

Annual Report FY2007

(Apr.2007-Mar.2008)



Nippon Export and Investment Insurance

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I NEXI Mission

NEXI's Resolution

S P I R I T
SPEED PROFESSIONAL INTEGRATION REFORM IT ORIENTED TRANSPARENCY

NEXI is committed to:

1. Providing insurance products that make customers feel secure and protected in overseas transactions
2. Providing advice to customers from the preliminary stage of planning transactions
3. Responding promptly to inquiries and the interests of customers
4. Meeting customers' demands and business needs
5. Promptly completing the assessment of insurance claims and making insurance claim payment
6. Promptly allocating the recovery

Management Principle

NEXI will contribute to Japan's economic community by anticipating changes in the market at all times, appropriately responding to customer needs, and efficiently and effectively conducting insurance business in covering risks that arise in international transactions but are not covered by regular commercial insurance.

Management Policy

1. NEXI, realizing its role as an incorporated administrative agency, operates its business from the public standpoint and aims at being conducive to national stability and sound development of the economic community.
2. NEXI will observe the customer-first principle at all times, provide high-quality services by improving its expertise, and aim at increasing customer satisfaction and building strong trust relations with customers.
3. NEXI will systematically make use of its operating resources, work on quantitatively and qualitatively increasing the risks it underwrites, improve its profits through appropriate risk management, and aim for long-range development.
4. NEXI will develop human resources and promote staff strengthening their specialty, make use of staff diversity, and aim at creating a liberal and lively workspace where staff feels proud of their organization.

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II Message from the Chairman



Hidehiro Konno
Chairman and CEO

Dear customers in Japan and abroad,

Since the establishment of Nippon Export and Investment Insurance (NEXI) in April 2001, we have strived to offer better trade and investment insurance services to our customers. We would like to take this opportunity to express our appreciation for your continuing support to NEXI's business.

In December 2007, the decision was made by the Cabinet for converting NEXI into a special company wholly owned by the government. The decision will serve to increase the flexibility and efficiency of NEXI's management. The stocks of the special company will be indefinitely owned by the government, which will maintain its control and supervision over the NEXI's business. And, at the same time, the credibility of the NEXI's insurance business will continue to be based on the current reinsurance scheme by the government. We are committed to take this organizational change as the opportunity to serve our customers better in managing the risks arisen from their trade and investment business.

The deregulation in the export credit insurance market in Japan in the past few years has been creating a new business climate, in which we have been actively pursuing the higher level of our insurance services to satisfy the ever-changing customer needs by standing firmly on the NEXI Customer Service Charter. In April 2007, we introduced an optional coverage scheme for Comprehensive Insurance with Exporters' Associations. We also started providing the new insurance products and introduced the new premium rate structure that reflects the level of the customers' risk exposure more appropriately. As the result of these reforms, the total underwritten amount for FY2007 was 9.5 trillion yen, down by 36% from FY 2006. While the revenue was decreased in FY2007, NEXI has become a robust market-tested organization.

Being a public institution, NEXI conducts business in line with the government policies such as securing supply of natural resources and energy and supporting overseas operations of small-and-medium-sized companies. We introduced the Investment and Loan Insurance for Natural Resources and Energy in April 2007, which has been making a positive contribution to the government's priority policy issue of securing stable supply of natural resources and energy. We have been underwriting a number of projects through this new insurance product.

We have been expanding our cooperation with other export credit agencies (ECAs) in the world based on our reinsurance scheme. The most recent example of such cooperation was the signing of a Memorandum of Understanding with Islamic Corporation for the Investment and Export Credit (ICIEC) in May. Through these and other means, we will expand our support for the business activities of the Japanese companies as they expand their overseas operations.

Our mission is to serve our customers in better managing their risks involved in their trade and investment business. Under the current international business environment, our role as the government ECA is becoming even more important. We will move forward standing firmly on our customer-first principle.

Meeting Customer Demands and Raising the Quality of Services



Preparations under way for becoming a special wholly-owned government company

In December 2007, the Cabinet decided "to convert NEXI into a special wholly-owned government company to increase management flexibility and efficiency" in accordance with the consolidation and rationalization of incorporated administrative agencies that conducted a review on all incorporated administrative agencies. At the same time, it was confirmed that necessary steps will be taken under the Trade and Investment Insurance Act regarding indefinite ownership of all the stocks by the government, control and supervision by the Minister of Economy, Trade and Industry, and maintenance of NEXI's credibility. Thereafter, the Subcommittee on Trade Insurance, Trade and Economic Cooperation Committee, Industrial Structure Advisory Council discussed the future state of the trade and investment insurance plan and released an interim report indicating the basic direction of the review as 1) increasing the speed and flexibility of management through achieving freedom of management based on the legal framework of company law and enhanced governance and 2) promoting policy effects and improvement in services for insurance users. We are undertaking necessary preparations in changing into a new stock company. Such preparations include determining customer needs for production development taking into account the state of trade insurance management and the state of NEXI's organization as pointed out by the Subcommittee.

Contributing to the stable supply of resources through underwriting Investment and Loan Insurance for Natural Resources and Energy

In response to the government's priority policy of securing stable supply of energy and resources, NEXI created the Investment and Loan Insurance for Natural Resources and Energy in April 2007 and started providing coverage. This insurance reduced the premium rate by 50 to 70% as compared with the present rate in addition to raising the percentage of cover to 100% for political risks for senior loans extended by banks and subordinate loans contributed by investors for transactions that acquire interest or offtake energy and mineral resources implemented by Japanese companies. In FY2007, we provided coverage to a number of projects including Uranium Deposit Development Project in Kazakhstan and Ambatovy Nickel Project in Madagascar, and the number of underwritten transactions and those awaiting assessment is increasing. In January 2008 we expanded the credit line for this insurance from JPY300 billion to JPY1 trillion. Further, in FY2007 taking the latest economic outlook into account, we reviewed the terms of cover by relaxing the terms (e.g., risk mitigation measures or transactions that acquire foreign currency) for resource rich countries with country rating of G or H whose cover status was "off

cover" or "conditional acceptance with restrictions." We intend to continue addressing Japanese company transactions that develop or contribute to stable supply of energy and mineral resources by regarding them as high-priority transactions.

Further improvement to the user-friendliness of Overseas Investment Insurance and Overseas Untied Loan Insurance

To further promote overseas operations and investment in resources and energy projects by Japanese companies, NEXI underwent a thorough review of Overseas Investment Insurance in FY2006 and continued to improve its service in FY2007 to meet the changing needs of customers. In the case of foreclosure conducted by the pledgee between the period of occurrence of a political event and its acknowledgement by NEXI, the policyholder could not make an insurance claim since the insured assets were transferred to the pledgee. Now the insured's loss is also indemnified in such a case. Since July 2007 Overseas Untied Loan Insurance has become more attractive and available through improvement including lower premium rates. NEXI will continue to provide strategic and priority support for Japanese company global economic activities, stable energy supply and improvement of infrastructure in Asian countries.

Further development of usability for Comprehensive Insurance with Exporters' Associations

Since April 2007, an optional coverage plan has been adopted for comprehensive insurance contracts with exporters' associations, which gives association members more choice in selecting insurance policies. Previously, comprehensive insurance had required coverage of all transactions including those with member subsidiaries in developed countries, but such requirement has been abolished. In April 2008, NEXI started further improvement in Export Credit Insurance (projects for less than two years).

- (1) Regarding comprehensive insurance for specified capital goods, coverage application for "subsidiaries" is not required.
- (2) Regarding comprehensive insurance for Chemical and Iron/Steel Associations, commercial risk coverage is excluded to broaden user choices.
- (3) Regarding comprehensive insurance for specified capital goods, basic and optional cover premium rates have been revised.
- (4) Regarding comprehensive insurance for Chemical and Iron/Steel Associations, a minor increase in export contract amount is automatically covered without any procedure, regarded as negligible.

Aiming to increase customer satisfaction, NEXI will address the continuous improvement of its insurance scheme to meet customer needs in the ever changing global market.



Revision of Enterprise Comprehensive Insurance

Following the revision of comprehensive insurance contracts with exporter associations, Enterprise Comprehensive Insurance was revised in April 2008. The revision includes (1) allowing choice of coverage such as exclusion of coverage for subsidiaries, (2) lowering the additional premium for dollar/euro denominated transactions from 27 percent to 10 percent, and (3) reviewing basic and optional cover premium rates.

NEXI is willingly supporting SME participation in the overseas market

NEXI established Export Credit Insurance for SMEs in April 2005 to support SME business overseas. Since then, this insurance has been used by many NEXI SME customers. (Underwritten amount for FY2007: ¥370 million for 204 transactions) In FY2007, NEXI further promoted this product by improving accessibility in collaboration with a government-affiliated financial institution. This insurance includes the following features:

- Covering losses up to 95% in the event of failure to collect export proceeds within the repayment term of 180 days.
- Available at bank counters to accommodate the needs of SME customers that will also use a loan for an export credit.
- Simple and rapid procedures including establishment of pledge.

Reinsurance program with other export credit agencies (ECAs) to realize One Stop Shop

NEXI has one stop shop reinsurance agreements with eleven ECAs to respond rapidly and accurately to business needs of Japanese participants in international projects. In FY2007, underwritten amount of reinsurance from other ECAs doubled compared to that of the previous fiscal year (¥54.7 billion in FY2007 and ¥26.8 billion in FY2006). This one stop shop plan is used when a Japanese company develops and operates an international project with foreign companies. First the ECA of a major foreign participant country underwrites insurance for the whole project, and then NEXI provides reinsurance for the Japanese portion. All insurance applications for the project are accepted by the same ECA, which results in lower costs and a more flexible finance plan. (For specific projects, please see page 18.)

Export by Japanese affiliates located in Asia is supported through Asian reinsurance agreements

NEXI is working to strengthen the Asian reinsurance agreement network to support Japanese affiliate business in Asian countries. Reinsurance agreements were entered into with ECICS of Singapore in FY2004 and MEXIM of Malaysia in FY2006. These reinsurance agreements enable NEXI to provide reinsurance when the Asian ECAs underwrite insurance for Japanese affiliates. NEXI's reinsurance is expected to encourage Japanese affiliates to use the local ECA's insurance and facilitate risk hedging in export transactions. NEXI will continue to expand the reinsurance network to support Japanese company international business.

Strengthening collaboration with international investment organizations and financial institutions

In January 2008, NEXI signed a memorandum of understanding (MOU) with Mubadala Development Company PJSC (MDC), the state-owned investment company of the Emirate of Abu Dhabi, the United Arab Emirates (UAE). Through this MOU, NEXI receives information on potential projects related to resource development, industry development and infrastructure. NEXI also aims to promote Japanese investment by providing insurance that will help reduce investment risk. Also in May 2008, NEXI signed a memorandum of understanding with the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC) to support Japanese trade and investment in Africa. The MOU is focused on cooperation through co-insurance, reinsurance and information exchange. The expectation is that trade and investment by Japanese companies will lead to strategic promotion of trade and investment in acquiring resources in the Middle East and Africa.

Assignment of Paris Club rescheduled claims uncovered by NEXI

In FY2002, NEXI decided to allow the insured (Paris Club creditor) to assign the Paris Club rescheduled claims uncovered by NEXI's insurance. With this decision NEXI expects to contribute to the insured's more efficient asset management and cost reduction regarding the uncovered portion as well as indemnified claims. Thus far NEXI has approved assignment of claims of more than ¥100 billion. Additionally since FY2004, NEXI has enabled the insured to transfer to NEXI the uncovered portion of the Paris Club rescheduled debt owed by HIPCs. The transferred claims have amounted to ¥6.5 billion. Furthermore, since October 2007, NEXI has taken over the uncovered portion of the Paris Club rescheduled debt other than for HIPCs from the viewpoint of customer service improvement. In FY2007, NEXI took over the total amount of ¥440 million of claims related to the Dominican Republic, Pakistan, Bosnia and Herzegovina, Kenya, and Croatia.

Review on Guidelines on Environmental and Social Considerations in Trade Insurance

Considering the environmental issues discussed internationally including revising OECD Common Approaches in June 2007, since November 2007 NEXI has started to review its Guidelines on Environmental and Social Considerations in Trade Insurance (the Guidelines). In order to take into account public opinion in reviewing the Guidelines, NEXI has been holding public consultations working with JBIC, which also has similar guidelines. NEXI will continue examining whether appropriate environmental and social considerations are being addressed in projects that may be covered by NEXI's insurance in accordance with the Guidelines.

Partial takeover of JTIO operations

Japan Trade and Investment Insurance Organization (JTIO), an organization in charge of part of trade insurance procedures, dissolved itself in March 2008. NEXI has taken over some JTIO operations such as registrations and acceptance procedures of overseas business partners necessary for trade and investment insurance applications and credit inquiry services for overseas businesses. NEXI has ensured a smooth takeover so as not to confuse customers. NEXI will continue to improve its operations to offer better services.

NEXI's SPIRIT for simpler procedures and more efficient services

Since December 2006, NEXI has started a new information system of trade and investment insurance (called SPIRIT ONE) and provided Web services that enable customers to apply for insurance through the Internet as well as obtaining information. Since April 2007, SPIRIT ONE has achieved significant procedural simplification.

