



Municipal Bond Subdivision

Financial Affairs Department

City of Kawasaki

City of Kawasaki

Investor Presentation

October 2009

1. Overview of Kawasaki



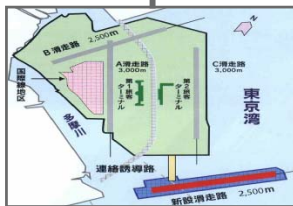
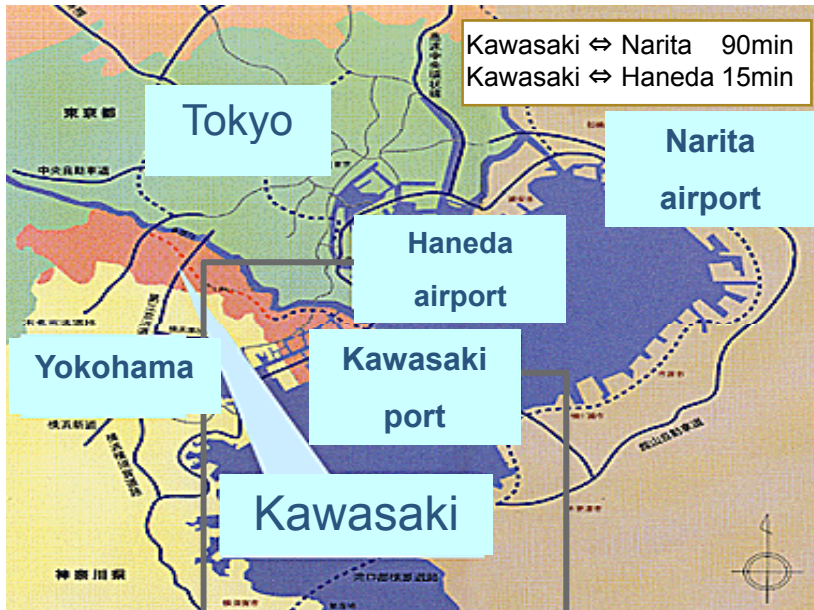
	Kawasaki	Japan
Population	1,408,309 (08/01/2009)	127,610,000 (02/01/2009)
Population growth rate	6.2% (FY2000→FY2005)	0.7% (FY2000→FY2005)
Average age	40.9 (08/01/2009)	43.3 (10/01/2005)
Labor force	737,210 (FY2005)	65,400,000 (FY2005)

	Kawasaki	Japan
Households	652,388 (08/01/2009)	52,320,000 (03/31現在)
Area	144.35 km ²	377,929.99 km ²
GDP	43.1 billion dollars (5 trillion yen) (FY2006)	4.37 trillion dollars (507 trillion yen) (FY2006)
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	
Foreign people	31,555 (from 120 countries) (06/30/2008)	2,152,973 (12/31/2007)
Foreign firms	115 (83 headquarters: 5th in Japan)	3,500

2. Characteristics and Advantages of Kawasaki

- 1 Convenient access
- 2 Top city for “industry and R&D”
- 3 Protecting the environment
- 4 Famous city for “art and culture”

Potential 1. Convenient access



Increase of capacity (1.4 times larger than now) by expansion
《111,000 flights in a year (152 flights in a day)》

Now (2005/10/01 ~)
30 flights in an hour
296,000 flights in a year
《405 flights in a day》



After expansion
40 flights in an hour
407,000 flights in a year
《557 flights in a day》

Convenient access to airports

- 90 minutes to Narita, 15 minutes to Haneda

Lots of railways and roads

- 18 minutes to Tokyo, 10 minutes to Yokohama (via railways)

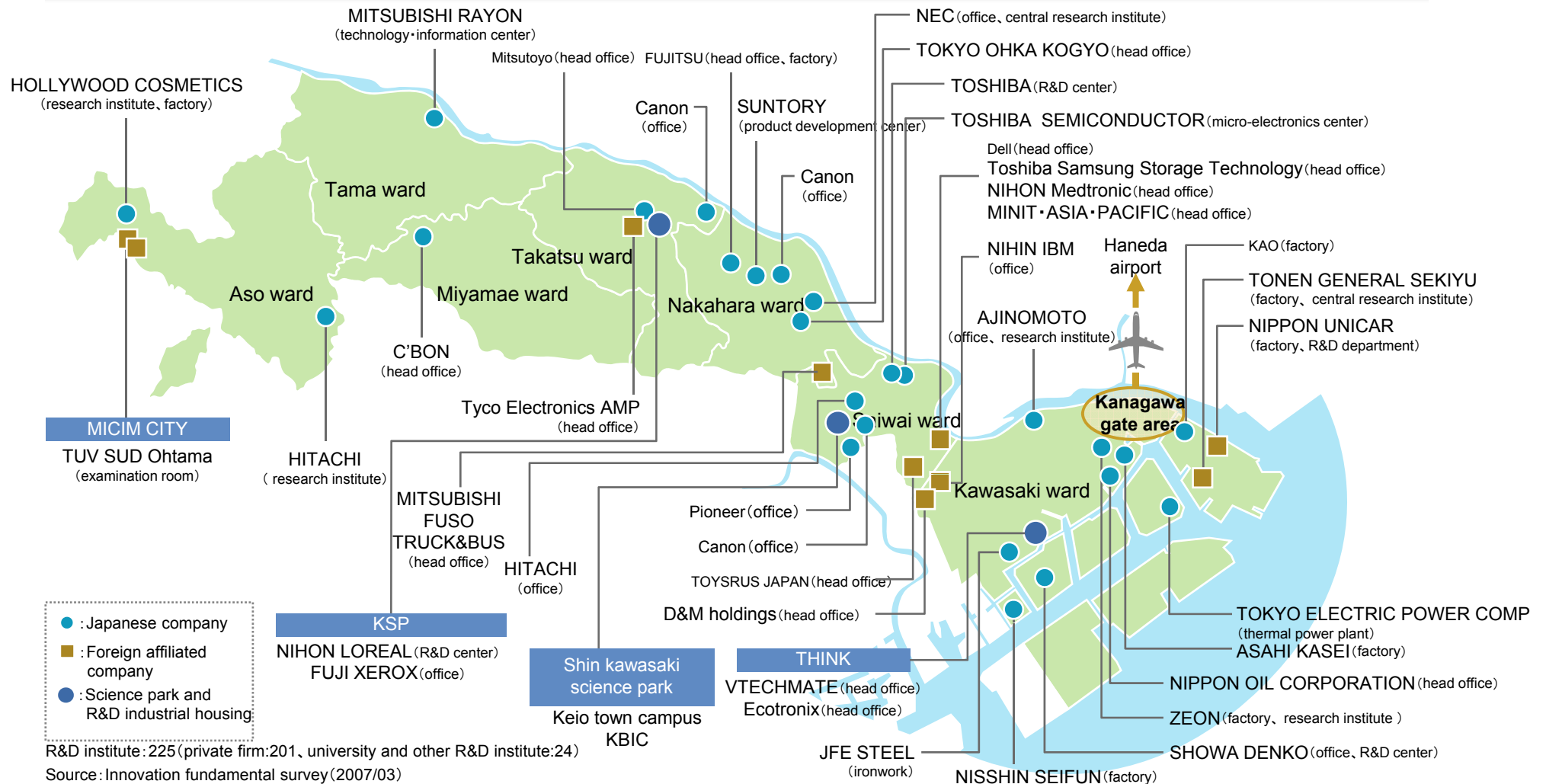
Extension and internationalization of Haneda (from October in 2010)

