1996-1998	1999-2003	2004-2010
Primary balance	Surplus from 1997 onward		
Review of business operations Introduce private-sector resources	→		
Total number of employees	cut 536 workers	cut 1,649 workers	cut 3,379 workers
General account real city bond outstanding balance	¥595.1 bn reduction		
Fiscal benefit	roughly ¥290.0 bn		

General account forecast disclosed Aug. 2010

- Ongoing population decline, low birth rate, and aging society
- Increase in social security costs and medical costs

↓
Forecasted revenue shortage

Promptly carry out administrative and fiscal reforms to quickly resolve the revenue shortage

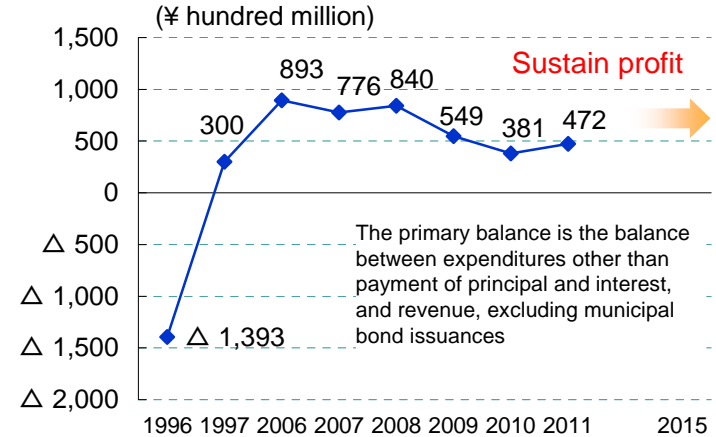


■ From 2011 to 2015, further promote the administrative and fiscal reforms that we have devoted ourselves to thus far

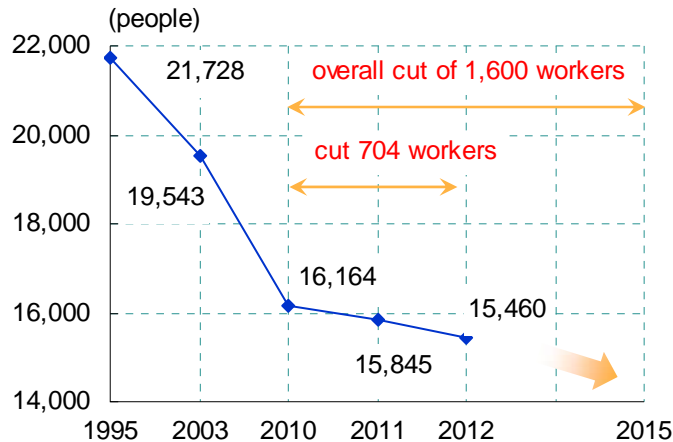
Select and focus on specific businesses

- Revamp work processes
Promote efficient work methods
Effective use of limited human resources
- Introduce optimal methods, including the use of private-sector resources, discern public and private sector roles, privatization, outsourcing to the private sector, designated management system

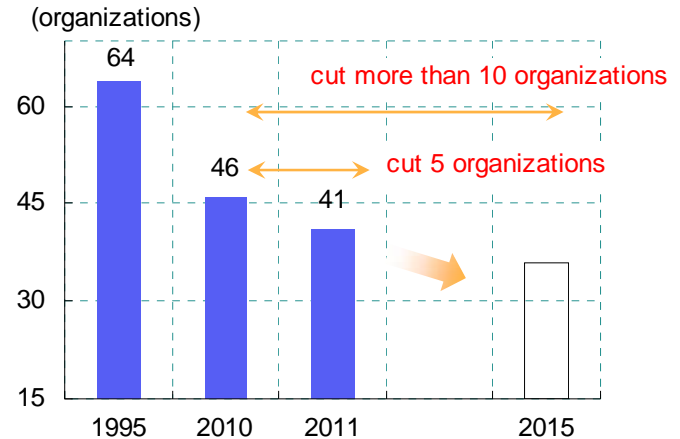
Sustain surplus in primary balance



Cut 1,600 workers



Cut 10 or more auxiliary organizations



- Based on the basic policy of not leaving burdens with the next generation and not postponing problems, quickly promote management reforms at auxiliary organizations with the goal of minimizing the burden on citizens and achieving transparency