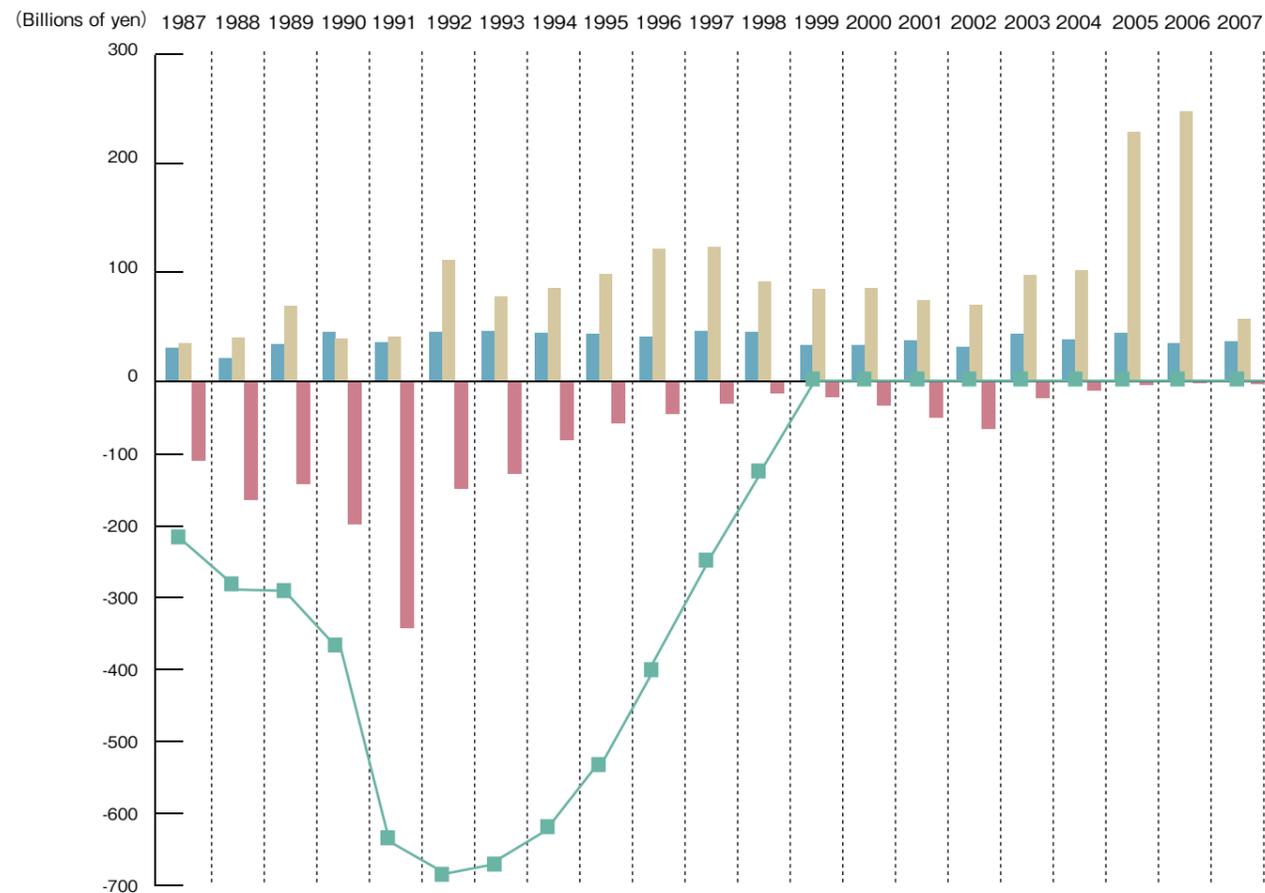
- Register file upload for Export Credit Insurance (comprehensive insurance, enterprise comprehensive insurance, insurance for specified capital goods, and consumable goods such as steel and chemicals): Insurance application concerning "evidenceless" transactions is now possible simply by data transfer. Previously, application had to be made by way of floppy disk or email.
- Input by register for Export Credit Insurance (comprehensive insurance, enterprise comprehensive insurance, insurance for specified capital goods, and consumable goods such as steel and chemicals): No more using OCR sheet as application form. Web insurance application is now available.
- Specific credit line for Export Credit Insurance including specific insurance and insurance for specified capital goods, and Export Bill Insurance: Web application is available.
- Notice of settlement and credit line status for Export Credit Insurance including specific insurance and insurance for specified capital goods, and Export Bill Insurance: Web transfer is available.
- Notice of export contract (Trade Insurance for Standing Orders from Specific Buyer) Web data transfer is now available for sending the monthly notice for export contract. (Previously this was via email.)
- Screening form for environmental assessment (Export Credit Insurance, Buyer's Credit Insurance, Overseas Investment Insurance, and Overseas Untied Loan Insurance): Just input data on the Web instead of paper-based application.
- Notice of occurrence of insured risk and notice of occurrence of losses (Export Credit Insurance, Export Bill Insurance, and Buyer's Credit Insurance): Web application is available instead of paper-based application.
- Report of payment (Export Credit Insurance, Export Bill Insurance, and Buyer's Credit Insurance): Instead of paper-based notice, Web notice is available.
- Web trial calculation (detailed edition): Insurance premium simulation function is available for various transaction patterns by specifying more detailed criteria. Premium simulation is available for all insurance types.
- Foreign buyer list inquiry: The foreign buyer list is accessible on the Web.





III Main Data for Fiscal Year 2007

1 Result of Trade and Investment Insurance Activities (from FY1987 to FY2007)



(Billions of yen)	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Premium income	30.4	21.3	34.2	44.8	35.7	44.7	46.2	44.1	43.5	41.0	46.0	45.4	33.2	32.9	37.3	31.3	43.2	38.0	43.8	34.9	36.8
Recoveries and other income	34.9	40.0	69.3	38.7	40.7	111.2	77.3	85.2	98.3	121.2	123.0	91.3	84.6	85.3	74.5	70.2	97.7	101.4	228.7	247.3	57.5
Claims paid	109.5	164.8	142.7	198.6	341.9	148.2	128.0	80.6	57.1	44.4	30.2	16.7	21.6	32.4	49.9	65.1	23.0	12.9	3.7	2.4	3.8
Outstanding Balance at the end of year	219.5	284.8	294.1	369.8	637.8	688.6	674.4	622.4	536.0	404.1	251.8	127.8	0	0	0	0	0	0	0	0	0

*On an actual payment basis. Premium income does not include refunded premiums.

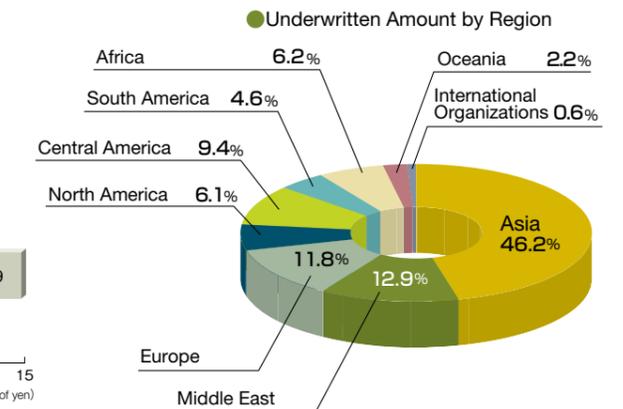
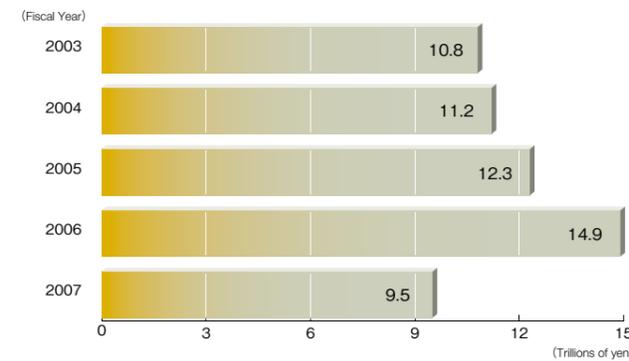
World Events

1987 Black Monday, 1988 Cease-fire in Iran-Iraq war, 1989 Paris Club rescheduling agreement, between 24 countries including Central and South American countries / Fall of Berlin Wall, 1990 Invasion of Kuwait / German reunification, 1991 Gulf War / Dissolution of the Soviet Union, 1992 Bosnia and Herzegovina conflict, 1993 Foundation of EU, 1994 Meeting between former US President Jimmy Carter and North Korean leader Kim Il-Sung, 1995 Foundation of the WTO, 1996 Japanese embassy hostage crisis in Peru, 1997 Asian currency crisis, 1998 Russian financial crisis / Brazilian crisis (with the declaration of a moratorium in 1999), 1999 Introduction of euro / The Year 2000 Problem, 2001 Argentina's declaration of a moratorium / The September 11th terrorist attacks, 2002 Bali bombings, 2003 Iraq war / Outbreak of SARS, 2004 Avian flu pandemic / Sumatra earthquake, 2005 Prepayments to the Paris Club by Russia and Nigeria / Venezuela's nationalization of mineral resources, 2006 Military coup in Thailand, 2007 the subprime mortgage crisis

2 Underwritten Amount

The total FY2007 underwritten amount was ¥9.5 trillion, down 36.0% from the previous year.

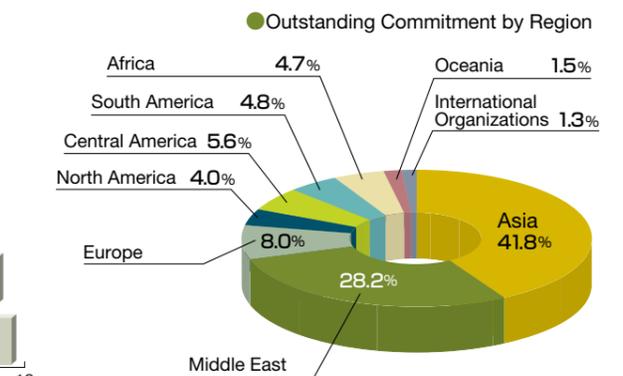
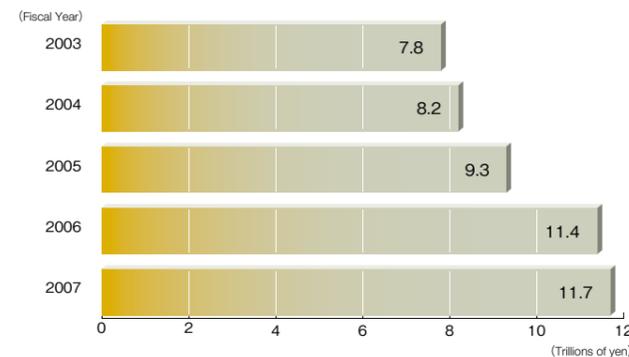
Underwritten Amount



3 Outstanding Commitment

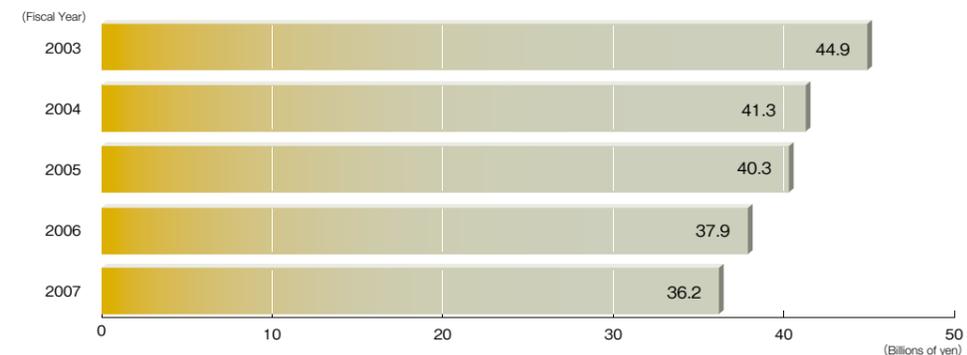
Total outstanding commitment in FY2007 was ¥11.7 trillion, up 2.4% over the previous year.

Outstanding Commitment



4 Premium Income

Premium Income in FY2007 was ¥36.2 billion, down 4.5% compared with the previous year. (Premium income includes premium of original insurance written and premium received for reinsurance)

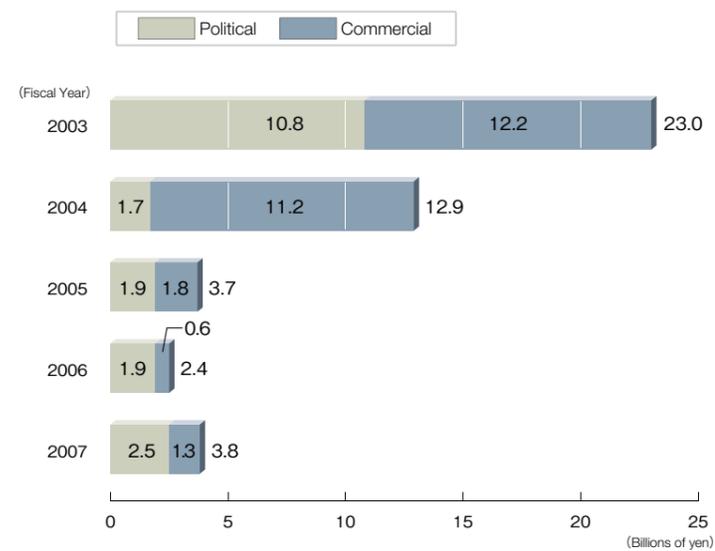




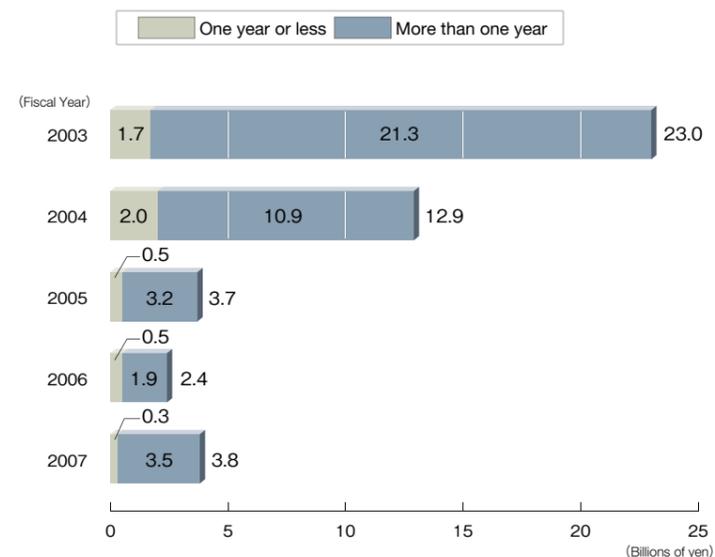
5 Claims Paid

● The total amount of claims paid in FY2007 was ¥3.8 billion, up 56.3% from the previous year.