- Increase of capacity (1.4 times larger than now)
- Operation of short-distance international regular flights
- Expansion of international freight
- Plan for Kanagawa gate (making a gate from the airport on the opposite side of the airport (Kawasaki side) to create a new exchange base)



Potential 2. Top city for “industry and R&D”①

2 - 1 Global companies and major R&D institutions



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

2 - 2 Three Science Parks Contributing to Create New Industry

Kanagawa Science Park (KSP)

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

- The first (in 1989) and one of the largest science parks in Japan
- Home to 147 firms (March, 2009)

KSP



Shin-Kawasaki Science Park (KBIC、K²)

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

《Collaboration between academia and industry》

- The Kawasaki Business Incubation Center (KBIC)
 - Home to 21 firms and 6 university research projects (March, 2009)
- Keio University Shin Kawasaki Town Campus (K²)

KBIC
Kawasaki Business
Incubation Center



Techno Hub Innovation Kawasaki (THINK)

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

《Led by private organization》

- Home to 60 firms (March, 2009)

Th!nk
Techno Hub
INnovation
Kawasaki



Potential 2. Top city for “industry and R&D”③

2 - 3 Plan for Asian entrepreneur community

International contribution and regional revitalization in environment-related areas through business development in Asia by supporting entrepreneur in Asia
~People supported in an entrepreneur community become intermediaries of technology transfers in their homelands~

- Support for entrepreneurs in Asia
- Invitation of global firms
- Formation of research community

Support

- Management consulting, finance support, sales channel expansion, matching, publicity support etc
- Support in daily life, such as solution of problems in language, custom and communication, introduction of houses and medical institutions etc

Incentive

- Reduction of office rent in THINK (Techno Hub Innovation Kawasaki)
- Offer of various loan systems

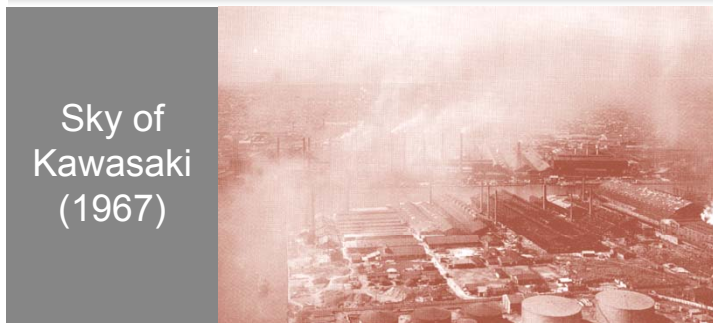
- Increased investment in Japan
- Expansion of business chance
- Revitalization of regional economy and creation of employment
- International contribution by transferring environmental technology abroad

THINK (base of Asian entrepreneur community)



Potential 3. Protecting the Environment ①

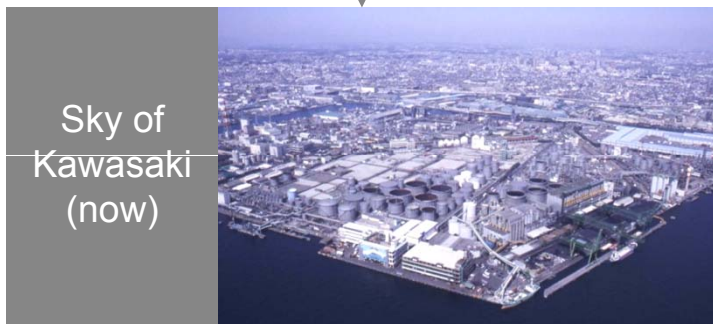
3 - 1 Experience in overcoming industrial pollution



Sky of Kawasaki (1967)

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

Significant improvement by measures taken together by firms, citizen and administration

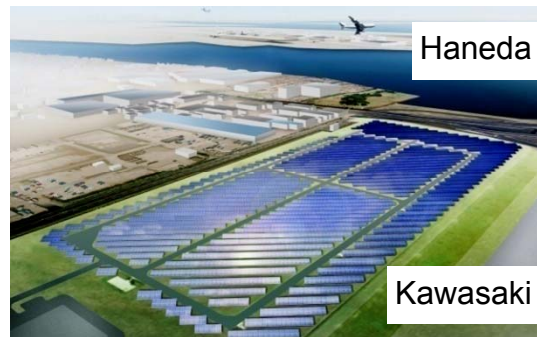


Sky of Kawasaki (now)

Air condition has been improved by various measures.