End of 2010
46 organizations

- [Integration]
 - Sports Association for the Disabled
- [Change in investment ratio]
 - Kobe International House
 - Clean Kobe Recycle
- [Change in contribution]
 - Hyogo Health Service Association
- [Liquidation]
 - Disaster Prevention Corporation

End of 2011
41 organizations

- [Liquidation]
 - Kobe City Air Terminal
- [Integration]
 - Development & Management Foundation

Scheduled for shut down

- [Liquidation]
 - Land Development Public Corporation

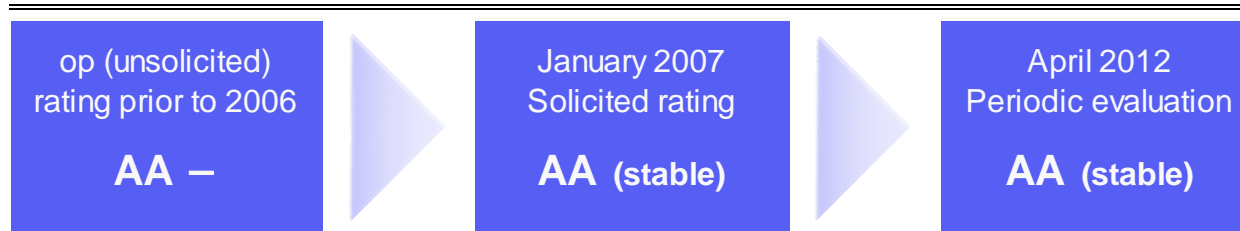
End of 2012
(planned)
38 organizations

Review committee for an ideal organizational structure, consisting of outside experts, is to study the following organizations

- Kaijo Access: Kobe-Kansai Airport Bay Shuttle
Plan to **clear the company's deficit and stabilize its management base** by securing necessary new capital by going through civil reorganization, while maintaining air routes as they are a public service.
- Maiko Villa [Kobe Marine Hotels] : hotel management
In addition with talks on dissolving the ownership plan, sustain the hotel functions and sell or lease the business **based on a proposal from a private-sector company; make a decision on the business method in or after 2013.**
- Housing Supply Corporation
From the perspective of protecting residents and related parties, file for civil reorganization to **transfer the business to Kobe City Urban Development or another company, after which debt is to be settled and the company liquidated**

- From January 2007, issuers were 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 for rating evaluation

- Economic strength**
 Possibly sparking economic develop via the Kansai Innovation International Strategic Comprehensive Special Zone
- Debt level**
 Highly commended for steadily reducing the outstanding balance for city bonds, including bonds to fund extraordinary financial measures
- Direction of fiscal operations**
 Moving forward with management reforms at auxiliary organization. Although a substantial fiscal burden is unavoidable, commended for **the considerable reduction in risk of future additional fiscal burden.**

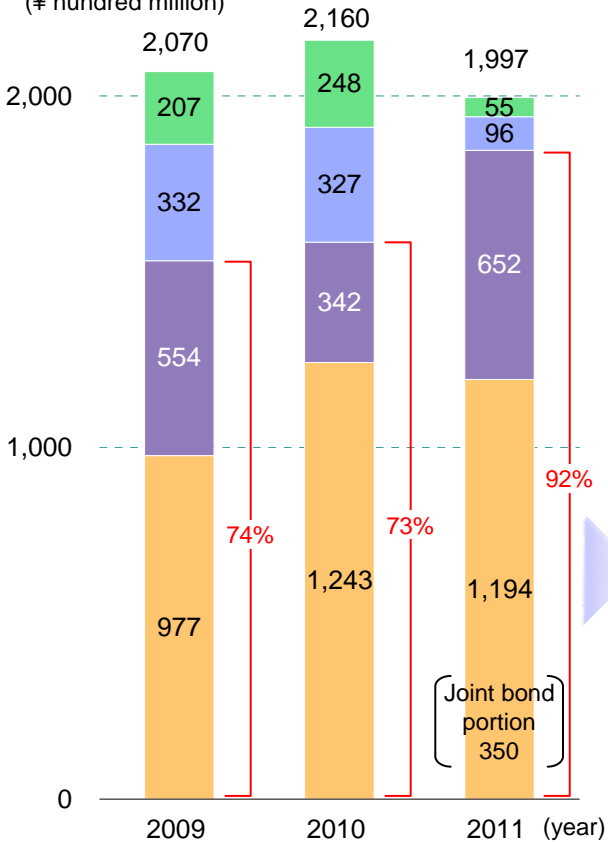
City of Kobe
Financing

- Increase the ratio of private capital that accounts for total investments and outstanding bonds
- Increased importance of stable public financing, mainly public subscription bonds

