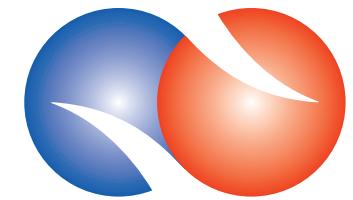


Annual Report FY2005

(Apr. 2005 – Mar. 2006)



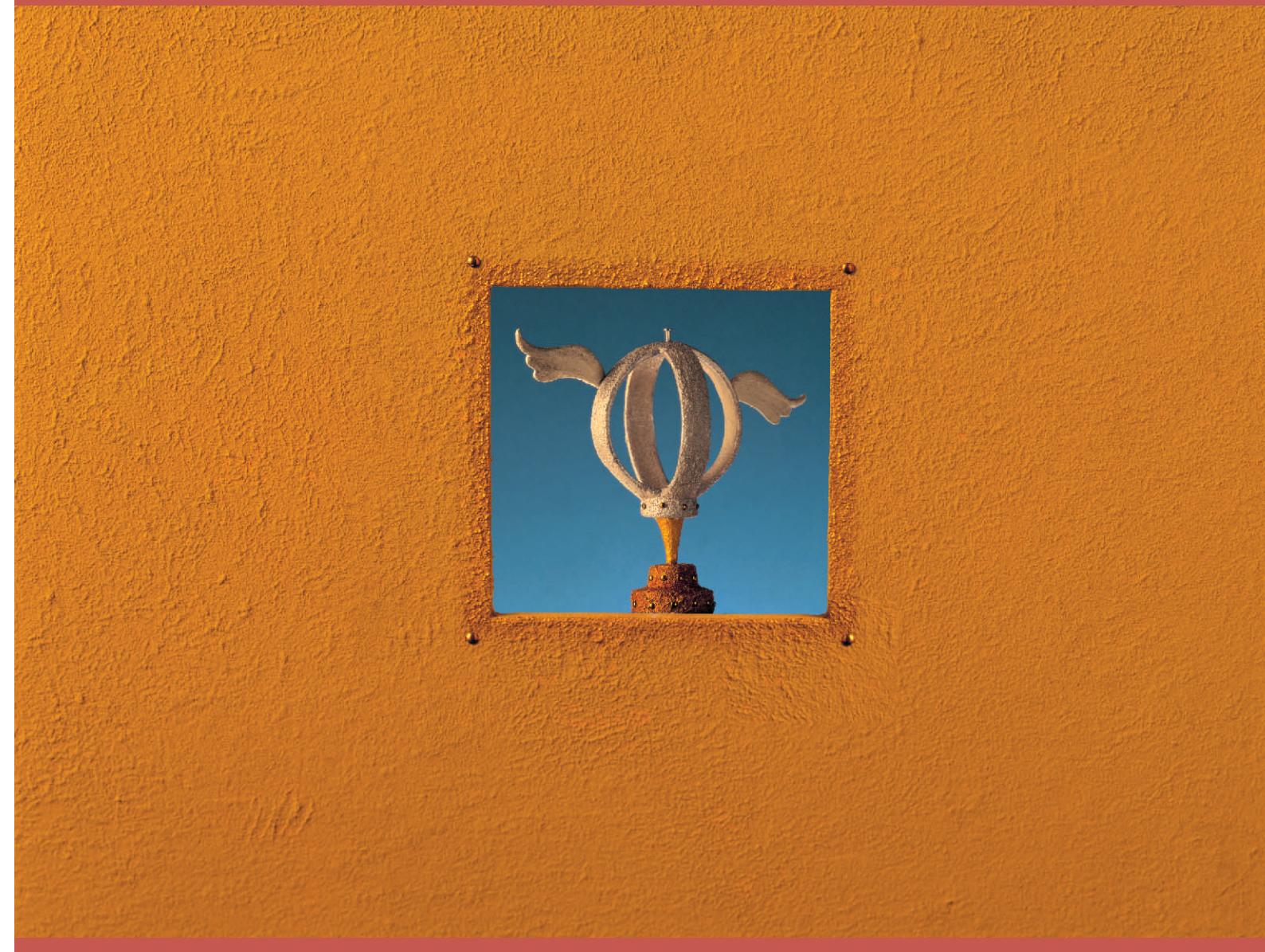
NEXI

Nippon Export and Investment Insurance

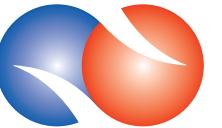
Nippon Export and Investment Insurance

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 **NEXI**
Nippon Export and Investment Insurance