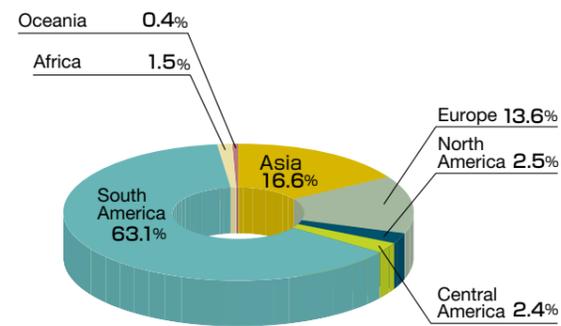
● Claims Paid by Risk (Political/Commercial)



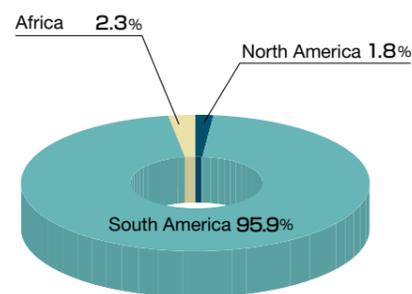
● Claims Paid by Policy Term



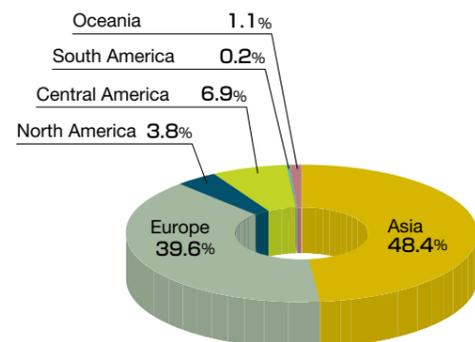
● Claims Paid by Region



● Claims Paid by Region (Political)



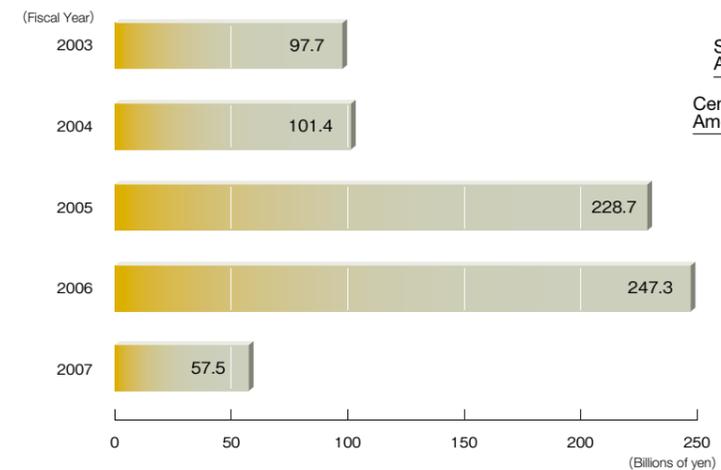
● Claims Paid by Region (Commercial)



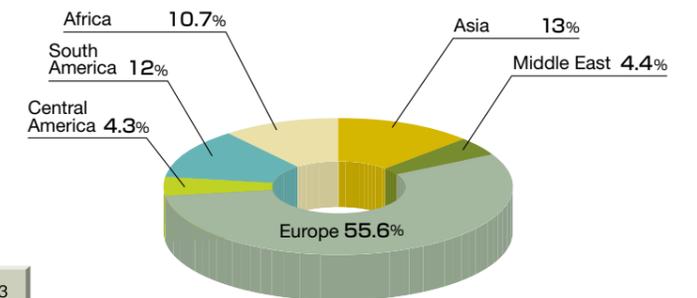
6 Recoveries

● Recoveries in FY2007 amounted to ¥57.5 billion, an increase by 76.8% from the previous year.

● Recoveries



● Recoveries by Region



IV Main Projects Recently Underwritten



● Indonesia

Kangean Gas Block Project

NEXI provided cover of Overseas Investment Insurance for Mitsubishi Corporation's investment of approximately US\$180 million in acquiring a project company that has a stake in Kangean gas block located in offshore East Java, Republic of Indonesia. The Kangean block produces approximately 6,000 cubic feet of natural gas per day and approximately 600 barrels of crude oil per day (average production in 2006). A number of new gas fields and oil fields will be developed in the future in the block in which discovery of more natural gas and crude oil is expected.

This transaction provides support to acquisition of stakes in overseas resources by Mitsubishi Corporation which regards development of gas and oil as one of its strategic priority business areas.

(The insurance contract was concluded in April 2008.)



● Singapore

Semiconductor Manufacturing Equipment Project

NEXI has provided cover of Buyer's Credit Insurance for approximately JPY15 billion which is half the amount of loan of JPY30 billion extended by Japan Bank for International Cooperation (JBIC) and Sumitomo Mitsui Banking Corporation for a project of exporting semiconductor manufacturing equipment. Tokyo Electron Limited, Dainippon Screen Mfg. Co., Ltd., and Nikon Corporation will export semiconductor manufacturing equipment to Chartered Semiconductor Manufacturing Ltd., a semiconductor manufacturer in Singapore.

(The insurance contract was concluded in March 2008.)



● Thailand

Bulk Carriers Export Project

NEXI has underwritten Buyer's Credit Insurance for the loan of approximately JPY3.2 billion (portion extended by private financial institution) which is half the total amount of loan of approximately JPY6.4 billion extended by the Japan Bank for International Cooperation (JBIC) and commercial bank Société Générale, Tokyo Branch. The loan will be used by Thoresen Thai Agencies Public Company Limited (TTA) Group, a major shipping agent in Thailand to buy two bulk carriers built by Japan's Oshima Shipbuilding Co., Ltd. (Nagasaki) and the bulk carriers will be exported by Sumitomo Corporation.

This transaction provides support to export by Oshima Shipbuilding Co., Ltd. that has built approximately 400 bulk carriers since it was founded.

(The insurance contract was concluded in January 2008.)



● China

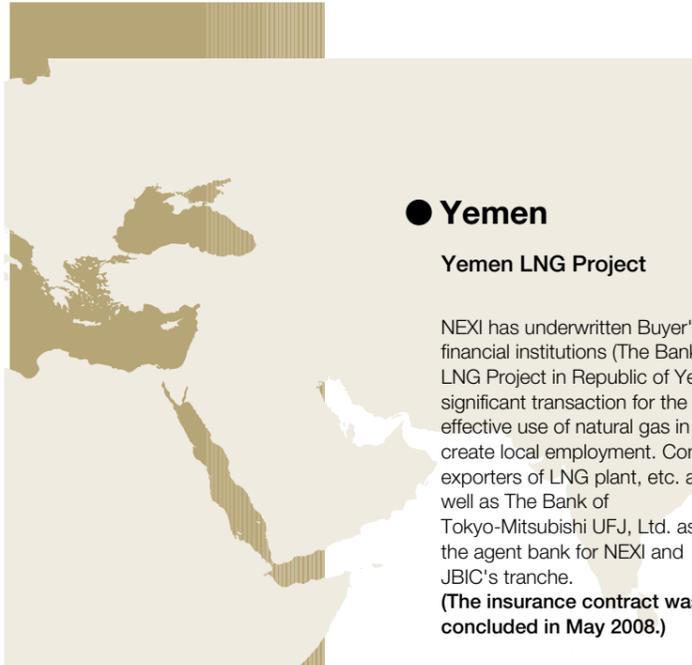
Pulp and Paper Mill Construction Project

NEXI has underwritten Overseas Investment Insurance for investment of approximately US\$820 million by Oji Paper Co., Ltd. to Jiangsu Oji Paper Co., Ltd. Oji Paper Co., Ltd. established the Jiangsu Oji Paper Co., Ltd. through joint capital with the Nantong Economic & Technological Development Zone Corp. in Nantong, Jiangsu Province, China in October 2007. The construction work was started at the beginning of 2008 and in the latter half of 2010 the first manufacturing facility for high-grade papers with an annual manufacture of 400 thousand tons is expected to start operations followed by a kraft pulp facility with an annual manufacture of 700 thousand tons and second manufacturing facility for high-grade papers with an annual manufacture of 400 thousand tons.

Overseas Investment Insurance contributes to smooth investment by Japanese companies aiming at establishing a production base abroad.

(The insurance contract was concluded in July 2007.)





● Yemen

Yemen LNG Project

NEXI has underwritten Buyer's Credit Insurance for the loan of US\$80 million extended by private financial institutions (The Bank of Tokyo-Mitsubishi UFJ, Ltd. etc.) as project finance for Yemen LNG Project in Republic of Yemen, sponsored by France's TOTAL, etc. This is an extremely significant transaction for the country since through this project, the Yemen government will make effective use of natural gas in the Marib oil and gas fields to increase foreign currency revenue and create local employment. Companies including JGC Corporation are participating in the project as exporters of LNG plant, etc. as well as The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank for NEXI and JBIC's tranche.

(The insurance contract was concluded in May 2008.)



Photograph courtesy of Yemen LNG

● Saudi Arabia

Shuqaiq 2 IWPP Project

NEXI has underwritten Export Credit Insurance for the transaction undertaken by Mitsubishi Heavy Industries, Ltd. regarding construction of oil burning power plant and desalination plant for the Shuqaiq Water and Electricity Company (SqWEC) in Saudi Arabia. SqWEC, an Independent Water & Power Producer (IWPP), has signed a 20 year supply contract for water and power with Saudi Arabia's Water and Electricity Company (WEC), a fifty-fifty joint venture by Saudi Electric Company (SEC) and Saline Water Conversion Corporation (SWCC). Based on this contract, a thermal power plant with total output power of 1,020 MW and a desalination plant with daily output of 216,000m³/day will be newly constructed in Shuqaiq, Saudi Arabia. The produced water and electricity from the plants is for general use and will be supplied to cities in the south such as Abha and Jizan. This project is one of the large-scale IWPP transactions to be implemented in Saudi Arabia maintaining steady economic and population growth and expected to be conducive to solving the short supply of electricity and drinking water. Providing cover for this transaction is significant in that it contributes to strengthening relations with Saudi Arabia, the largest crude oil importing country for Japan.

(The insurance contract was concluded in May 2007.)

Middle East

● Turkey

Bosphorus Rail Tube Crossing Project 2

This is a project to improve the Bosphorus Rail Tube Crossing by the General Directorate of Railways, Harbours and Airports Construction in Turkey. NEXI has underwritten Export Credit Insurance for the transaction undertaken by an international consortium formed by Marubeni Corporation with France's Alstom and Turkey's Dogus regarding the project.

Through this improvement project an undersea railway tunnel will be laid in the Bosphorus Strait and repair work will be implemented for the surrounding railway lines. Following the first stage of the project to construct the undersea railway tunnel (Japanese government's yen-loan-financed project), construction of an additional third railway overland and load dispatching facilities, improvement on electrification, signal, and communication facilities, renovation of stations, and construction of rail yards are planned for this second stage of the project. The implementation of this railway improvement project is expected to provide relief for the chronic traffic congestion in Istanbul.

(The insurance contract was concluded in August 2007.)



Europe

● Kazakhstan

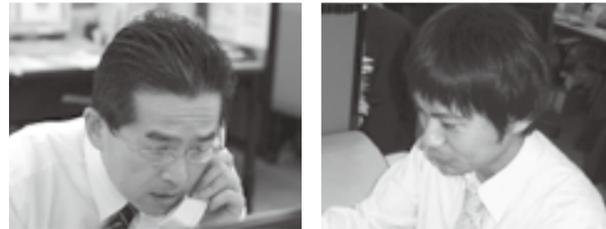
Uranium Deposit Development Project

NEXI signed a Memorandum of Understanding with Kazatomprom, Kazakhstan's national atomic company which ensured a credit line of US\$500 million for loans related to offtake of uranium in April 2007 when a joint mission by government and private sectors led by the then Minister of Economy, Trade and Industry Akira Amari visited the country.

In August 2007, NEXI provided Overseas Untied Loan Insurance (Investment and Loan Insurance for Natural Resources and Energy) under the credit line for a US\$30 million loan extended to Kazakhstan's uranium deposit production and development project by a syndicate of Japanese banks (Citibank Japan Ltd. etc.). This is the first project to be covered by Investment and Loan Insurance for Natural Resources and Energy created in April 2007. Since Kazakhstan is a resource-rich country with the second-largest uranium deposits in the world, this transaction is expected to contribute to securing stable supply of resources and energy and diversifying the sources of supply for Japan.

(The insurance contract was concluded in August 2007.)





● Brazil

Establishment of Insurance Credit Line for Vale

NEXI and Companhia Vale Do Rio Doce (Vale), a global mining company headquartered in Brazil, signed an Umbrella Note of Mutual Understanding (Note) which on May 14, 2008 established the insurance credit line of US\$2 billion for Investment and Loan Insurance for Natural Resources and Energy and Overseas Untied Loan Insurance to support Vale's resources development projects that may be beneficial to Japan and Japanese companies. The signing ceremony for this Note was held between Vale's CEO Agnelli and NEXI's Chairman Konno in the presence of the then Minister of Economy, Trade and Industry, Mr. Amari, and relevant people from the Ministry of Economy, Trade and Industry and Vale. The signing of this Note enables NEXI to develop a framework for promoting Vale's resource development projects more promptly and efficiently. Further, it increases opportunities for Japanese companies to invest and acquire interests in mineral resources development business (for iron ore, nickel, aluminum related minerals, coal, etc.) and to offtake resources, which is expected to lead to securing stable supply of resources for Japan.



● Peru

Cerro Verde Copper Mine Project

NEXI has given a preliminary approval for providing Overseas Investment Insurance (Investment and Loan Insurance for Natural Resources and Energy) to the investment totaling approximately US\$263 million extended to Sociedad Minera Cerro Verde S. A. A. (head office: City of Arequipa, Peru) developing the Cerro Verde Copper Mine in Republic of Peru by Sumitomo Metal Mining Co., Ltd. Cerro Verde Copper Mine produces the second-largest amount of copper in Peru and through this investment, long-term offtake of copper concentrate, raw material for copper products will be ensured. This transaction supports investment in overseas mining business by Japanese companies to secure stable and lasting supply of resources.

(The preliminary approval for the insurance contract was given in August 2008.)



● Venezuela

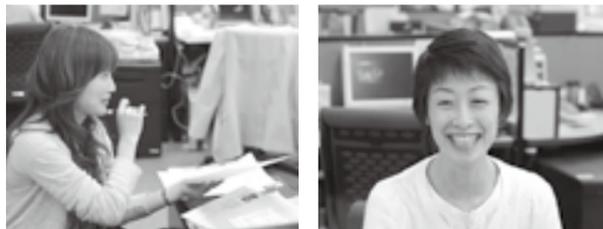
Moron Fertilizer Complex Project

NEXI has provided cover of Export Credit Insurance for the transaction undertaken by Toyo Engineering Corporation jointly with a German company and a Venezuelan company for the project of constructing a fertilizer complex from Pequiven, Venezuela's state-owned petrochemical company.

This is Venezuela's national project of constructing a fertilizer complex that produces ammonia and urea made from natural gas abundantly found in the country within the Moron Petrochemical Complex located in Moron City 150 km west of the capital Caracas. The products from the complex will be used to increase production of agricultural products of the country. Under the

circumstances where fertilizer prices are escalating globally, this project is expected to provide an alternative to fertilizers which are dependent on imports as well as contribute to the expansion of arable land planned in Venezuela. **(The insurance contract was concluded in December 2007.)**





North America

● United States of America

Linked Pickle Line/Tandem Cold Rolling Mill Project

NEXI has underwritten Buyer's Credit Insurance (2 years or more) for the loan of US\$86 million extended by a private financial institution, Commerzbank AG, Tokyo Branch for the export of Linked Pickle Line/Tandem Cold Rolling Mill to be supplied by Mitsubishi Corporation and Mitsubishi-Hitachi Metals Machinery, Inc. to SeverStal North America, Inc. (SNA), a US-based affiliate of OAO SeverStal, Russia's leading metals and mining company. The US is the world's largest consumer of automobiles and the world's leading steel market. The facility will play an important role in producing steel sheet for automobiles which is an indication that Japanese technology has been highly evaluated in a situation where Japanese companies are in severe competition with European manufacturers.

This is the first time NEXI has provided cover (what is termed pure cover) of Buyer's Credit Insurance (2 years or more) for financing extended only by commercial bank(s). We intend to further provide active support for the financing of Japanese companies' export and technical cooperation transactions not just with the US but with other developed countries.

(The insurance was concluded in September 2007.)