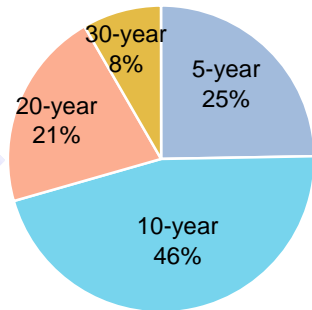
Issues by type of financing

Issuances are on a revenue basis, including refunding bonds

(¥ hundred million)

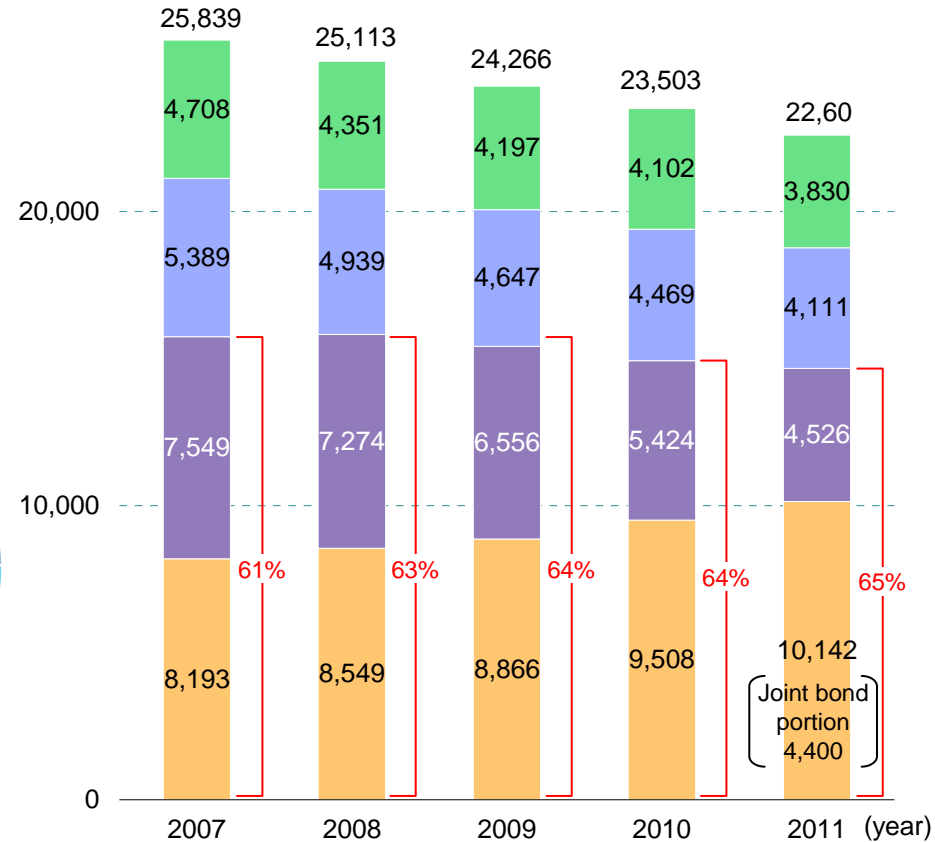


2011 Public subscription bonds Breakdown by term



Outstanding financing balance

(¥ hundred million)



- Japan Finance Organization for Municipalities
- Fiscal financing capital
- Underwriting, including banks, etc.
- City public subscription bonds

- Japan Finance Organization for Municipalities
- Fiscal financing capital
- Underwriting, including banks, etc.
- City public subscription bonds

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

(¥ hundred million)

Bond term	2012	May	June	July	August	September	October	November	December	2013	February	March	Total
	April									January			
5-year bond					100 0.236%		100					200	
10-year bond			100 0.891%				100					200	
Ultra-long bond					100 [20-year] 1.635%		100					200	
Flex framework Additional issuance and single issuance					50 Ultra-long bond additional issuance		150					200	
Joint bond (10-year)	50 1.058%	50 0.896%	30 0.891%	20 0.849%	20 0.777%	20 0.820%	20	10	10	10	10	50	300
Bonds underwritten by banks, etc.		100 0.79475%					600 [Syndicated loan, bidding, proposal request]					700	

In the lead manager underwriting method, a financial institution selected by issuers based on proposals serves as 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 (spread) based on prevailing market conditions.