NEXI Mission

NEXI is committed to:

1. Providing insurance products that will 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 the inquiries and interests of customers
4. Meeting the demands and business needs of customers
5. Promptly completing the assessment of insurance claims and making insurance claim payment
6. Speedily allocating the recovery

Management Principle

Nippon Export and Investment Insurance (NEXI) is committed to contributing to the economy and society of Japan through efficient and effective insurance business operations. It does this by responding precisely to customers' needs with a rapid perception of market changes and by underwriting the risks inherent in international transactions that cannot be adequately protected by conventional commercial insurance.

Management Policy

1. NEXI, as an independent administrative institution servicing the public through its operations, aims to contribute to the stability of people's lives and to the sound growth of the economy.
2. NEXI will always give first priority to the interests of its customers, respond promptly and precisely to customers' individual needs, provide customer services of superior quality, and achieve the highest level of operating efficiency and effectiveness.
3. NEXI fully utilizes the talents of its entire management and human resources to accommodate anticipated changes in the market. Its objectives are to undertake more risk, develop new products and to be creative in applying flexible risk underwriting schemes. The company further aims to increase profitability through prudent risk control and by applying suitable criteria, to ensure long-term growth and prosperity.
4. NEXI encourages and fosters the development of knowledge and the skills of its employees through training and makes the best use of the staff's diverse professional backgrounds to create an ideal workplace that corresponds to current changes in society.

NEXI's Resolution

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

C O N T E N T S

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Message from the Chairman



Hidehiro Konno
Chairman and CEO

Since its establishment in 2001, Nippon Export and Investment Insurance (NEXI) has emphasized the “customer first” principle and has strived to improve services and enhance the efficiency of business operations. In these days of rapidly expanding economic globalization, we see increasingly diverse needs for trade and investment insurance as a means of managing risks. We at NEXI are determined to respond flexibly and creatively to these changes in the business environment.

The major change in the regulatory environment is the deregulation of trade and investment insurance business for private insurers. In response to the government's call, NEXI decided to revise the traditional comprehensive insurance contracts with the exporters' associations in order to ensure customers' freedom of choice between NEXI's products and those of private insurers. We are committed to implementing the reformed scheme in March 2007, together with a new premium system which more appropriately reflects risks, and further simplification of paperwork and procedures.

In order to fulfill our role as a public institution, NEXI's Second Medium-Term Objective illustrates our goal of reinforcing our efforts in various areas, including active involvement in projects related to natural resources and energy, support for small and medium-sized enterprises, and contributions to Japan's Economic Partnership Agreements.

In the medium- and long-term insurance area, we have seen an increase in the number of transactions based on pure corporate or project risks, without any payment guarantee (L/G) being issued by governments or major banks. We are meeting this challenge by improving our assessment and recovery capabilities.

In addition, we will further expand cooperation with overseas export credit insurance agencies (ECAs), by signing “one-stop shop” reinsurance agreements with European and American ECAs in order to respond to international consortia in a timely manner. We are also concluding reinsurance agreements with Asian countries in order to support the efforts of Japanese firms that are expanding their operations throughout Asia.

NEXI has developed a broad range of innovative approaches responding to real business needs, resulting in a total underwritten amount for fiscal 2005 of 12.8 trillion yen (an increase of 11.1% over the previous year). We look forward to deepening our relationships with our customers, and pledge to deliver trade and investment insurance services that are truly useful. We are deeply grateful for your continued support and cooperation.



Meeting Customers' Demands and Raising the Quality of Services Still Higher in FY2005

New policy/premium rate structure to be implemented starting in April 2007

NEXI will implement a new policy and premium rate structure starting in April 2007. This completely new structure was formulated to allow NEXI to more effectively respond to recent market changes and provide better, more efficient insurance services to customers.

The aims of this restructuring are to: (1) greatly improve our insurance policies, including expanded risk coverage; (2) better match premium rates with risk levels; and (3) further simplify procedures. With regard to policies, an exporting company will be free to decide whether or not to use NEXI comprehensive insurance, even when it belongs to an exporters' association which has a comprehensive insurance contract with NEXI. In addition, through the expansion of risk coverage and enhancement of the optional policy menu, we will be able to better respond to the diversified insurance needs of our customers. In terms of premium rates, we have comprehensively reviewed our premium rate table and strengthened the correlations between risk factors, such as creditworthiness of buyers and insurance period, and premium rate levels. As a result, premiums for low-risk transactions will be lowered, while those for high-risk transactions will be raised.