■ Reinsured Project

Project to export Boeing Aircraft to Air India and Jet Airways

Based on the Reinsurance Agreement concluded with the Ex-Im Bank of the United States (USEXIM), an export credit agency of the United States, NEXI has underwritten several export finance transactions of Boeing 777 aircraft, such as for National Aviation Company of India (Air India) and Jet Airways in India. Japanese companies have been playing a major role in the development and manufacture of Boeing 777 aircraft including delivery of engine parts and have become the major partner in international joint projects. NEXI's reinsurance program to USEXIM regarding Boeing aircraft strengthens the competitiveness of Japanese manufacturers expanding in the aerospace industry, which is effective in achieving the policy objective of the Japanese government.



(Photographs courtesy of Boeing)

Africa

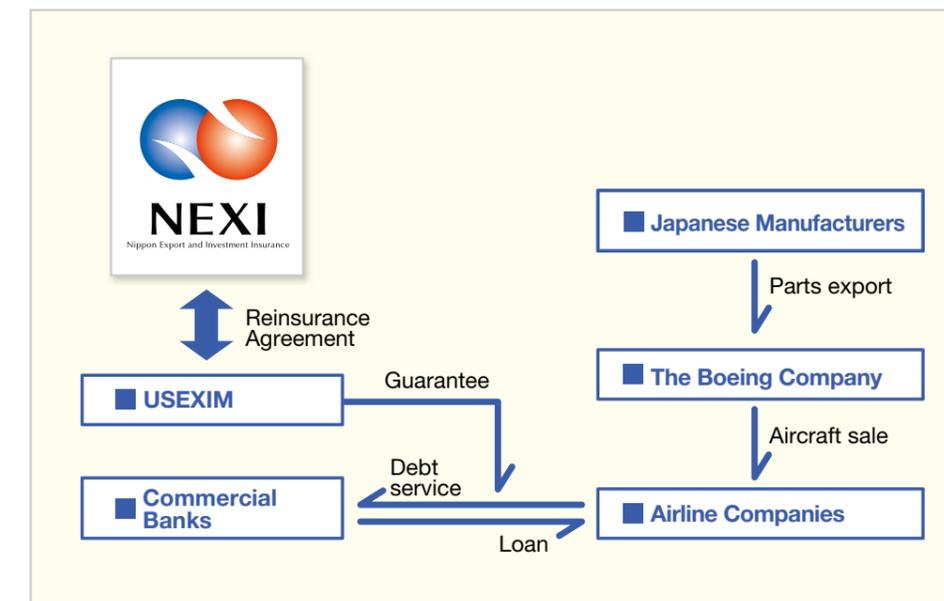
● Algeria

Sonatrach LPG Plant Expansion Project

NEXI has underwritten Export Credit Insurance for the transaction undertaken by Ishikawajima-Harima Heavy Industries Co., Ltd. and ITOCHU Corporation for the LPG plant expansion project with the total amount of JPY130 billion from Sonatrach, the Algerian state-owned hydrocarbon company.

A separation/purification plant facility and storage facility which produces an annual output of 3 million tons of LPG will be newly constructed in Arzew, an industrial area located in western Algeria. After the completion of the facilities, the plant will become a huge LPG plant which together with the existing plant produces an annual output of 9 million tons of LPG. The project is expected to contribute to expanding production of liquefied petroleum gas (LPG), which is a leading industry of the country, when there is much demand for fuel all over the world.

(The insurance contract was concluded in July 2007.)



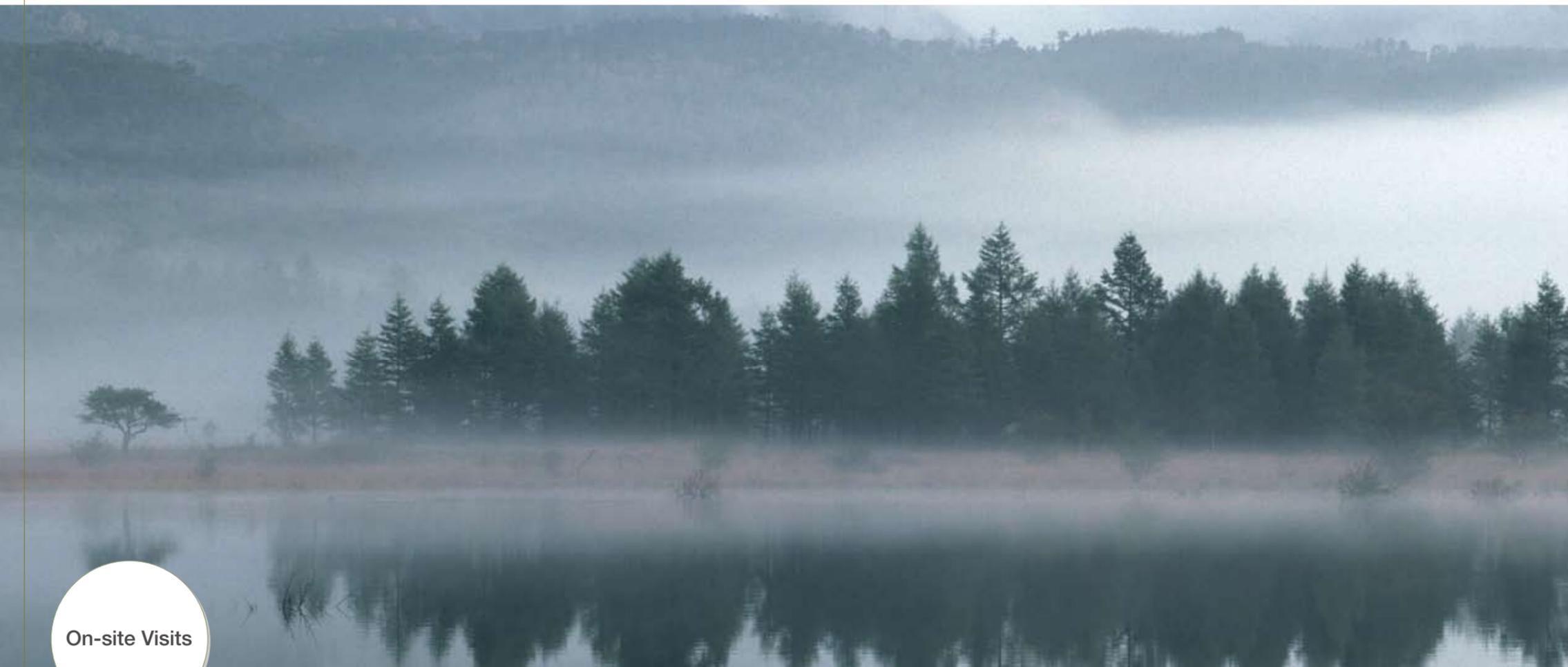


V Implementation of Confirming Environmental and Social Considerations

Nippon Export and Investment Insurance (NEXI) confirms whether appropriate environmental and social considerations are being addressed in projects that may be covered by NEXI's insurance, in accordance with the "Guidelines on Environmental and Social Considerations in Trade Insurance" (established April 1, 2001).

Specifically, projects are screened, based on the screening forms submitted by insurance applicants, and classified into three categories A, B, or C in descending order of level of impact. The environmental impact of the projects is examined based on the classification results. For example, on-site visits are conducted for "Category A" projects.

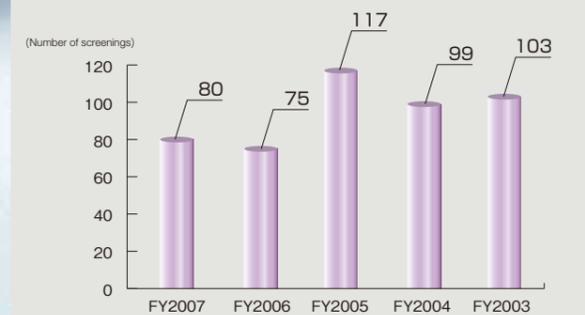
The number of projects screened in fiscal 2007 increased compared with the previous fiscal year. Further, in response to increasingly diversified export and investment patterns, NEXI has conducted screenings that are more precise and prompt.



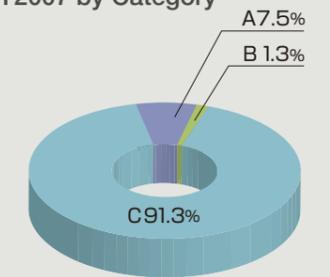
On-site Visits



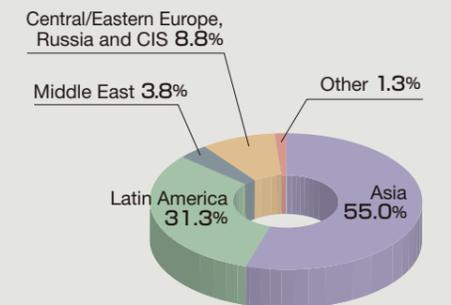
● Results of Screening Conducted



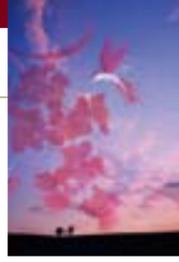
● Percentage of Screening in FY2007 by Category



● Percentage of Screening in FY2007 by Region



Please click the following URL for details of the "Environmental and Social Considerations in Trade Insurance." http://nexi.go.jp/e/env/index1_frame.html



VI Review of Performance in Fiscal Year 2007



1 Economic Trends

Japan's economy was on a steady recovery in FY2007. Improvement in the corporate sector such as earnings and capital investment spread to the household sector, leading to a gradual improvement in consumer spending. On the other hand, the international financial situation reached a turning point, which had been brought about by the sub-prime mortgage crisis, and risks in the global economy have increased since the second half of the fiscal year.

Under such circumstances, Japan's exports in FY2007 increased by 9.9% to ¥85.1 trillion compared with the previous year. Japan's exports to other Asian countries and to Europe (EU) increased by 11.5% and 11.3%, respectively. The major export earners were cars, steel and semiconductors.

(Japan's exports) (Billions of yen)

Fiscal Year	2003	2004	2005	2006	2007
Total Exports	56,060.3	61,719.4	68,290.2	77,460.6	85,115.9
Year-to-year change (%)	6.3	10.1	10.6	13.4	9.9

(Source: Trade Statistics, Ministry of Finance)

2 Summary of Trade and Investment Insurance Business

[Underwritten Amount]

(Billions of yen)

Fiscal Year	2003	2004	2005	2006	2007	Year-to-year change(%)
Underwritten Amount	10,828.4	11,191.7	12,327.7	14,879.4	9,521.0	(36.0)

[Outstanding Commitment]

(Billions of yen)

Fiscal Year	2003	2004	2005	2006	2007	Year-to-year change(%)
Outstanding Commitment	7,795.6	8,240.2	9,268.3	11,427.0	11,706.7	2.4

[Operating Income]

(Billions of yen)

Fiscal Year	2003	2004	2005	2006	2007	Year-to-year change(%)
Premium income	44.9	41.3	40.3	37.9	36.2	(4.3)
Recoveries ^(Note1)	97.7	101.4	228.7	247.3	57.5	(76.7)
Total	142.6	142.7	269.1	285.2	93.6	(67.1)

(Note1) Recoveries are on a payment notice receipt basis.

(Note2) Because of the rounding up or down of fractions, the sum of the items in the columns above does not necessarily coincide with the total amount. (The same applies hereafter.)

(Note3) Premium income includes premium of original insurance written and premium received for reinsurance.

[Claims Paid]

(Billions of yen)

Fiscal Year	2003	2004	2005	2006	2007	Year-to-year change(%)
Claims paid	23.0	12.9	3.7	2.4	3.8	56.3

3 Summary of Underwriting

[Underwritten Amount by Insurance Type]

The total underwritten amount in FY2007 was down by 36.0% year-on-year to ¥9,521.0 billion. In terms of type of insurance, Export Credit Insurance accounted for the largest share at 95.4%, though decreased by 36.4% to ¥9,084.7 billion. This was followed by Overseas Investment Insurance of ¥155.2 billion (down by 42.9% from the previous year) and Overseas Untied Loan Insurance of ¥101.9 billion (down by 46.3% from the previous year).

(Billions of yen)

Type of Insurance	FY2003	FY2004	FY2005	FY2006	FY2007	Composition(%)
Export Credit Insurance	10,211.8	10,529.5	11,499.7	14,290.5	9,084.7	95.4
Less than 1 year	6,278.5	6,539.3	6,923.8	8,284.6	4,174.9	43.8
1 year or more	3,933.2	3,990.2	4,575.9	6,005.9	4,909.8	51.6
Buyer's Credit Insurance	332.3	155.1	106.7	60.8	83.6	0.9
Export Bill Insurance	41.9	41.6	38.1	32.8	29.2	0.3
Export Bond Insurance	0	0	0	0	0	0.0
Prepayment Import Insurance	0.8	1.8	2.0	0.0	0.9	0.0
Overseas Investment Insurance	63.8	55.1	156.8	271.9	155.2	1.6
Overseas Untied Loan Insurance	172.4	404.6	505.1	189.7	101.9	1.1
Trade Insurance for Standing Orders from Specific Buyer	0.9	2.0	7.8	3.4	7.4	0.1
Export Credit Insurance for SMEs	—	—	0.4	0.5	0.4	0.0
Reinsurance	4.7	2.0	11.1	29.7	57.7	0.6
Total	10,828.4	11,191.7	12,327.7	14,879.4	9,521.0	100.0

(Note 4) The total is based on actual underwritten amount calculated by applying exchange rate of the date of contract, not based on the methods for responding to exchange rate.

(Note 5) In April 2005, Buyer's Credit Insurance was developed independently from Export Credit Insurance. However, for convenience of comparison, buyer's credit-related figures in and before FY2004 are indicated as Buyer's Credit Insurance, and are excluded from Export Credit Insurance figures.

(Note 6) Since FY2006, in accordance with the BU classification rules, Export Credit Insurance (1 year or more) has included insurance for capital goods, which usually has a long pre-shipment insurance period.

[Amount Underwritten by Region]

In a breakdown by region (based on total income including assured reinsurance), the largest share of ¥4,817.8 billion was Asian transactions, followed by Middle East transactions of ¥1,342.8 billion. In comparison with the previous fiscal year, Asian transactions decreased by 5.6% and Middle East transactions decreased by 48.2%.