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

- I Promotion of environment measures making use of characteristics and advantages of Kawasaki
- II Promotion of international contribution through environmental technology
- III Promotion of CO₂ reductions by collaboration among various entities



One of Japan's largest mega-solar power plants will be constructed in collaboration with companies along the sea (scheduled to start operating in 2011)



recycling factory producing resin for pet bottle by using old pet bottle 「PET REFINE TECHNOLOGY」



Source : electromobile research group of Keio university

Electromobile developed at K2 town campus 「ELiica」 → able to run 100 km by electricity bill of about 1 dollar

Potential 3. Protecting the Environment ②

3 - 3 International contribution through significant technologies

Participation in Eco Expo Asia 2008 (in Hong Kong)



- Signing “ memorandum about industry·economy cooperation” with Fred Lam, Executive Director of the Hong Kong Trade Development Council

Kawasaki International ECO-Tech Fair 2009



Exhibitors	117 groups / 199 booths
Visitors	8,000
Visitors from abroad	150
Features	<ul style="list-style-type: none"> ① Consideration of intellectual property morals ② Exhibitions of advanced environmental technologies ③ Inspection of eco-town project along the sea

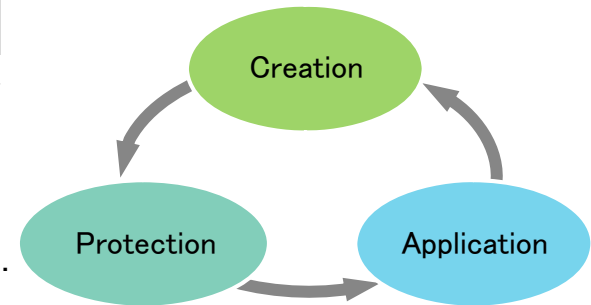
Potential 3. Protecting the Environment ③

3 - 4 Intellectual property strategy

Kawasaki intellectual property strategy (Feb, 2008)

Main policies

- ① We will become an area where new industries are created one after another by making use of regional resources and promoting creation, preservation and the use of the intellectual property.
- ② In order to promote creation, preservation and the use of the intellectual property, we will become an advanced city to create and promote intellectual property morals.



Asia Intellectual Property Forum in Kawasaki
04/19/2008



- Promotion and share of intellectual property morals (precondition for technology transfer)
- Declaration with Asian people there to understand “intellectual property” and realize a society of respect

Asia Intellectual Property Forum in Hong Kong
12/03/2009



HKCEC (:HONG KONG Convention & exhibition Centre)

Potential 4. Famous city for “art and culture”

Kawasaki : City of music



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



MUZA KAWASAKI SYMPHONY HALL
5th anniversary concert

Wine-yard-style hall with
one of Japan’s largest pipe organ and
stage surrounded by seats



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Museum



KAWASAKI MUTON

3. Reference data

1 Comparison of financial condition with other cities designated by government ordinance

- Ratio of independent source of revenue ·Financial index
- Analysis of tax revenue structure
- Analysis of expenditure structure
- Four ratios of finance restructuring ·Primary balance

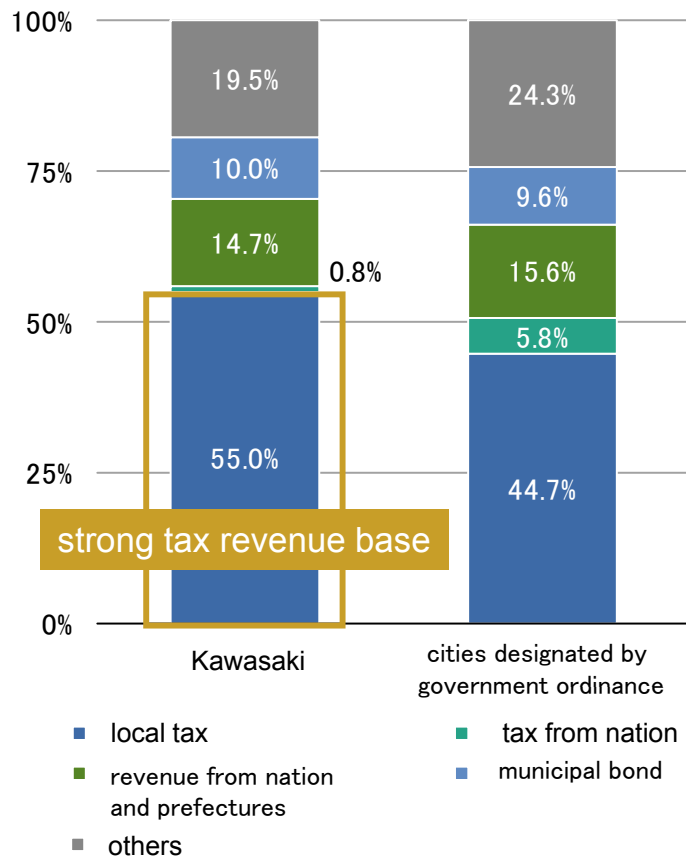
2 Financial data

- Kawasaki City General Account Balance Trends
- Kawasaki City Overall Balance Sheet
- Consolidated balance sheet including Affiliated Organizations
- Administrative cost statement
- FY2009 Kawasaki bond issue plan

1. Comparison of financial conditions with other major cities

Ratio of independent source of revenue (general account)