Supplemental materials



Kobe Medical Device Development Center

Kobe Hybrid Business Center

Kobe City KIMEC Center Building

RIKEN Center for Molecular Imaging Science

K Computer

Kobe Healthcare Industry Development Center

Kobe Airport

Kobe International Business Center

Foundation for Biomedical Research and Innovation

K Computer Mae Station

Riken Center for Developmental Biology

Kobe Translation Research Informatics Center

Business Support Center for Biomedical Research Activities

Iryo Center Station

Kobe Biotechnology Research and Human Resource Development Center/ Center for Business Incubation
Kobe University

International Medical Device Alliance

Kobe International Frontier Medical Center (planned location)

Other facilities scheduled for opening

- Kobe Minimally Invasive Cancer Center
- Port Island Rehabilitation Hospital
- Child Chemo House
- Hyogo Prefectural Kobe Children's Hospital

Kobe City Medical Center General Hospital

To Sannomiya

Ratio of Current Expenditures to Revenue		Financial Capability Index		Consolidated Real Deficit Ratio		Real Debt Service Ratio		Future Burden Ratio	
Okayama City	87.4	Kawasaki City	1.041	Sapporo City	N/A	Sagamihara City	4.2	Sagamihara City	27.3
Hamamatsu City	87.7	Nagoya City	1.013	Sendai City		Sakai City	4.9	Saitama City	43.1
Niigata City	88.8	Saitama City	0.995	Saitama City		Saitama City	5.4	Sakai City	52.8
Kumamoto City	90.5	Sagamihara City	0.987	Yokohama City		Sapporo City	9.1	Hamamatsu City	52.9
Fukuoka City	90.9	Yokohama City	0.984	Kawasaki City		Osaka City	10.0	Okayama City	87.8
Shizuoka City	91.0	Chiba City	0.969	Sagamihara City		Niigata City	10.8	Sapporo City	101.9
Saitama City	92.3	Osaka City	0.912	Niigata City		Kawasaki City	10.9	Shizuoka City	102.0
Sapporo City	94.0	Shizuoka City	0.900	Shizuoka City		Kita-kyushu City	11.4	Kawasaki City	111.2
Yokohama City	94.0	Hamamatsu City	0.857	Hamamatsu City		Sendai City	11.6	Niigata City	113.7
Sagamihara City	95.4	Sendai City	0.852	Nagoya City		Hamamatsu City	11.7	Kumamoto City	125.3
Sakai City	95.5	Fukuoka City	0.840	Kyoto City		Kumamoto City	11.8	Sendai City	147.8
Kita-kyushu City	95.6	Sakai City	0.829	Osaka City		Nagoya City	12.0	Kobe City	152.6
Kobe City	96.1	Hiroshima City	0.804	Sakai City		Kobe City	12.1	Kita-kyushu City	166.9
Chiba City	96.3	Kyoto City	0.754	Kobe City		Shizuoka City	12.3	Osaka City	199.9
Kawasaki City	96.9	Okayama City	0.742	Okayama City		Kyoto City	13.7	Nagoya City	202.5
Hiroshima City	96.9	Kobe City	0.734	Hiroshima City		Okayama City	14.8	Fukuoka City	202.9
Kyoto City	98.8	Niigata City	0.695	Kita-kyushu City		Fukuoka City	15.7	Yokohama City	213.0
Osaka City	99.5	Sapporo City	0.691	Fukuoka City		Hiroshima City	16.0	Kyoto City	237.2
Nagoya City	99.8	Kita-kyushu City	0.689	Kumamoto City		Yokohama City	16.3	Hiroshima City	239.9
Sendai City	101.5	Kumamoto City	0.667	Chiba City		Chiba City	20.5	Chiba City	268.5
Average	94.4	Average	0.848		2.43	Weighted average	12.1	Weighted average	162.1