(Billions of yen)

Region	FY2003	FY2004	FY2005	FY2006	FY2007	Composition(%)	Year-to-year change(%)
Asia	4,455.9	4,422.7	4,126.8	5,100.9	4,817.8	46.2	(5.6)
Middle East	985.8	1,072.8	2,170.6	2,594.0	1,342.8	12.9	(48.2)
Europe	2,356.8	2,258.7	2,313.3	2,695.5	1,226.8	11.8	(54.5)
North America	2,567.4	2,589.3	2,971.9	3,718.9	634.6	6.1	(82.9)
Central America	654.9	936.0	749.6	910.8	977.0	9.4	7.3
South America	195.2	313.6	380.8	403.0	484.2	4.6	20.2
Africa	292.3	305.0	430.9	601.9	640.8	6.2	6.5
Oceania	433.7	496.7	531.1	560.9	228.4	2.2	(59.3)
International Organizations	282.1	180.7	168.5	74.7	66.1	0.6	(11.5)

(Note 7) Classification used to compute the above amount:

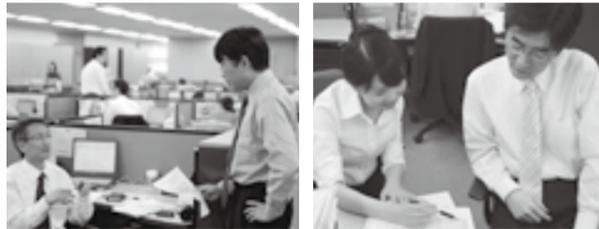
Pre-shipment: Country of the shipment consignee

Post-shipment: Country of the payer (or country of the guarantor when guaranteed)

(Note 8) The amount includes transactions that are doubly computed, i.e. for both pre-shipment (country of the consignee) and post-shipment (country of the payer).

(Note 9) Central Asia is included in Asia. (The same applies hereafter.)

(Note 10) Central and Eastern Europe and Russia are included in Europe. (The same applies hereafter.)



[Top Ten Countries and Regions of Underwritten Amount in FY2007]

(Billions of yen)

Order	Country/Region	Underwritten amount	Composition (%)
1	China	1,321.8	12.7
2	Korea	621.7	6.0
3	Panama (flag of convenience vessel)	579.1	5.6
4	U.S.A.	530.1	5.1
5	Singapore	468.7	4.5
6	Taiwan	418.9	4.0
7	Saudi Arabia	407.9	3.9
8	Thailand	390.7	3.8
9	Indonesia	313.1	3.0
10	U.A.E.	285.3	2.7

4 Outstanding Commitment

[Outstanding Commitment by Type of Insurance]

The total outstanding commitment as of the end of FY2007 was ¥11,706.7 billion, up 2.5% year-on-year. In a breakdown by insurance type, Export Credit Insurance was the largest with ¥9,452.3 billion, followed by Overseas Untied Loan Insurance of ¥821.0 billion.

(Billions of yen)

Type of Insurance	FY2003	FY2004	FY2005	FY2006	FY2007	Composition(%)
Export Credit Insurance	5,610.1	5,999.2	6,865.3	8,746.6	9,452.3	80.7
Less than 1 year	1,060.5	1,050.0	1,148.9	1,588.5	2,296.5	19.6
1 year or more	4,549.6	4,949.2	5,716.4	7,158.1	7,155.7	61.1
Buyer's Credit Insurance	892.6	906.9	852.9	828.7	658.8	5.6
Export Bill Insurance	9.4	9.4	7.9	7.3	7.8	0.1
Export Bond Insurance	6.8	5.6	5.6	0.4	0	0.0
Prepayment Import Insurance	0.5	1.5	2.1	0.0	0.6	0.0
Overseas Investment Insurance	533.2	458.3	461.5	635.8	666.5	5.7
Overseas Untied Loan Insurance	737.0	849.7	1,046.4	1,139.6	821.0	7.0
Trade Insurance for Standing Orders with Specific Buyer	0.9	2.1	8.6	9.5	8.5	0.1
Export Credit Insurance for SMEs	—	—	0.1	0.1	0.1	0.0
Reinsurance	5.1	7.5	17.8	58.8	91.1	0.8
Total	7,795.6	8,240.2	9,268.3	11,427.0	11,706.7	100.0

(Note 11) The total is based on an exchange rate of each fiscal year end.

(Note 12) In April 2005, Buyer's Credit Insurance was developed independently from Export Credit Insurance. However, for convenience of comparison, buyer's credit-related figures in and before FY2004 are indicated as Buyer's Credit Insurance, and are excluded from Export Credit Insurance figures.

(Note 13) Since FY2006, in accordance with BU classification rules, Export Credit Insurance (1 year or more) has included insurance for capital goods, which usually has a long pre-shipment insurance period.

[Outstanding Commitment by Region]

In terms of region, Asia accounted for the largest amount of ¥5,033.3 billion, up 41.8% from the previous year. The Middle East also increased by 28.2%.

(Billions of yen)

Region	FY2003	FY2004	FY2005	FY2006	FY2007	Composition(%)
Asia	4,043.9	3,914.9	3,613.7	4,319.0	5,033.3	41.8
Middle East	851.6	1,292.1	2,447.1	3,506.2	3,391.3	28.2
Europe	972.0	1,033.9	1,070.8	1,160.8	961.2	8.0
North America	378.2	436.6	559.2	746.5	485.6	4.0
Central America	729.2	835.8	755.1	680.7	674.6	5.6
South America	459.4	492.5	540.3	577.9	581.1	4.8
Africa	359.8	217.9	254.4	400.3	564.4	4.7
Oceania	107.9	122.2	152.1	191.7	177.4	1.5
International Organizations	154.6	129.8	175.0	154.6	159.7	1.3

(Note 14) Classification used to compute the above amount:

Pre-shipment: Country of the shipment consignee

Post-shipment: Country of the payer (or country of the guarantor when guaranteed)

(Note 15) The amount includes transactions that are doubly computed, i.e., for both pre-shipment (country of the consignee) and post-shipment (country of the payer).

(Note 16) Transactions guaranteed by an international organization are reported separately.



5 Insurance Claims Paid

[Insurance Claims Paid by Insurance Type and by Risk]

The total amount of claims paid in FY2007 was ¥3.8 billion, up 56.3% over the previous fiscal year. The payment increased compared with the previous year but remained low, reflecting a stable world economy including high resource prices.

(Billions of yen)

Type of Insurance	FY2003			FY2004			FY2005			FY2006			FY2007			Composition%
	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	
Export Credit Insurance	19.7	9.8	10.0	7.3	1.4	5.9	3.0	1.3	1.7	2.2	1.8	0.4	3.7	2.4	1.2	96.5
Buyer's Credit Insurance	0.4	0.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Export Bill Insurance	0.2	0	0.2	0.0	0	0.0	0.1	0.0	0.1	0.1	0	0.1	0.1	0	0.1	1.7
Export Bond Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Prepayment import Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Overseas Investment Insurance	0.5	0.5	0	0.2	0.2	0	0	0	0	0	0	0	0	0	0	0.0
Overseas Untied Loan Insurance	2.1	0.1	2.0	5.3	0.1	5.2	0.7	0.7	0	0.1	0.1	0	0.1	0.1	0	1.5
Trade Insurance for Standing Orders from Specific Buyer	0	0	0	0	0	0	0.0	0	0.0	0	0	0	0.0	0	0.0	0.1
Export Credit Insurance for SMEs	—	—	—	—	—	—	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.2
Total	23.0	10.8	12.2	12.9	1.7	11.2	3.7	1.9	1.8	2.4	1.9	0.6	3.8	2.5	1.3	100.0

[Insurance Claims Paid by Region]

(Billions of yen)

Region	FY2003			FY2004			FY2005			FY2006			FY2007			Composition%
	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	
Asia	18.3	6.9	11.3	11.2	0.1	11.1	1.4	0.1	1.4	0.2	0	0.2	0.6	0	0.6	16.6
Middle East	1.0	1.0	0.0	0.1	0.1	0.0	1.1	1.0	0.1	0.0	0	0.0	0	0	0	0.0
Europe	0.1	0	0.1	0.0	0	0.0	0.0	0.0	0.0	0.1	0	0.1	0.5	0	0.5	13.6
North America	0.1	0.0	0.1	0.0	0	0.0	0.1	0.0	0.0	0.1	0.1	0	0.1	0.0	0.0	2.5
Central America	0.0	0	0.0	0	0	0	0.3	0	0.3	0.1	0.0	0.0	0.1	0	0.1	2.4
South America	3.3	2.6	0.7	1.3	1.3	0.0	0.7	0.7	0.0	1.8	1.7	0.1	2.4	2.4	0.0	63.1
Africa	0.3	0.3	0	0.2	0.2	0.0	0.1	0.1	0	0.2	0.1	0.0	0.1	0.1	0	1.5
Oceania	0.0	0	0.0	0	0	0	0	0	0	0.1	0	0.1	0.0	0	0.0	0.4
Total	23.0	10.8	12.2	12.9	1.7	11.2	3.7	1.9	1.8	2.4	1.9	0.6	3.8	2.5	1.3	100.0

(Note 17) Because of the rounding up or down of fractions, the sum of the items in the columns above does not necessarily coincide with the total amount.

[Top Five Countries/Regions in terms of Insurance Claims Paid]

(Billions of yen)

Order	Country/Region	Total Claims Paid	Political Risk	Commercial Risk
1	Argentina	2.4	2.4	0
2	India	0.6	0	0.6
3	Sweden	0.4	0	0.4
4	U.S.A.	0.1	0.0	0.0
5	Mexico	0.1	0	0.1

6 Recoveries

Recoveries for FY2007 decreased from ¥247.3 billion to ¥57.5 billion, by ¥189.8 billion or 76.8% compared with the previous fiscal year. This is mainly due to a decrease in the amount that was to be repaid initially in FY2007 as major debt rescheduled countries such as Russia and Brazil had repaid their rescheduled debts earlier in the previous fiscal year. In a breakdown by type of risk, political risk recoveries accounted for 94.5% (¥54.3 billion), with the remaining 5.5% (¥3.2 billion) coming from commercial risk recoveries. The top five recoveries in terms of country in FY2007 were ¥30.3 billion from Poland (¥11.4 billion in the previous fiscal year), ¥4.6 billion from Egypt (¥4.4 billion in the previous fiscal year), ¥4.5 billion from Peru (¥0.6 billion in the previous fiscal year), ¥3.6 billion from Indonesia (¥13.3 billion in the previous fiscal year), and ¥1.9 billion from Cuba (¥2.0 billion in the previous fiscal year), which accounted for 78.1% of the total recoveries.

[Recoveries by Risk]

(Billions of yen)

Type of Risks	FY2003	FY2004	FY2005	FY2006	FY2007
Political Risk	94.3	94.3	225.7	235.1	54.3
Commercial Risk	3.5	7.1	3.0	12.2	3.2
Total Recoveries	97.7	101.4	228.7	247.3	57.5

[Recoveries by Region]

In a breakdown by region, recoveries from Asia decreased by 68.8% to ¥7.5 billion compared with the previous fiscal year. Of all the Asian recoveries, 93.5% are from four countries: Indonesia with ¥3.5 billion (¥13.3 billion in the previous fiscal year), Singapore with ¥1.3 billion (¥1.2 billion in the previous fiscal year), Malaysia with ¥1.1 billion (¥0.1 billion in the previous fiscal year), and Myanmar with ¥1.0 billion (¥0.6 billion in the previous fiscal year). Recoveries from the Middle East increased by 19.3% to ¥2.5 billion, of which ¥1.4 billion was from Syria (¥1.5 billion in the previous fiscal year) and ¥1.1 billion was from Jordan (¥0.7 billion in the previous fiscal year), accounting for 98.6% of the recoveries from this region. Recoveries from Europe were ¥32.0 billion, down by 68.2% from the previous fiscal year. Poland, Belarus, and Serbia accounted for 98.3% of the total European recoveries, with ¥30.3 billion (¥11.4 billion in the previous fiscal year), ¥0.7 billion (¥0.7 billion in the previous fiscal year), and ¥0.5 billion (¥0.3 billion in the previous fiscal year), respectively. Recoveries from North and Central America also decreased by 18.6% to ¥2.5 billion, of which ¥1.9 billion was from Cuba (¥2.0 billion in the previous fiscal year) and ¥0.5 billion was from Dominican Republic (¥1.1 billion in the previous fiscal year). They accounted for 100% of the recoveries from this region. Recoveries from South America were ¥6.9 billion, decreased by 80.6% from the previous fiscal year. Recoveries from Peru, Argentina, and Ecuador were ¥4.5 billion (¥0.6 billion in the previous fiscal year), ¥1.3 billion (¥1.8 billion in the previous fiscal year), and ¥1.0 billion (¥1.1 billion in the previous fiscal year), respectively. The recoveries from them occupied 98.4% of the total recoveries from South America. Recoveries from Africa were down by 92.5% to ¥6.2 billion. Egypt and Angola accounted for ¥4.6 billion (¥4.4 billion in the previous fiscal year) and ¥1.3 billion (¥3.6 billion in the previous fiscal year), respectively. Recoveries from the two countries occupied 96.0% of the total from Africa.

(Billions of yen)

Region	FY2003	FY2004	FY2005	FY2006	FY2007	Composition(%)	Year-to-year change(%)
Asia	11.9	16.4	11.5	23.9	7.5	13.0	(68.8)
Middle East	1.7	1.7	1.8	2.1	2.5	4.4	19.3
Europe	19.6	35.2	90.0	100.4	32.0	55.6	(68.2)
North America	0	0.0	0	0	0	0.0	—
Central America	1.1	0.6	2.4	3.1	2.5	4.3	(18.6)
South America	26.4	29.6	33.5	35.4	6.9	12.0	(80.6)
Africa	37.1	17.9	89.4	82.5	6.2	10.7	(92.5)
Oceania	0	0	0	0	0.0	0.0	—
Total	97.7	101.4	228.7	247.3	57.5	100.0	(76.8)

(Note 18) Due to rounding up or down of fractions, the sum of each figure does not necessarily coincide with the total amount.



VII Financial Results for Fiscal Year 2007 (Year ending March 31, 2008)



1 Fiscal Year 2007 in Review

Nippon Export and Investment Insurance (NEXI), an incorporated administrative agency, submitted a financial statement for its seventh year of operations (fiscal year 2007 ending March 31, 2008) to the Minister of Economy, Trade and Industry on June 24, 2008 and Ministry approval was obtained as of July 30. In accordance with Article 39 of the Act on General Rules for Incorporated Administrative Agency, the financial statement had been audited by KPMG AZSA & Co. appointed by the Minister of Economy, Trade and Industry.

[Overview of Financial Statement]

Financial highlights for NEXI business
Year end: March 31

(Millions of yen)

	FY2003	FY2004	FY2005	FY2006	FY2007
Ordinary profit and loss					
Ordinary income	9,436	9,346	11,585	12,520	12,706
Net premium written	9,253	8,571	9,586	9,187	9,615
Interest on securities	9	567	905	1,918	2,446
Ordinary expenses	8,505	7,027	7,544	7,081	11,433
Net claims paid	402	75	74	62	103
Operating and administrative expenses	4,705	4,897	5,476	6,405	7,985
Provision for outstanding commitments reserves	3,327	1,980	2,008	510	625
Ordinary profit (loss)	931	2,319	4,041	5,439	1,273
Extraordinary profit (loss)^(Note)	17,112	3,173	52,501	18,953	(84,982)
Net income (loss)	18,043	5,492	56,542	24,392	(83,709)
Total assets	217,309	241,292	398,588	377,995	302,164
Net worth	183,712	198,908	326,131	350,522	266,814

(Note) The profits and losses of assets acquired by subrogation and contributed in-kind by the government have been entered as extraordinary profit (and loss) in accordance with the ministerial ordinance on the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance (Ordinance No. 104 of Ministry of Economy, Trade and Industry, March 29, 2001).