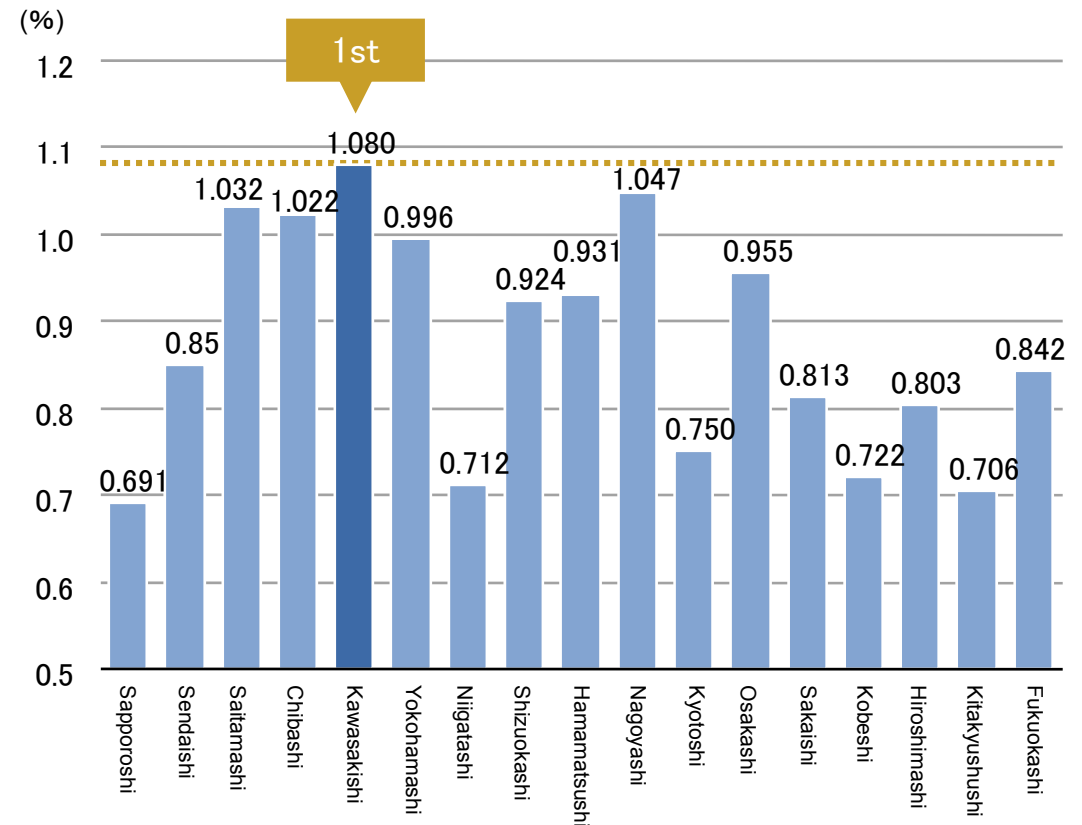
Ratio of independent source of revenue 69.7%



* Comparison of cities designated by government ordinance based on settlement of accounts (FY2007)