With respect to procedures, our efforts include the facilitation of insurance applications using the Internet. While the new policies and premium rate structure will take effect in April 2007, in order to give our customers sufficient time to understand the new structure, we published detailed information on our website (<http://www.nexi.go.jp>) at the end of March 2006.

Strengthening our approach to the development of natural resources in other countries

In response to the rapid increase in the demand for energy, notably in India and China, international competition for natural resources is becoming increasingly fierce. In this context, NEXI is putting the

highest emphasis on transactions involving the development of foreign energy and mineral resources by Japanese companies. NEXI has consequently been working vigorously to support such projects, including those involving countries rich in natural resources, such as Brazil and Middle Eastern countries.

In FY 2005, in particular, in order to cope with the tight global market for uranium, for which Japan depends entirely on foreign imports, and taking into account the importance of nuclear power generation in Japan, for the first time NEXI provided Overseas Untied Loan Insurance to Kazakhstan for a uranium development project. In this way NEXI contributed to stability in the supply of energy resources essential to Japan. (See p. 14 of “Main Projects Recently Underwritten.”) Furthermore, in connection with “Measures for Africa,” which was a major topic at the 2005 G8 Summit, in July of that year NEXI eased coverage terms for five resource-producing countries in Africa previously on the “excluded from coverage” list, providing support for the development of LNG by Japanese companies in Equatorial Guinea and reinforcing NEXI's record of achievement.

Sales of newly established Export Credit Insurance for SMEs increasing

In April 2005 NEXI introduced a new insurance product specifically designed to support the efforts of small- and medium-sized enterprises (SMEs) to expand into overseas markets. Since we began underwriting this insurance, a large number of SMEs have been covered by this insurance (168 transactions underwritten in FY 2005). The main features of Export Credit Insurance for SMEs are:

- Coverage of 95% of damages incurred from the inability to collect receivables in transactions of direct exports from Japan with a maximum repayment term of 180 days.
- Availability of this insurance in alliance with banks, in order to promote bank loans to SMEs engaged in the export trade, enabling customers to apply for this insurance at participating banks.
- Simplified procedures and expedited services that





provide greater convenience for our customers, including simplified procedures for establishing the right of pledge for insurance claim rights.

Expansion of policyholders eligible for coverage

- **Expanded range of policyholders eligible for Trade Insurance for Manufacturers**

In the past, eligibility for Trade Insurance for Manufacturers was limited to policyholders who were manufacturers. However, in order to meet the needs of manufacturers who spin off their sales departments, NEXI has expanded eligibility criteria to include manufacturer-linked trading companies, when the manufacturer contributes at least two-thirds of its capital and when for all practical purposes these firms can be regarded as manufacturers' sales departments.

- **Shortening of Minimum Policy Period for Overseas Untied Loan Insurance/Overseas Investment Insurance**

In the past, a minimum policy period of three years was required to apply for Overseas Untied Loan Insurance or Overseas Investment Insurance. However, taking recent business needs into account, we have revised regulations to make it possible to apply for these types of insurance for a minimum policy period of two years.

Initiation of commercial risk coverage for loans extended to overseas Japanese affiliates

NEXI has started providing coverage of commercial risks for bank and similar loans extended to Japanese subsidiaries under Overseas Untied Loan Insurance from October 2005, subject to certain conditions. In the past, only political risks were covered for such loans.

Elimination of certain surcharges for foreign exchange risk coverage

Starting in October 2005, foreign exchange risk coverage for US-dollar denominated loans with repayment terms of at least two years became available at no extra cost. This change was made in consideration of the operations of Western ECAs, and

in order to lighten the premium payment burden on customers. Generally, NEXI provides up to twice the amount initially insured under supplemental agreements after payment of a 27% premium surcharge (in the case of a lump-sum advance payment).