[Profits and Losses]

In fiscal year 2007, the underwritten amount decreased 36.0% to ¥9,521,044 million compared to the previous fiscal year, mainly due to cancellation of the comprehensive insurance contract with the Japan Automobile Manufacturers Association and introduction of choice of insurance coverage system. The net premium written was up 4.7% to ¥9,615 million. Interest on securities was also up 27.5% to ¥2,446 million due to increased holdings of securities including government bonds. Operating and administrative expenses rose by ¥1,580 million to ¥7,985 million, with an increase in information processing expenses for system development and amortization of capitalized software. As a result of an increase in system-related expenses as well as exchange losses stemming from yen appreciation, ordinary income only increased 1.5% to ¥12,706 million compared to the previous fiscal year. For extraordinary profit and loss, loss of ¥84,982 million was recorded. Extraordinary loss amounted to ¥86,847 million mainly due to changes in accounting provisions including allowance for uncollectible receivables which is now based on market value. It was also due to a decrease in the interest income from receivables acquired by subrogation and contributed in-kind by the government, to ¥1,809 million from the previous fiscal year's ¥9,543 million, caused by a decrease in estimated amount to be repaid as major debtor countries had completed payments in the previous fiscal year. As a result, net loss for the current year was ¥83,709 million, and the amount was recorded as unappropriated retained loss. The first target period reserve fund of ¥80,934 million will be used to reduce this retained loss, and the remaining balance of ¥2,775 million will be carried forward.

2 Financial Statements

[Balance Sheet (As of March 31, 2008)]

(Millions of yen)

(Assets)		(Liabilities)	
Cash and cash items	38,822	Outstanding claims reserves	638
Securities	212,973	Reserves for outstanding commitments	13,184
Receivables subrogated by paying claims	239,281	Amount due to the reinsurer	6,504
Accrued income	601	Deposits received	10,485
Accrued premium	5,162	Prepaid insurance premium	3,367
Reinsurance credit	1,445	Accrued amount payable	127
Buildings ^(Note 2)	84	Reserves for bonus payment	126
Vehicles ^(Note 3)	5	Reserves for retirement allowance	126
Equipment and fixtures ^(Note 4)	411	Other liabilities	793
Accounts receivable	37	Total liabilities	35,350
Deposits	398	(Net Worth)	
Software	4,705	Capital	
Other assets	54	Government investment	104,352
Allowance for uncollectible receivables	(201,816)	Capital surplus ^(Note 5)	140,652
		Retained earnings	
		First target period reserve fund carried forward	24,585
		Surplus reserves	80,934
		Unappropriated retained loss	83,709
		(of which loss for the current year)	(83,709)
		Total retained earnings	21,810
		Total net worth	266,814
Total Assets	302,164	Total liabilities and net worth	302,164

(Note 1) Amounts between one million yen and 500 thousand yen were rounded up to one million yen. Amounts less than 500 thousand yen were omitted.

(Note 2) The accumulated depreciation of buildings is ¥128 million.

(Note 3) The accumulated depreciation of vehicles is ¥3 million.

(Note 4) The accumulated depreciation of equipment and fixture is ¥297 million.

(Note 5) The breakdown of capital surplus is as follows:

(Millions of yen)

Appraisal difference of receivables subrogated by paying claims	45,386
Appraisal difference of rescheduled claims	49,225
Evaluation of difference of commercial risk subrogated receivables	(3,838)
Evaluation of difference of capitalized amount	95,265
(Total)	140,652


[Statement of Income (From April 1, 2007 to March 31, 2008)]

(Millions of yen)

Ordinary income	12,706
Underwriting income	9,616
Net premium written ^(Note 2)	9,615
Interest income on receivables subrogated by paying claims	2
Investment income	2,978
Income from interest	533
Interest on securities	2,446
Others	111
Other ordinary income	111
Ordinary expenses	11,433
Underwriting expenses	1,136
Net claims paid ^(Note 3)	103
Provision for outstanding claims reserves	511
Estimated amount of insurance claims recovery ^(Note 4)	(103)
Provision for outstanding commitments reserves	625
Foreign exchange loss	2,236
Operating and administrative expenses	7,985
Others	76
Interest paid	0
Other ordinary expenses	75
Ordinary profit	1,273
Extraordinary profit	1,866
Profit relating to in-kind contribution of receivables acquired by government subrogation ^(Note 5)	1,866
Extraordinary loss	86,847
Losses relating to in-kind contribution of receivables acquired by government subrogation ^(Note 5)	2,714
Provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation	84,133
Net loss	83,709

(Note)

1. Amounts between one million yen and 500 thousand yen were rounded up to one million yen. Amounts less than 500 thousand yen were omitted.

2. The breakdown of net premium written is as follows:

	(Millions of yen)
Premium of original insurance written	34,644
Refund of premium paid for reinsurance	2,417
Premium received for reinsurance	1,527
Premium paid for reinsurance	(28,973)
(Total)	9,615

3. The breakdown of net claims paid is as follows:

	(Millions of yen)
Insurance claims paid	3,800
Reinsurance claims recovered	(3,696)
(Total)	103

4. The breakdown of the estimated amount of insurance claims recovery is as follows:

	(Millions of yen)
① Capitalized amount of subrogated receivables acquired through claims payment	(99)
② Difference of estimated value between the current year and the previous year concerning subrogated receivables capitalized in line with the outstanding claims provision	(4)
③ Recoveries of subrogated receivables that are not capitalized	(0)
(Total)	(103)

5. The profits and losses of receivables acquired by subrogation and contributed in-kind by the government were entered as extraordinary profit and loss in accordance with Article 2 of the supplementary provision of the ordinance concerning the finance and accounting of the Incorporated Administration Agency Nippon Export and Investment Insurance (Ordinance No. 104 of Ministry of Economy, Trade and Industry on March 29, 2001).

(1) Breakdown of profits relating to in-kind contribution of receivables acquired by government subrogation

	(Millions of yen)
Interest income from receivables acquired by subrogation and contributed in-kind by the government	1,809
Recovery of non-rescheduled claims acquired by subrogation and contributed in-kind by the government	57
(Total)	1,866

(2) Breakdown of losses relating to in-kind contribution of receivables acquired by government subrogation

	(Millions of yen)
Bad debt loss	417
Foreign exchange loss on receivables acquired by subrogation and contributed in-kind by the government	2,286
Other extraordinary loss	11
(Total)	2,714

[Statement of Cash Flows (From April 1, 2007 to March 31, 2008)]

(Millions of yen)

I. Cash flows from operating activities	
Premium received	36,778
Reinsurance premium paid	(28,964)
Insurance claims paid	(3,800)
Reinsurance claims received	3,690
Income from recovery of receivables subrogated by paying claims	19,639
Payment of recovered receivables subrogated by paying claims	(8,265)
Income from recovery of receivables subrogated to the government	41,774
Payment of recovered receivables subrogated to the government	(31,326)
Personnel expenses	(1,411)
Other operating expenses	(5,316)
Others	47
Subtotal	22,848
Interests received	6,091
Interests paid	(0)
Net cash provided by operating activities	28,939
II. Cash flows from investing activities	
(Increase) in time deposits	(71,426)
Decrease in time deposits	68,942
Purchase of securities	(52,898)
Redemption of securities	32,490
Purchase of fixed assets	(1,197)
(Increase) in deposits	(0)
Net cash (used in) provided by investing activities	(24,089)
III. Cash flows from financing activities	
Finance lease payment	(2)
Net cash (used in) provided by financing activities	(2)
IV. Foreign exchange difference related to cash and cash equivalents	(1)
V. Net increase (decrease) in cash and cash equivalents	4,847
VI. Cash and cash equivalents at the beginning of the current year	20,368
VII. Cash and cash equivalents at the end of the current year	25,215

(Note 1) Amounts between one million yen and 500 thousand yen were rounded up to one million yen. Amounts less than 500 thousand yen were omitted.

(Note 2) The breakdown of cash at the end of the current year by title of balance sheet is as follows:

	(Millions of yen)
Cash and cash items	38,822
Time deposits	(13,606)
Balance of cash at the end of the current year	Total 25,215

 (Note 3) Significant non-cash transactions
 The acquisition of assets under finance leases

	(Millions of yen)
Vehicles	8
Total	8



Notes

I. Important Accounting Principles

Starting from the fiscal year ending March 31, 2008, NEXI's financial statements have been prepared under the revised accounting standards for incorporated administrative agencies.

1. Accounting procedures of depreciation

(1) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets purchased with a value exceeding ¥200,000, either singly or in sets, has been calculated by adopting a straight-line depreciation method. This is in accordance with the estimated useful life stipulated in the Corporate Tax Act defining residual value as 10% of the acquisition value. However, the depreciation of buildings (limited to incidental facilities) has been calculated by a straight-line depreciation method that sets its residual value at ¥1 as the memorandum value.

(2) Amortization of intangible fixed assets

Amortization of the trademark right has been calculated by a straight-line depreciation method that fixes its residual value at ¥0 in accordance with the estimated useful life stipulated in the Corporate Tax Act.

Amortization of computer software with a four year availability period being used in-house has been calculated by a straight-line depreciation method that sets its residual value at ¥0 by applying the relative availability period to the estimated useful life.

2. Calculation basis of the reserves for retirement allowances and estimates

To prepare for retirement allowance payments for board members and employees, a reserve is provided based on 100% of the amount of retirement allowances required by the rules of payment of retirement allowances for board members and by those that apply to employees, respectively.

The calculation method has been changed with regard to estimated increase in retirement allowances with no reserves set aside, which is reported in the statement of administrative services costs. It is computed by deducting "the retirement allowance estimate at the end of the previous fiscal year" and "retirement allowance estimate at the end of the previous fiscal year for those who resigned" from the retirement allowance estimate for all the employees at the end of the current fiscal year.

3. Calculation method of reserves for outstanding commitments, outstanding claims reserves, receivables subrogated by paying claims and allowance for uncollectible receivables

Reserves for outstanding commitments, outstanding claims reserves, receivables subrogated by paying claims and the allowance for uncollectible receivables have been dealt with by calculating the respective amount in accordance with the following ordinance: "Concerning the calculation methods ordained by the Ministry of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance" (2001 · 03 · 27 Trade No. 2).

4. Calculation basis of reserves for bonus payments and estimates

To prepare for the payment of bonuses for board members and employees, a reserve is provided, based on the amount remaining in the current fiscal year according to the rules of remuneration of board members and employees, respectively.

5. Appreciation basis and method for securities

(1) Appreciation of bonds that are owned for the purpose of being held until maturity has been carried out by adopting an amortized cost method (straight-line method).

(2) Appreciation of the remaining bonds that do not have a market price has been carried out by adopting a moving average cost method.

6. Appreciation method of money claims and debts in foreign currencies

Money claims and debts in foreign currencies have been translated into Japanese yen at the exchange rates prevailing at the end of the fiscal year.

7. Calculation method for opportunity costs in the statement of administrative services costs

(1) Calculation method for opportunity costs of using national property free of charge

Opportunity costs arising from using national property free of charge for the facilities of NEXI, such as offices, have been calculated by referring to land rent and building rent in the surrounding area: Computer room on the second floor of the annex to the main building of the Ministry of Economy,

Trade and Industry.

(2) Interest rate for the calculation of opportunity costs relating to investment by the government

The yield of 10-year government bonds (1.275%) has been applied.

8. Accounting and depreciation methods applied to lease transactions

Finance lease transactions have been dealt with in accordance with the accounting procedures for typical sales transactions. Depreciation has been dealt with by a straight-line method, which sets its residual value at ¥0 by applying the relative contract period as its estimated useful life.

9. Accounting procedure for consumption tax

Consumption tax accounting is based on the tax included method. For fiscal year 2007, NEXI has been qualified as a tax-exempt enterprise under the Consumption Tax Act and other related laws and regulations.

10. Changes to the accounting principles

(1) Reporting method of receivables subrogated by paying claims

In the past fiscal years, when international creditor meetings such as the Paris Club agreed to provide debt relief with regard to the receivables obtained by NEXI through subrogation as a result of a political event, such receivables were reported as receivables subrogated by paying political risk claims, until the debt relief was actually implemented. Since the current fiscal year, however, such receivables have been excluded from the receivables subrogated by paying claims in accordance with a partial revision of Article 3 and Article 4 of the ordinance concerning calculation methods ordained by the Minister of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance (2001 · 03 · 27 Trade No. 2). As a result, both receivables subrogated by paying claims and allowance for uncollectible receivables have decreased by ¥118,992 million compared with the previous method. Consequently, allowance for uncollectible receivables has been reported based on market value regarding the receivables subrogated by paying claims after the deduction of debt relief amount. As a result, extraordinary loss and loss for the current year have increased by ¥87,251 million, respectively, compared with the previous method.

(2) Estimated bonus payment with no reserves set aside

Estimated bonus payment with no reserves set aside, which had not been required to be reported in the statement of administrative services costs in the past fiscal years, has been reported in accordance with the revised accounting standards for incorporated administrative agencies. No impact on administrative services costs is associated with this change.

(3) Estimated increase in retirement allowances with no reserves set aside

In past fiscal years, the estimated increase in retirement allowances with no reserves set aside had been reported in the statement of administrative services costs in accordance with the following calculation method: It is computed by deducting "the retirement allowance estimate at the end of the previous fiscal year" and "retirement payment cost recorded as an operating expense" from the retirement allowance estimate for all the employees at the end of the current fiscal year. Since the current fiscal year, however, the calculation method has changed in accordance with the revised accounting standards for incorporated administrative agencies. It is computed by deducting "the retirement allowance estimate at the end of the previous fiscal year" and "retirement allowance estimate at the end of the previous fiscal year for those who resigned" from the retirement allowance estimate for all the employees at the end of the current fiscal year. Little impact on administrative services costs is associated with this change.

(4) Total net worth in Balance Sheet

In the past fiscal years, Assets, Liabilities, and Funds and surplus had been used in the balance sheet. Since the current fiscal year, however, Assets, Liabilities and Net worth have been used in accordance with the revised accounting standards for incorporated administrative agencies.