Financial index

Financial index (FY2008) 1.080



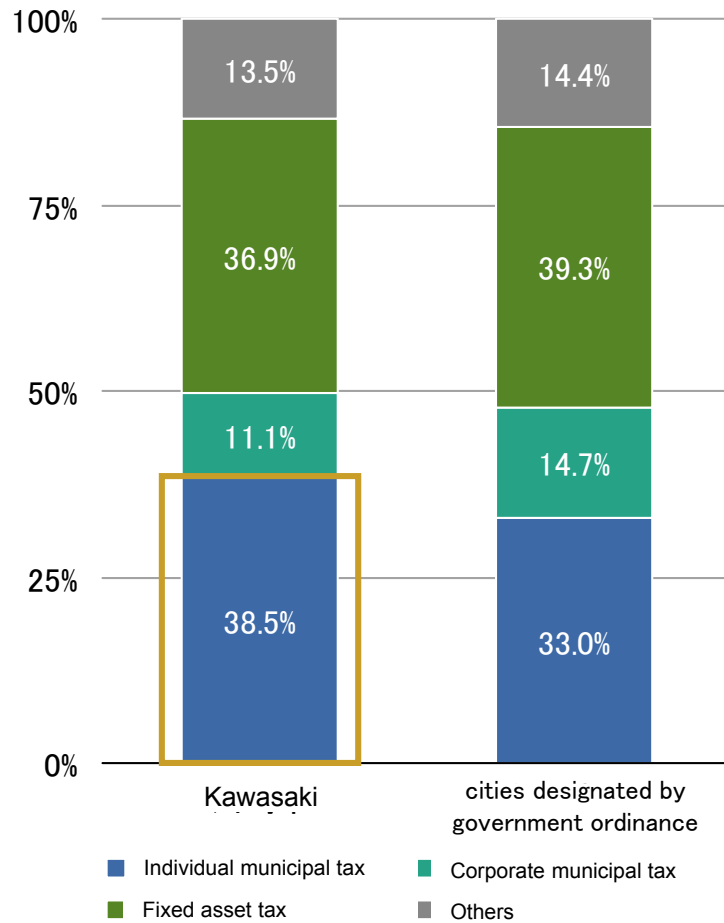
* Average score between FY2006~FY2008

* Calculated by Kawasaki based on public data of each city

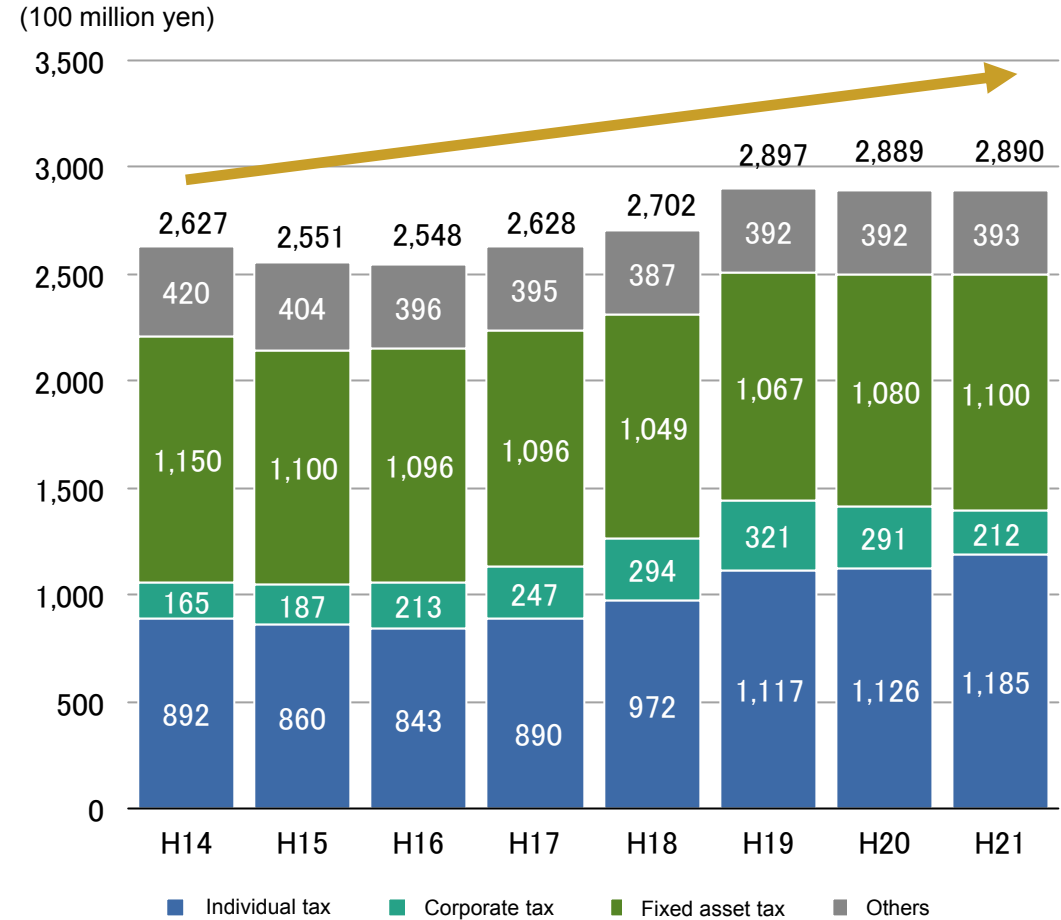


Analysis of Tax Revenue Structure

High percentage of individual municipal tax



State of tax revenue (increasing steadily)

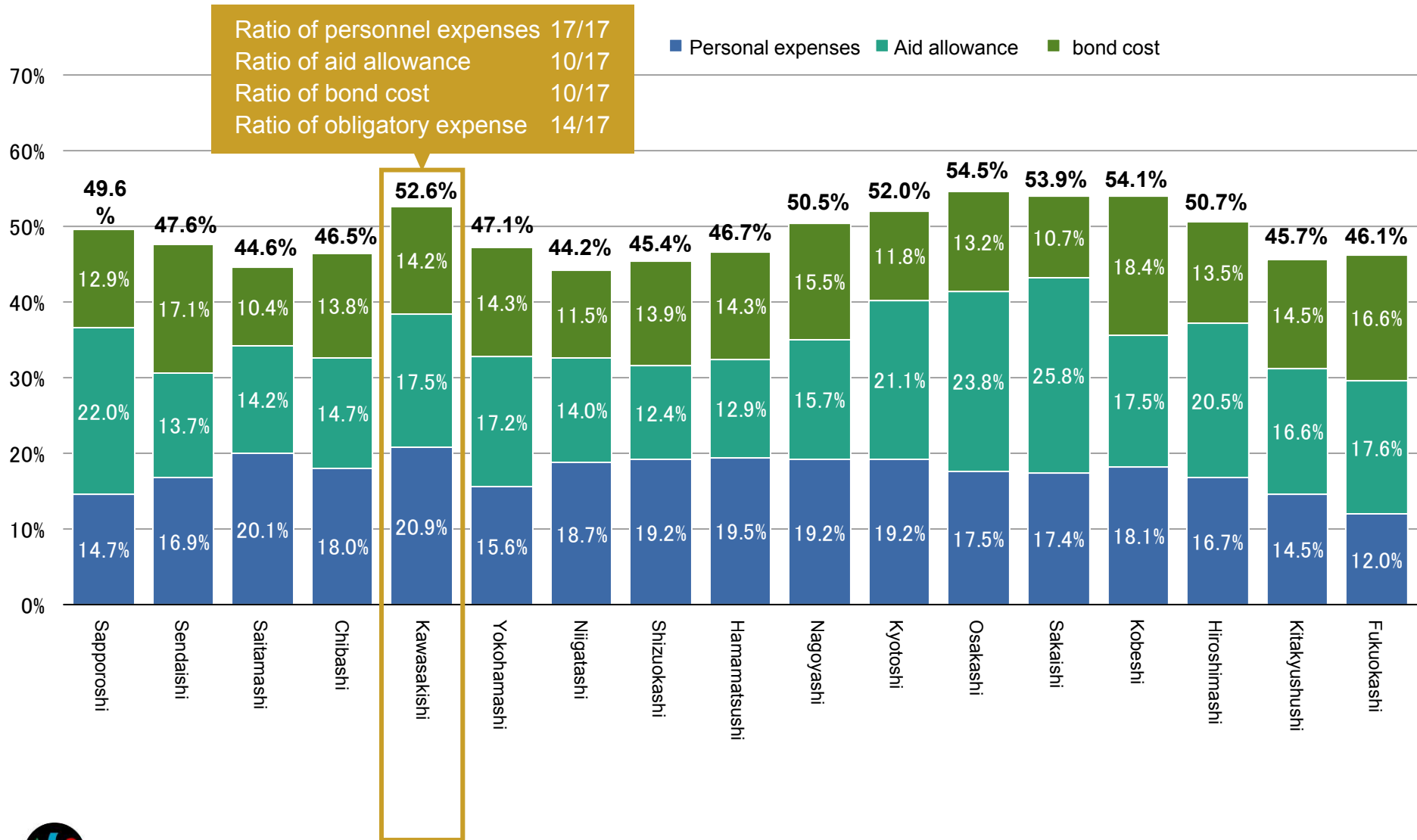


* Comparison of cities designated by government ordinance based on settlement of accounts (FY2007)