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, include standard scope of finances municipal utility accounts, versus the standard financial scale

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

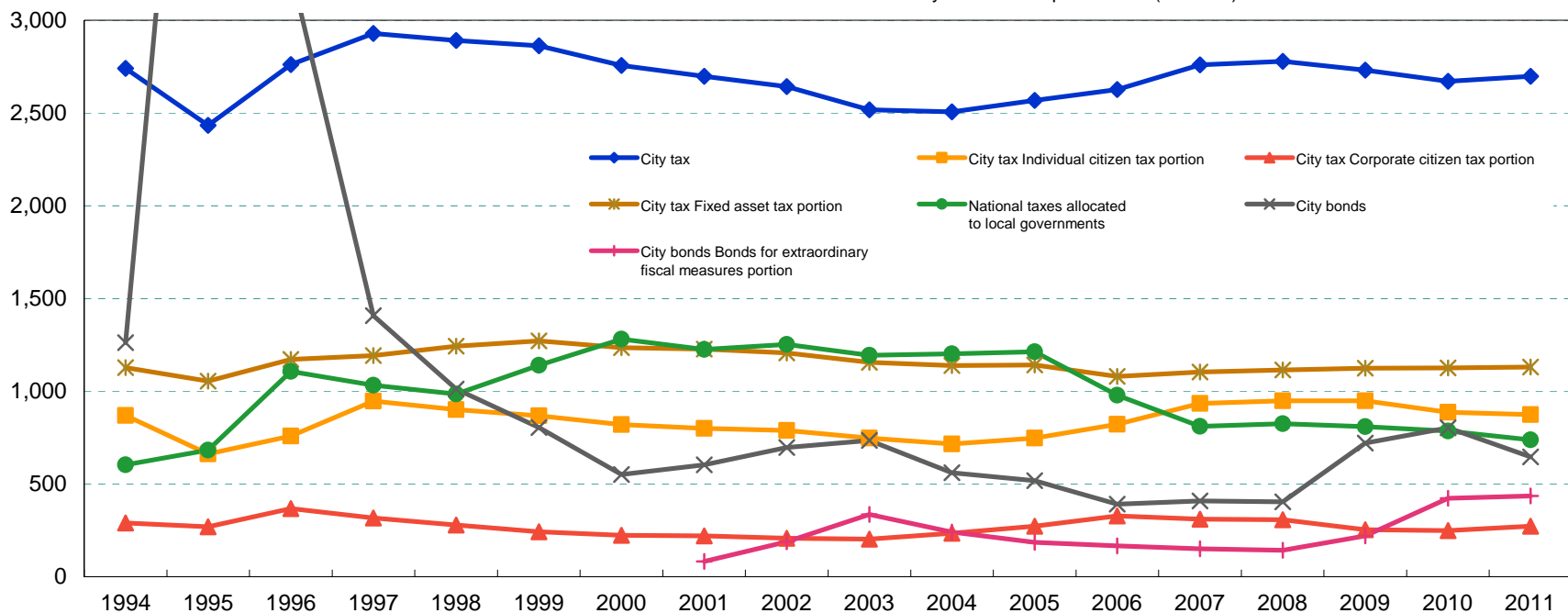
Future Burden Ratio: Ratio of actual liabilities that are a part of the standard financial scale to future burden, mainly in the general account, including burden mainly related to regional public corporations and public corporations that are compensating for losses.

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
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
Individual citizen tax	869	661	758	947	901	867	820	799	789	747	716	747	821	934	948	949	887	874
Corporate citizen tax	289	269	368	317	278	242	224	220	208	202	234	273	327	311	307	253	248	272
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
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
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
Bonds for extraordinary fiscal measures								83	188	336	241	185	167	151	142	220	423	435
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
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

2005 fiscal results exclude city bond redemption funds (revenue) related to contribution/loans for the restoration fund