II. Important Debt Assumption Undertaken

Not applicable

III. Important Subsequent Events

Not applicable

IV. Translation of Accounting Titles Distinctive to NEXI

Receivables subrogated by paying claims	Total assets of receivables subrogated by NEXI's paying claims and estimated amount of potential subrogated receivables with regard to the outstanding claims reserves
Accrued premium	Accrued insurance premium due from policyholders arising from insurance contracts concluded
Reinsurance credit	Receivables arising from reinsurance provided by the government ○ Accrued premium on reinsurance to be refunded by the government ○ Accrued reinsurance claims to be paid by the government
Outstanding claims reserves	Amount considered necessary to cover incurred losses under an insurance contract or losses recognized as having been incurred at the end of the fiscal year
Receivables for outstanding commitments	Amount reserved to prepare for possible future claim payments under insurance and reinsurance contracts
Amount due to the reinsurer	Amount to be paid by NEXI to the government under reinsurance contracts
Prepaid insurance premium	Insurance premium received with NEXI's obligation starting from the next fiscal year or later
Capital surplus	Appraisal difference of in-kind contribution of receivables acquired by government subrogation is processed based on Article 2 of the supplementary provision of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance (Ordinance of Finance and Accounting). ○ Appraisal difference of receivables subrogated by paying claims With regard to the fiscal years ending March 2003, 2004 and 2005, the appraisal difference of receivables acquired by subrogation and contributed in-kind by the government (except for accrued income) was included in the capital surplus, in accordance with the ordinance concerning a partial revision of the Ordinance of Finance and Accounting (Article 49 of Ordinance of Ministry of Economy, Trade and Industry, March 31, 2003). ○ Appraisal value associated with capitalization The Ordinance of Finance and Accounting was partially revised by ordinance No. 100 of October 28, 2005. Since the fiscal year ending March 2006 (FY2005), those receivables acquired by subrogation and contributed in-kind by the government that were capitalized and appraised for the first time have been included in the capital surplus.
Net premium written	Amount calculated by deducting reinsurance premium paid from premium written. Premium written is the total amount of premium of original insurance written and premium received for reinsurance.
Net claims paid	Amount calculated by deducting reinsurance claims recovered from insurance claims paid. Insurance claims paid are the total amount of original insurance claims paid and reinsurance claims paid.
Estimated amount of insurance claims recovery	The total of the following amounts: ○ Capitalized amount of receivables subrogated by paying claims ○ Recovery of receivables subrogated by paying claims that are not capitalized ○ Difference of value between the current fiscal year end and the previous fiscal year end concerning the estimated amount of potential subrogated receivables capitalized in association with the outstanding claims reserves
Provision for outstanding claims reserves	Provision for outstanding commitments reserves for the current fiscal year
Provision for outstanding commitments reserves	Provision for outstanding commitments reserves for the current fiscal year
Extraordinary profit	Interest income relating to assets invested by the government (receivables subrogated by paying claims)
Extraordinary loss	Provision for uncollectible receivables and foreign exchange loss relating to assets invested by the government (receivables subrogated by paying claims)

V. Other accounting information necessary to understand the current situation of NEXI

(1) Conversion into a stock company wholly owned by the government

The "Consolidation and Rationalization Plan for Incorporated Administrative Agencies," approved by the Cabinet on December 24, 2007, stipulates that in principle NEXI should convert to a stock company wholly owned by the government by the end of fiscal year 2010.

(2) Presentation of accrued income (accrued interest)

Accrued income from receivables subrogated by paying political risk claims of the past years includes amounts paid partially through the implementation of debt payment schedule. The accrued income in the current year has been reduced by ¥81,525 million (accrued income and allowance for uncollectible receivables) since the entire recovery of the accrued income (accrued interest) is not likely.



VIII Second Medium-Term Objectives



Nippon Export and Investment Insurance (NEXI) has set the medium term-objectives for the second term of FY2005 to FY2008 and is enforcing various measures and policies based on these objectives. A summary of these objectives is outlined below.

1 Improving the quality of NEXI's services and other operations

1 Improvement of products

From the perspective of securing the international competitiveness of Japanese companies, we will take the customers' demands and requirements for trade and industry policies into consideration and, in order to provide high-quality services equal to those in other foreign countries, we will improve and develop our products through a complete revision of the comprehensive insurance with the exporters' associations scheme and of the insurance products that we currently offer.

2 Improvement of services

Adopting the perspective of the customers at all times, we will make efforts to improve and enhance our services by lightening the burden on the customer and promoting prompt decision-making/business proceedings in addition to fully enforcing the observance of compliance and building on the relationship of trust that we have with our customers. Further, the changes will enable us to perceive customers' needs with greater accuracy and create a system where it is possible to offer services that are more convenient for our customers.

3 Streamlining the system to perceive and reflect customers' needs and enhance risk analysis/assessment

We will increase the publicity activities of existing insurance products and address our customers' needs with greater accuracy, making use of customer feedback on our insurance products as well as streamlining the system to improve risk analysis/assessment methods. In order to strengthen the assessment of underwriting, information-gathering capacity, and recovery functions, we will increase the efficiency of the organic linkage system with domestic and international institutions, including the Japanese government, and also give further multifaceted and effective support to overseas transactions by Japanese companies.

4 Emphasizing strategic priority policy Issues

In light of our role as the public institution responsible for developing Japan's overseas transactions and taking heed of requirements regarding Japan's trade policies, industrial policies, natural resources and energy policies, etc. we will give priority to accomplishing these policy issues. In order to do so, we will qualitatively and quantitatively expand the insured risks regarding these areas. At the same time we will take the initiative in addressing issues in great demand by our customers, including consideration for the environment and social issues and will make every effort to fulfill our social responsibilities as a public institution.

5 Smooth entry of private insurers into the market

As for our efforts toward the improvement of our products, the introduction of choice of coverage system in the revision of the comprehensive insurance with the exporters' association extends our customers' choice of cover to private insurance companies, preparing a suitable environment that facilitates the smooth entry of private insurers.

2 Efficiency of business operations

1 Promoting efficiency of business operations

Our staff will be trained to be thoroughly cost-conscious by giving full consideration to the cost-effectiveness of the disbursement of expenses, in order to improve the efficiency of our business operations.

- i. We will at all times closely monitor our organizational structure and personnel distribution so that they can appropriately deal with their workload. Further we will do our best to carry out necessary revisions as well as increasing cost-effectiveness.
- ii. Our goal for FY2008 is to reduce the workforce by at least 3% compared with FY2005, and for this purpose will take the necessary measures. We will also make necessary revisions in our board members' and employees' salaries.
- iii. We will promote the efficiency of business operations through consignment of part of our office work and business operations to private financial institutions, etc.

2 Efficient development and smooth operation of the next generation information system

As for the development of our next generation information system, we will take all possible measures to ensure that effective development will be continued to maximize the effectiveness of investment, while appropriately managing the development schedule.

We will improve the services to our customers and realize efficient and prompt business operations (including, in addition to development and sale of new products, reinsurance by the government and smooth response to asset management) through a smooth transition from the current information system, the promotion of an efficient and prompt system maintenance/additional alteration after the new system is put in operation.

3 Improvement in composition of finances

1 Reinforcement of financial grounds

In order to continuously and stably offer our customers an "assured peace of mind," we will improve the efficiency of business operations and hold down expenditure based on appropriate risk management, as well as enhance our finance grounds through the appropriate management of debts brought about by insured risks and strengthening of the recovery system.

2 Reinforcement of credit management/recovery

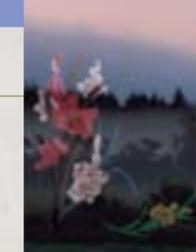
- i. We will strengthen our recovery capacity through the appropriate management of credit data and close coordination with relevant organizations.
- ii. We will feed back the know-how accumulated through assessment/recovery operations of specific transactions and enhance our risk management.
- iii. As for debts caused by insured risks, we will appropriately control them and improve their assessment and analyzing methods as well as execute precise accounting.

4 Fostering of personnel with high degree of specialist knowledge (personnel administration)

We will further elevate specialization of our staff through an enriched in-service training system, implementation of an efficient personnel system that takes into account the development of specialist knowledge, etc.

We will also properly appoint personnel to match the quantity and quality of our business operations by improving our present business processing.

IX Profile of NEXI



From the left : Fumihiko Kato (Vice Chairman), Hidehiro Konno (Chairman and CEO), and Naoki Obayashi (Vice Chairman)



Shigeki Nishikawa
(Corporate Auditor)



Takashi Imai
(Corporate Auditor)

Members of the Board and the Audit Board

Chairman and CEO **Hidehiro Konno**
 Vice Chairman **Naoki Obayashi**
 Vice Chairman **Fumihiko Kato**
 Corporate Auditor (Full Time) **Shigeki Nishikawa**
 Corporate Auditor (Part Time) **Takashi Imai**



Name	Incorporated Administrative Agency, Nippon Export and Investment Insurance("NEXI")
Date of Establishment	April 1st, 2001
Acts	Act on General Rules for Incorporated Administrative Agency Trade and Investment Insurance Act
Purpose	To efficiently and effectively conduct insurance business of covering risks which arise in foreign transactions and which are not covered by commercial insurance.
Competent Minister	The Minister of Economy, Trade and Industry
Capital	¥104.4 billion (Fully contributed by the Japanese Government) (Unchanged from the previous year)
Number of Full-time Employees	157 (As of March 31, 2008)
Scope of Business	<ol style="list-style-type: none"> To conduct trade and investment insurance business operations complying with the regulations of Chapter 3 of the Trade and Investment Insurance Act. To conduct business which is incidental to the business stated in 1. To underwrite reinsurance under the insurance obligations of international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade and investment insurance. To entrust reinsurance for the insurance obligation of NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade insurance as well as the reinsurance with the Government complying with the regulations of Chapter 4 of the Trade and Investment Insurance Act.
Brief History	<p>July 1999 Enactment of Act on General Rules for Incorporated Administrative Agency Dec.1999 Enactment of the Act which partly amended the Trade and Investment Insurance Act Apr. 2001 Establishment of Nippon Export and Investment Insurance</p> <p>(For reference) The Trade and Investment Insurance Act was enacted in March 1950 and thereafter trade and investment insurance was managed by the Ministry of Economy, Trade and Industry (former Ministry of International Trade and Industry) until the end of March 2001.</p>
Offices	<p>Head office Chiyoda First Building, East Wing 3F, 3-8-1, Nishikanda, Chiyoda-ku, Tokyo 101-8359 Tel. 81- (0)3-3512-7650 Fax.81- (0)3-3512-7660</p> <p>Domestic Branch 3-1-22, Kitahama, Chuo-ku, Osaka City, Osaka 541-0041 Tel. 81- (0)6-6233-4017 Fax.81- (0)6-6233-4001</p> <p>Overseas Offices NEXI Paris, NEXI New York, and NEXI Singapore (See page 42.)</p>
Main Insurance Products	Export Credit Insurance Buyer's Credit Insurance Trade Insurance for Standing Orders with Specific Buyer Export Credit Insurance for SMEs Intellectual Property License Insurance Overseas Untied Loan Insurance Overseas Investment Insurance Export Bill Insurance Prepayment Import Insurance Investment and Loan Insurance for Natural Resources and Energy
URL	http://www.nexi.go.jp



X NEXI Customer Service Charter



NEXI Spirit

- (1) Our mission is to assist customers to conduct international business with a sense of security by reducing incidental business risks.
To this end, we take time to grasp the customer's viewpoint, so that we can meet our customer's needs precisely and provide efficient and high-quality services, thereby enhancing customer satisfaction and establishing mutual trust.
- (2) By implementing our customer-focused policy, we will continue to:
 1. Improve the quality of services,
 2. Broaden the range of risk coverage,
 3. Promote the efficiency of operations, and
 4. Increase the transparency of management.

NEXI Pledges to the Customer

We are committed to:

- (1) Providing insurance products that make customers feel secure and protected in overseas transactions
- (2) Providing advice to customers from the preliminary stage of planning
- (3) Responding promptly to inquiries and the interests of customers
- (4) Meeting customers' demands and business needs
- (5) Promptly completing the assessment of insurance claims and making insurance claim payment
- (6) Promptly allocating the recovery

- (1) Providing insurance products that make customers feel secure and protected in overseas transactions

1) If you suspect that your international transactions, including exports, foreign investment and overseas lending may incur any risk, please visit our website (<http://www.nexi.go.jp>) and find the insurance product section, or contact the following offices.

● Customer Relations Office (Head Office):
Phone: 81-(0)3-3512-7712

● Customer Relations Office (NEXI, Osaka):
Phone: 81-(0)6-6233-4018

2) To provide customers with further information on our insurance products that are beneficial to international business, we are always pleased to dispatch our staff to your office at your request. Please feel free to contact us.

- (2) Providing advice to customers from the preliminary stage of planning

If you plan to initiate international transactions, such as exports and overseas investment, there is a NEXI service available for you.

We will be pleased to consult with you at an early stage of project formation and propose the most appropriate insurance product to minimize any risk involved.

※For inquiries, please see the NEXI directory as below, in order to find out where to contact us.

● Customer Relations Office (Head Office):

Phone: 81-(0)3-3512-7712

Fax: 81-(0)3-3512-7687

E-mail: okyakusama@nexi.go.jp

● Customer Relations Office (NEXI, Osaka):

Phone: 81-(0)6-6233-4018

Fax: 81-(0)6-6233-4001

- (3) Responding promptly to inquiries and the interests of customers

1) If you have any questions about insurance products, please call or e-mail the Customer Relations Office or any relevant group. We will respond quickly.

2) To estimate an insurance premium, please use the premium calculation simulator on our website. If you give us information on your planned transaction, the group in charge will estimate a premium on the same day of the inquiry, in principle, or on the following business day at the latest. (For medium or long-term non-L/G transactions, however, we will answer within five business days.)

If the group in charge finds it difficult to answer your inquiry within these time limits, the group will promptly notify you to that effect and give the reason for the delay and the expected date of answer.

3) Should the group in charge find any inadequacy in the forms submitted, such as the pre-application form and the insurance application form (other than environment-related forms), we will notify you within five business days of our receipt at the latest.

4) If you have any questions about trade insurance system for a specific project, please consult the group in charge or the Customer Relations Office. We will answer within five business days at the latest.

Should we find it difficult to answer within the stated period, you will be promptly notified to that effect and be given the reason for the delay and the expected date of answer.

- (4) Meeting customers' demands and business needs

1) It would be appreciated if you could give us sufficient lead time when consulting with us as our assessment may take longer than expected.

2) If it becomes necessary to accelerate procedures for such a reason as an export contract proceeding more rapidly than anticipated, please consult with us. Your business needs are always important to us and we will do our utmost to meet accelerated deadlines. If we find it difficult to meet an accelerated deadline, we will immediately alert you of this and let you know how long it will take to complete the necessary procedures.

- (5) Promptly completing the assessment of insurance claims and making insurance claim payment

1) As soon as we receive an insurance claim from a customer, we will assess the details in light of the insurance policy provisions to determine the amount of the claim to be paid. We will then make a payment within a stipulated time. This is generally within two months of receipt of the claim, however, in a situation where more time is required for a survey, this rule does not apply. For an application for insurance claims, customers are requested to steadily execute the duty of notification and the duty of loss prevention and reduction stipulated in such documents as insurance policy provisions. In addition, customers are also requested to submit all necessary documents stipulated in the insurance policy provisions and other regulations within a specified time.