*Initial budget (FY2008,2009)

Analysis of Expenditure Structure (general account)

Comparison of obligatory expense with expenditure



4 Ratios of Finance Restructuring Law & Primary Balance

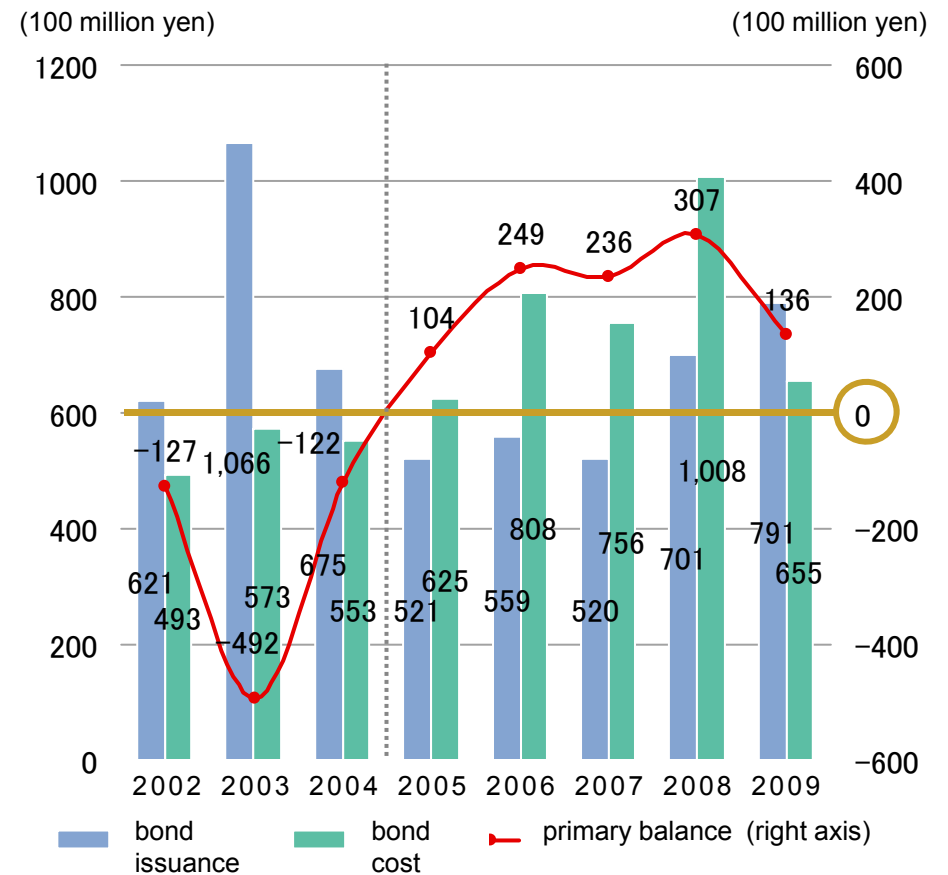
4 Ratios of Finance Restructuring Law

Percentages under the criteria of early restructuring organization

4 ratios of local finance restructuring law	Kawasaki settlement of accounts FY2007 (estimate)	[reference] Criteria for early restructuring
Real deficit ratio	— (not in the red)	11.25%
Consolidated deficit ratio	— (not in the red)	16.25%
Real bond cost ratio	16.3%	25.0%
Future burden ratio	147.3%	400.0%

Primary Balance

Positive scores since FY2005



*initial budget (FY2008, 2009)

Kawasaki City General Account Balance Sheet Trends

(Unit: 100 million yen; %)

Classification		FY03-end	FY04-end	FY05-end	FY08-end	FY07-end	Balance	Change
Assets	1. Tangible Fixed Assets	18,860	19,067	19,272	19,460	19,624	164	0.8
	General administration expenditure	1,100	1,081	1,050	1,029	1,008	- 21	- 2.0
	Public works expenditure	11,457	11,644	11,808	11,939	12,098	159	1.3
	Commerce & industry expenditure	297	291	286	281	276	- 5	- 1.8
	2. Investments, others	1,833	1,929	1,967	2,008	2,104	96	4.8
	3. Liquid assets	322	337	371	276	298	22	8.1
	Total	21,015	21,333	21,610	21,744	22,026	282	1.3
Liabilities	1. Fixed liabilities	8,940	9,102	9,051	8,887	8,486	- 401	- 4.5
	Municipal bonds	8,133	8,306	8,259	8,119	7,763	- 356	- 4.4
	2. Current liabilities	387	475	561	579	870	291	50.4
	Total	9,327	9,577	9,612	9,466	9,356	- 110	- 1.2
Net Assets	1. Treasury disbursements	2,260	2,299	2,360	2,373	2,416	43	1.8
	2. Prefecture disbursements	252	248	243	238	233	- 5	- 2.1
	3. General revenue, others	9,176	9,209	9,395	9,667	10,021	354	3.7
	Total	11,688	11,756	11,998	12,278	12,670	392	3.2
Indicator	Net Asset Composition Ratio (%)	55.6	55.1	55.5	56.5	57.5	1.1	—

Kawasaki City Overall Balance Sheet (FY07-end)

(Unit: 100 million yen)

(Unit: 100 million yen)