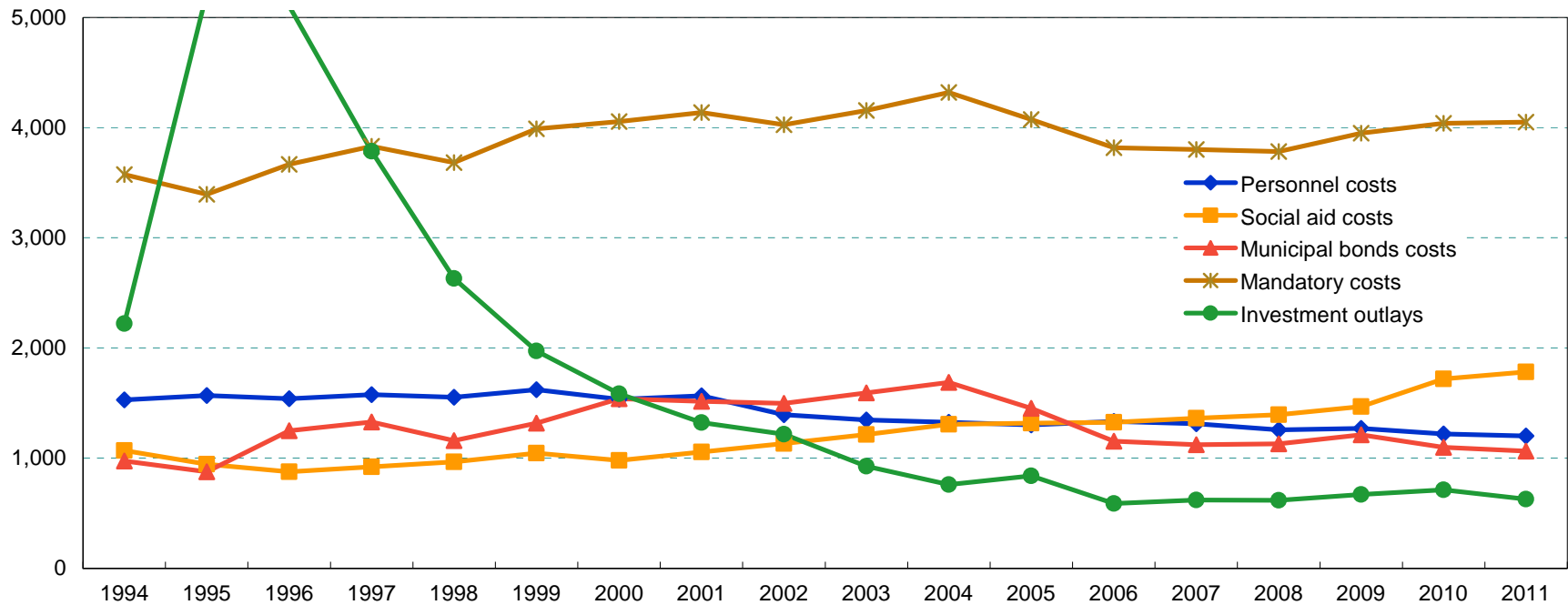


General account expense trends

(¥ hundred million)

Category/year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
Transferred fund	709	761	732	692	831	829	886	826	798	835	790	864	893	914	936	851	833	852
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
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
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%

2005 fiscal results exclude city bond redemptions (expenditures) related to contribution/loans for the restoration fund



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 2008	May 2008	Fiscal 2008 No. 1 municipal bond	¥20.0 bn	-	-	-	-	-	-	2.38%	¥100	2.380%	-	-	-
	July 2008	Fiscal 2008 No. 3 municipal bond	¥10.0 bn	-	-	-	1.76%	¥99.93	1.768%	-	-	-	-	-	-
	August 2008	Fiscal 2008 No. 4 municipal bond	¥10.0 bn	1.27%	¥99.99	1.272%	-	-	-	-	-	-	-	-	-
	February 2009	Fiscal 2008 No. 24 municipal bond	¥10.0 bn	-	-	-	-	-	-	2.08%	¥99.90	2.087%	-	-	-
	March 2009	Fiscal 2008 No. 28 municipal bond	¥15.0 bn	-	-	-	-	-	-	-	-	-	2.32%	¥99.93	2.323%
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%

For inquiries

Public Loan Section, Finance Division, Finance Department,
Administration and Finance Bureau, City of Kobe

6-5-1 Kano-Cho, Chuo-Ku, Kobe

TEL : (078) 322 - 5157

E-Mail : kousai@office.city.kobe.lg.jp

URL : <http://www.city.kobe.lg.jp/information/about/financial/>