2) In the event of any inadequacy being found in a submitted claim or in other documents in light of insurance policy provisions or other regulations, we will give you notification no later than three business days after receiving the documents.

3) In order to pay claims within the period stipulated in the insurance policy provisions, and other regulations, we appreciate your understanding and cooperation, including the early submission of documents necessary for the assessment.

- (6) Promptly allocating the recovery

1) When money is recovered from a debt for which we have been entrusted with the exercise of recovery rights, we will promptly distribute the recovered money in accordance with insurance policy provisions, etc.

2) To allocate money recovered according to Paris Club debt rescheduling or other programs, in principle, we will complete remittance procedures to the relevant customer accounts by the business day following confirmation of the receipt of the full amount in a NEXI account.

Information

Various kinds of information can be found on our website (<http://www.nexi.go.jp>) and in our annual report.

- (1) Please visit our website for comprehensive information on trade insurance, which we hope will be helpful.

NEXI website features:

- 1) Recent developments (including changes in systems and underwriting policies and business results for the last half-year period)
- 2) Description of our insurance products
- 3) Rules concerning trade insurance (including insurance policy provisions for all of our insurance products)
- 4) Underwriting policies
- 5) Country categories
- 6) Simulation of premium calculations
- 7) Application procedures
- 8) Procedures to be adopted after occurrence of an insured event

- 9) Examples of insurance claim payments cases
- 10) Brochures on our insurance products
- 11) Downloadable insurance policy provisions, detailed rules concerning procedures, various applications forms

- (2) Our annual report (in Japanese and English) offers the results of our trade insurance business and our financial statements. Other publications are also available, including NEXI corporate brochures and leaflets on our insurance products. Please feel free to call the Public Relations Group or the Customer Relations Office of the Head Office.

- (3) For inquiries regarding our website, annual report or any other public relations material, please contact the Public Relations Group of the Head Office.

Your Comments and Complaints

Enhancing customer satisfaction is our constant aim. If you experience difficulty with any procedure or have a complaint about our services, do not hesitate to tell us, then the problem will be rapidly addressed.

- (1) If you let us know about any trouble you may be having, we can do whatever is necessary to solve the problem. In such a case, for example in insurance-related procedures, please give us the details of the problem and what you wish to be done. We will immediately analyze the situation to discover the source of the problem and suggest a solution.

- (2) If you have any complaint about our services or the handling of a specific project, please inform the Customer Relations Office.

1) For any complaint about our services, please provide the details to the Customer Relations Office in writing or via e-mail. After examining your problem, the Customer Relations Office will let you know how it will be dealt with. In a situation where it is difficult for us to take immediate action, we will let you know the reason for the difficulty and how we intend to proceed with it.

2) If there is any complaint about the handling of a specific project, please provide the details to the Customer Relations Office in writing or via e-mail. After re-examining the details, the Customer Relations Officer will inform you of the results of our investigation without delay. If action cannot be taken immediately, the Customer Relations Officer will inform you of the reason and the projected schedule for completion.



Customer Relations Office

(1) We have established a "Customer Relations Office" to provide more efficient services for our customers in accordance with our customer-oriented policy.

- Customer Relations Office (Head Office):
Phone: 81-(0)3-3512-7712
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp
- Customer Relations Office (NEXI, Osaka):
Phone: 81-(0)6-6233-4018
Fax: 81-(0)6-6233-4001

(2) The Customer Relations Office offers customer support by viewing the situation from the customer's viewpoint. Any question or inquiry is welcome, including questions about trade finance, the appropriate group to handle a planned project, and the handling of a specific project. We will take prompt action in these matters.

About This Customer Service Charter

It is our policy that NEXI staff members act quickly at all times, and the Charter will be constantly reviewed. Please do not hesitate to make any comments about this Charter or NEXI in general.

NEXI Directory

■ For general inquiries, including questions about the outline of trade insurance, please contact:

- Customer Relations Office (Head Office):
Phone: 81-(0)3-3512-7712
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp
- Head Office - Underwriting Group No.1
Phone: 81-(0)3-3512-7667
- NEXI, Osaka - Customer Relations Office
Phone: 81-(0)6-6233-4018
Fax: 81-(0)6-6233-4001

■ For inquiries about matters ranging from consultation on trade insurance underwriting to assessment associated with specific transactions, (including terms of cover, country categories, international agreements and insurance application procedures, such as buyer registration), please contact:

Short-Term Transactions (Repayment Term of Less Than Two Years)

- Head Office - Underwriting Group No.2
(Phone: 81-(0)3-3512-7668)
- Consultation, individual assessment and issuance of informal approval of transactions for Export Credit Insurance, Export Bond Insurance and Prepayment

Import Insurance that do not fulfill the insurance requirements by country such as for amount limits

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- Consultation and individual assessment of transactions for all kinds of insurance fulfilling the insurance requirements by country such as for amount limits
- Consultation and individual assessment of insurance claims for Export Bill Insurance
- NEXI, Osaka - Customer Relations Office
(Phone: 81-(0)6-6233-4018)
- Consultation, individual assessment and issuance of informal approval of transactions for Export Credit Insurance (for transactions less than one billion yen)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)
- Individual assessment of transactions for Export Credit Insurance (Specific Insurance, Comprehensive Insurance with Exporters' Associations, and Enterprise Comprehensive Insurance), fulfilling the insurance requirements by country, such as for amount limits
- Individual assessment of transactions for Trade Insurance for Standing Orders from Specific Buyer and Export Credit Insurance for SMEs
- Consultation and individual assessment of insurance claims for Export Bill Insurance
- NEXI, Osaka - Underwriting Group
(Phone: 81-(0)6-6233-4018)
- Consultation of transactions for Export Credit Insurance (Specific Insurance, Comprehensive Insurance with Exporters' Associations, and Enterprise Comprehensive Insurance), fulfilling the insurance requirements by country, such as for amount limits
- Consultation of transactions for Trade Insurance for Standing Orders from Specific Buyer and Export Credit Insurance for SMEs

Medium & Long-Term Transactions (Repayment Term of Two Years or More)

- Head Office - Underwriting Group No.2
(Phone: 81-(0)3-3512-7668)
- Consultation, individual assessment and issuance of informal approval of transactions for Export Credit Insurance, Export Bond Insurance and Prepayment Import Insurance
- Consultation on underwriting and assessment for transactions with direct government loans or government guarantees, or a transaction without government guarantees for which insurance cover is requested only for political risks regarding Export Credit Insurance and Buyer's Credit Insurance
- Head Office - Structured and Trade Finance Insurance Department
- Consultation, individual assessment, and issuance of informal approval of transactions for Buyer's Credit Insurance (two years or more) without L/G, Overseas Untied Loan Insurance, and Overseas Investment Insurance

Power & Mining Team (Phone: 81-(0)3-3512-7673)

Oil & Gas Team (Phone: 81-(0)3-3512-7672) (Phone: 81-(0)3-3512-7744)

Infrastructure Team

- Infrastructure/Aircraft Finance
(Phone: 81-(0)3-3512-7674)
- Manufacturing/Service Business
(Phone: 81-(0)3-3512-7601)

Investment and Loan Insurance for Natural Resources and Energy Team

- Oil & Gas
(Phone: 81-(0)3-3512-7744)
- Mineral Resources
(Phone: 81-(0)3-3512-7673)
- Overseas Investment Insurance
(Phone: 81-(0)3-3512-7744)

For inquiries about the following, please contact the appropriate office.

■ Ratings for, and credit management of, non-Japanese trading companies and banks:

- Head Office - Underwriting Group No.1
(Phone: 81-(0)3-3512-7667)
- NEXI, Osaka - Underwriting Group
(Phone: 81-(0)6-6233-4018)

■ Registration and alteration procedures on the foreign buyers list:

- Head Office - Underwriting Group No.1
(Phone: 81-(0)3-3512-7667)
- NEXI, Osaka - Underwriting Group
(Phone: 81-(0)6-6233-4018)

■ Confirmation and balance of specific credit ceiling:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7610)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Insurance application forms:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Issue of insurance policies:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Payment or refund of insurance premiums:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Applications for alteration:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Various application procedures, including approval of pledge:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Various types of notification, such as notification of redemption date:

- Head Office - Business Administration Group
(Phone: 81-(0)3-3512-7664)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Notice of occurrence of risks, notification of losses and credit advice:

- Head Office - Claims Service & Recovery Group
(Phone: 81-(0)3-3512-7663)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Claims and assessment of insured events:

- Head Office - Claims Service & Recovery Group
(Phone: 81-(0)3-3512-7663)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ Paris Club rescheduling, allocation of recoveries and so forth:

- Head Office - Recovery Services Group
(Phone: 81-(0)3-3512-7725)

■ For inquiries about assessments of recoverable assets other than the above and recovery business in general:

- Head Office - Asset Planning Group
(Phone: 81-(0)3-3512-7658)
- NEXI, Osaka - Administration Group
(Phone: 81-(0)6-6233-4017)

■ "Guidelines on Environmental and Social Considerations in Trade Insurance":

- Head Office - Environment Group
(Phone: 81-(0)3-3512-7685)

■ Disclosure of Information:

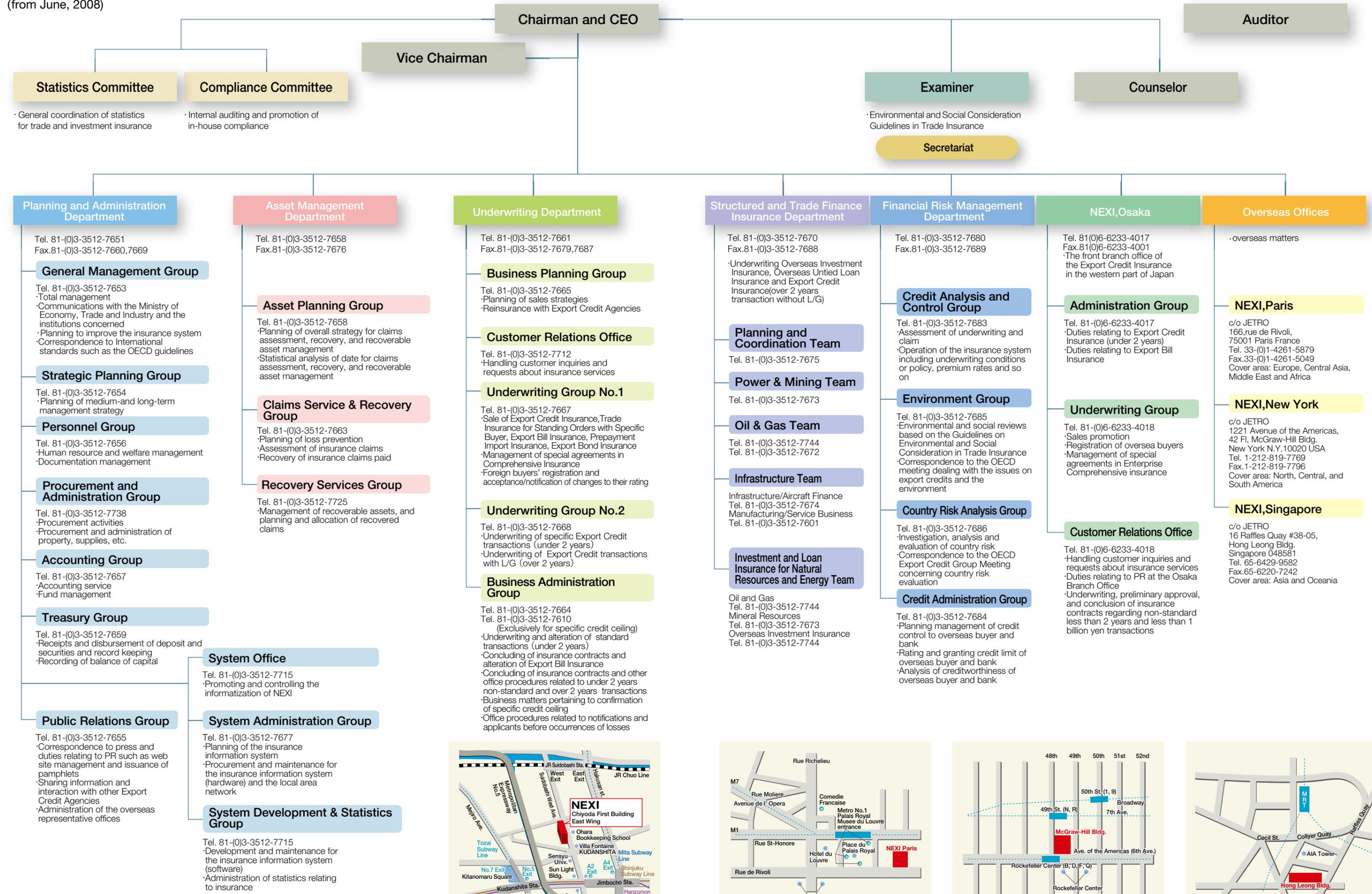
- Head Office - Public Relations Group
(Phone: 81-(0)3-3512-7655)

■ Public relations, including the NEXI website and annual report:

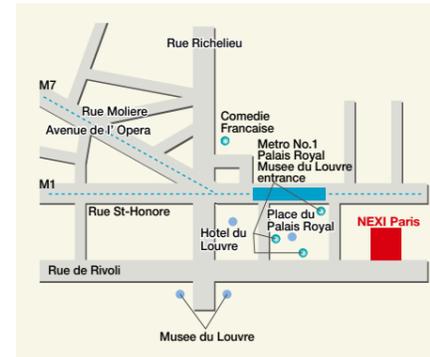
- Head Office - Public Relations Group
(Phone: 81-(0)3-3512-7655)

Nippon Export and Investment Insurance Organization Chart

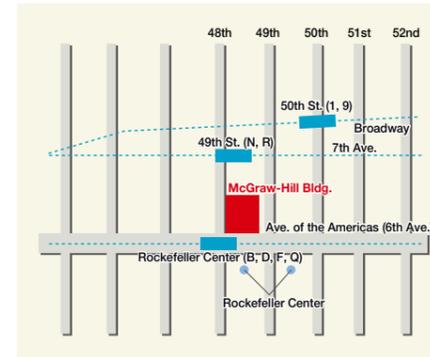
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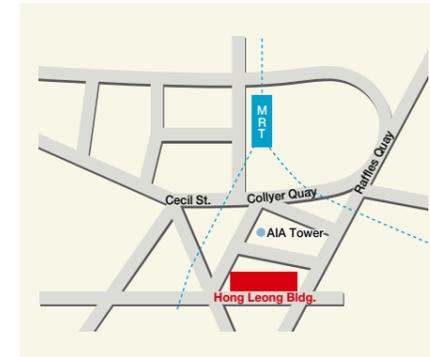
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Chiyoda First Building, East Wing 3rd Floor,
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Tel.81-(0)3-3512-7650 Fax.81-(0)3-3512-7660



NEXI, Paris



NEXI, New York



NEXI, Singapore