Classification	General Account	Special Account	Public Enterprise Account	Simple Total	All Accounts	
Assets	1. Tangible Fixed Assets	19,624	1,387	10,482	31,493	31,493
	Public works expenditure	12,098				
	Education expenditure	3,927				
	Sanitation expenditure	1,603				
	General administration expenditure	1,008				
	Others	988				
	(land)	(10,498)				
	2. Investments, others	2,104	157	192	2,453	1,597
	Investments, stakes	1,325	0	116	1,441	585
	Loans	419	37	0	456	456
	Funds, others	360	120	76	556	556
	3. Liquid assets	298	170	448	916	844
	Cash / deposits	148	20	262	430	426
	Accounts receivable	150	150	186	486	418
	4. Deferred accounts		0	0	0	0
	Total Assets	22,026	1,714	11,122	34,862	33,934

Classification	General Account	Special Account	Public Enterprise Account	Simple Total	All Accounts		
Liabilities	1. Fixed Liabilities	8,486	229	5,241	13,956	13,956	
	Municipal bonds	7,763	205	5,033	13,001	13,001	
	Debt service	73	0	0	73	73	
	Allowances	650	24	208	882	882	
	2. Current liabilities	870	26	628	1,524	1,485	
	Planned municipal bond redemption amount for following year	870	26	381	1,276	1,276	
	Others		0	247	247	209	
	Total	9,356	255	5,869	15,480	15,441	
	Net Assets	1. Treasury disbursements	2,416				
		2. Prefecture disbursements	233				
3. General revenue, others		10,021					
Total		12,670	1,459	5,253	19,382	18,493	
Total Liabilities / Net Assets	22,026	1,714	11,122	34,862	33,934		

- In order to better clarify the overall financial conditions of Kawasaki City from the stock perspective, from fiscal 2000 the city has been preparing a balance sheet based on national standards that includes not only the general accounts, but also special accounts and
- When comparing this overall balance sheet to the previous year, assets increased 15.8 billion yen, liabilities decreased 26.8 billion yen and net assets (worth) increased 42.6 billion yen.
- Furthermore, among the fixed tangible assets accumulated by the city, net assets now account for 53.4% of total assets (up 1 point from the previous year).
- When the balance sheet for all accounts is compared to the general account, the debt total becomes more apparent. The debt proportion in public enterprise accounts is bigger compared to general accounts as a higher proportion of municipal bonds are issued to provide funds for preparing fixed tangible assets used for normal and business activities.

Consolidated Balance Sheet Including Affiliated Organizations (tentative) (as of FY07-end)

(Unit: 100 million yen)

Classification	General Account	Special Account	Public Enterprise Account	Tertiary Sector	Simple Total	All Accounts	
Assets	1. Tangible fixed assets	19,624	1,387	10,482	662	32,155	32,155
	Public works expenditures	12,098					
	Education expenditures	3,927					
	Sanitation expenditures	1,603					
	General administration expenditures	1,008					
	Others	988					
	(land)	(10,498)					
	2. Investments, others	2,104	157	192	558	3,011	1,758
	Investments, stakes	1,325	0	116	0	1,441	522
	Loans	419	37	0	277	733	399
	Funds, others	360	120	76	281	837	837
	3. Liquid assets	298	170	448	680	1,596	1,518
	Cash deposits	148	20	262	107	537	532
	Accounts receivable	150	150	186	573	1,108	986
4. Deferred accounts		0	0	0	0	0	
Total Assets	22,026	1,714	11,122	1,900	36,762	35,431	

(Unit: 100 million yen)

Classification	General Account	Special Account	Public Enterprise Account	Tertiary Sector	Simple Total	All Accounts	
Liabilities	1. Fixed liabilities	8,486	229	5,241	1,287	15,243	14,910
	Municipal bonds	7,763	205	5,033		13,001	13,001
	Debt service	73	0	0	0	73	73
	Allowances	650	24	208	1,287	2,169	1,836
	2. Current liabilities	870	26	628	346	1,870	1,825
	Planned municipal bond redemption amount for following year	870	26	381	71	1,348	1,346
	Others		0	247	275	522	479
Total	9,356	255	5,869	1,633	17,113	16,735	
Net Assets	1. Treasury disbursements	2,416			0	2,416	4,920
	2. Prefecture disbursements	233		11	0	244	244
	3. Financing between other organizations and private sector				71	71	71
	4. General revenue, others	10,021	1,459	5,253	196	16,929	13,461
Total	12,670	1,459	5,253	267	19,649	18,696	
Total Liabilities / Net Assets	22,026	1,714	11,122	1,900	36,762	35,431	

Administrative Cost Statement (general accounts)

[Administrative Cost]

(Unit: million yen, %)

Item / FY	2006		2007		
	Amount	Proportion	Amount	Proportion	
Personnel Cost	(1) Personnel expense	95,598	24.1	93,320	23.5
	(2) Retirement allowance	10,153	2.6	9,203	2.3
	Subtotal	105,751	26.7	102,523	25.9
Non-personnel costs	(1) Equipment	50,837	12.9	53,026	12.9
	(2) Maintenance	5,539	1.4	5,445	1.4
	(3) Depreciation	47,958	12.1	48,708	12.3
	Subtotal	104,334	26.3	107,179	27.0
Transfer Payments	(1) Aid	84,406	21.3	90,549	22.8
	(2) Subsidies	42,964	10.8	42,351	10.7
	(3) Transfers	30,625	7.7	32,473	8.2
	(4) Normal construction expense (assistance to other organizations)	7,503	1.9	5,302	1.3
	Subtotal	165,498	41.7	170,675	43.1
Other costs	(1) Disaster recovery	0	0.0	0	0.0
	(2) Public debt expenditure (interest only)	16,049	4.0	15,049	3.8
	(3) Loss through non-payment	1,409	0.4	977	0.4
	Subtotal	17,458	4.5	16,026	4.5
Administrative costs A	393,041	99.2	396,403	100.0	

[Revenue Items]

(Unit: million yen, %)

Item / FY	2006		2007	
	Amount	Proportion	Amount	Proportion
1. User fees / commissions B	37,786	8.8	37,513	8.7
B / A	9.6%		9.5%	
2. Treasury (prefecture) disbursements C	59,519	13.8	65,173	15.1
C / A	15.1%		16.4%	
3. General revenue D	314,776	72.9	320,796	74.3
D / A	80.1%		80.9%	
4. Net asset Treasury (prefecture) expenditure depreciation E	8,150	1.9	8,344	1.9
Revenue (B+C+D+E)	420,231	97.3	431,826	100.0



FY2009 Kawasaki Bond Issue Plan

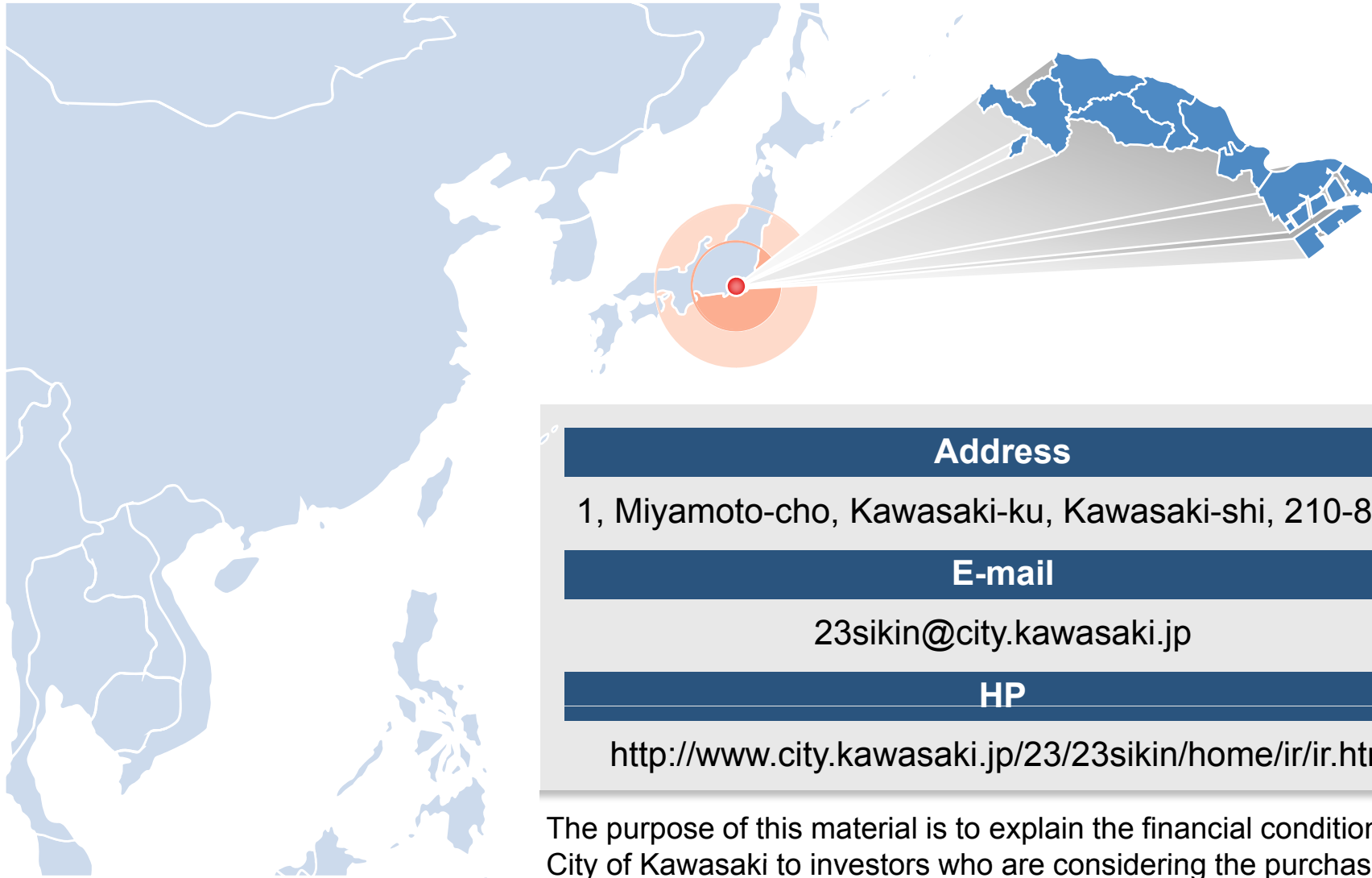
- Of 184.3 billion yen of all accounts, private funds are 164.5 billion yen (89%)
- The amount of public offering bonds is 120 billion yen (65%), and the amount of Kawasaki individual bonds is 90 billion yen (49%)
- The amount of private placement bonds is 44.5 billion yen (24%)

(billion yen)

Category			Term (year)	Sum	21年 4月	5月	6月	7月	8月	9月	10月	11月	12月	22年 1月	2月	3月	5月		
public offering bond	individual bond	public offering bond	5	35			10			15				10					
			10	25		15						10							
			20	10	Issue through the year														
		20	10	Issue in the first half of the year															
		20 or 30	10									Issue in the latter half of the year							
	Joint local government bond	10	30	5	5				5				5		5	5			
private placement bond	Securities issue or Certificate issue	5	20.8													0.9	19.9		
		10	13.7							7						6.7			
		Super long	10															10	

- mid-term(1/3), long-term(1/3), super long-term(1/3)
- The ratio of public offering bonds : private placement bonds is 7 : 3
- The ratio of private funds : public funds is 9 : 1

City of Kawasaki



Address

1, Miyamoto-cho, Kawasaki-ku, Kawasaki-shi, 210-8577

E-mail

23sikin@city.kawasaki.jp

HP

<http://www.city.kawasaki.jp/23/23sikin/home/ir/ir.htm>

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.