Expanded insurance coverage for loans to non-L/G projects

Recently, due in part to the impact of IMF guidance on restoring fiscal soundness, transactions targeting infrastructure improvement, such as electric power business, which in the past used to be guaranteed by host country governments, are now being implemented as non-L/G projects that make use of private sector resources. In line with this trend, NEXI has also strengthened and expanded the assessment of commercial risks of loans extended to non-L/G projects. As a result, the number of non-L/G commercial risk transactions underwritten in FY 2005 was 23 (in FY 2004 it was 16).

Business operations of Japanese affiliates supported by applying the Asian Bond Scheme

In order to promote the development of the local currency-denominated bond market, NEXI supports the stable business operations of Japanese affiliates by providing Overseas Untied Loan Insurance (insurance for guarantee of obligation) for local currency-denominated bonds issued by these companies. There were two underwritten transactions in FY2005 (including one preliminary approved transaction), bringing the total number of underwritten transactions since the launch of this scheme in 2004 to three.

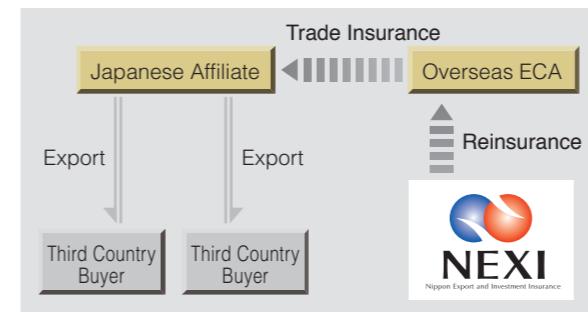
Expansion of Asian Reinsurance Network

NEXI concluded a reinsurance agreement with the Export-Import Bank of Malaysia, Berhad (MEXIM), an export credit agency (ECA), in June 2006. The conclusion of this agreement enables NEXI to provide reinsurance to MEXIM when MEXIM underwrites insurance for Japanese affiliates in Malaysia that export goods to a third country.

NEXI is working to strengthen the Asian reinsurance agreement network with Asian ECAs. NEXI believes that the program will support the business activities of Japanese affiliates in Asian countries and contribute to strengthening the economic relationship between Japan and other Asian countries. This is the second reinsurance agreement concluded with an Asian ECA; the first was a reinsurance agreement concluded with ECICS of Singapore in 2004.

NEXI's reinsurance is expected to increase Asian ECAs' underwriting capacity. As a result, it will become easier for Japanese affiliates in Asian countries to manage the risks involved in export transactions. NEXI will continue to expand its reinsurance network in order to support the international business activities of Japanese companies.

Diagram of the NEXI Asian Reinsurance Network



Providing Reinsurance to Overseas Export Credit Agencies for Implementation of the "One-Stop-Shop" Scheme

NEXI has concluded "one-stop-shop" reinsurance agreements with overseas official export credit agencies (ECAs) in order to promptly and accurately meet the business needs that have become increasingly international and borderless during the last few years. In FY2005 we concluded new reinsurance agreements with EFIC (Australia) and CESCE (Spain).

Through "one-stop-shop" reinsurance, NEXI can provide reinsurance to overseas ECAs. This means that there is a single location for insurance applications, enabling the flexible formation of finances and a reduction in the total cost of transactions for customers. The purpose of this scheme is to support international joint ventures in which Japanese companies participate.

In FY2005, in order to support international expansion of the Japanese aircraft industry NEXI provided reinsurance to the US Ex-Im Bank for the export transaction of Boeing 767 aircraft to Ethiopian Airlines.

Spirit of the NEXI Customer Service Charter Reflected in Services

Based on the spirit of the Customer Service Charter, we have simplified various procedures, and efforts have been made to lighten our customers' burden in order to expedite services.

For example, starting in October 2005, a change was introduced in the method of calculating premiums of Overseas Untied Loan Insurance, for the greater convenience of the insured. This change altered the existing complicated calculation method of using the daily average insured amount to a simpler one that used the basic terms of the transaction, and the premium can now be calculated with a lesser burden on the customers.

Other procedures have also been simplified, as follows:

- The OCR form used for Enterprise Comprehensive Insurance has been revised.
- The method of calculating the premium rate of Buyer's Credit Insurance has been modified.
- The wording used in the insurance policy of Prepayment Import Insurance has been amended to make it more user-friendly.
- The insurance policy of Overseas Untied Loan Insurance (guarantee of obligation) has been revised.
- The claims assessment process has been partially simplified.
- The codes for cause of insured risks used after occurrence of risks/losses have been reviewed.

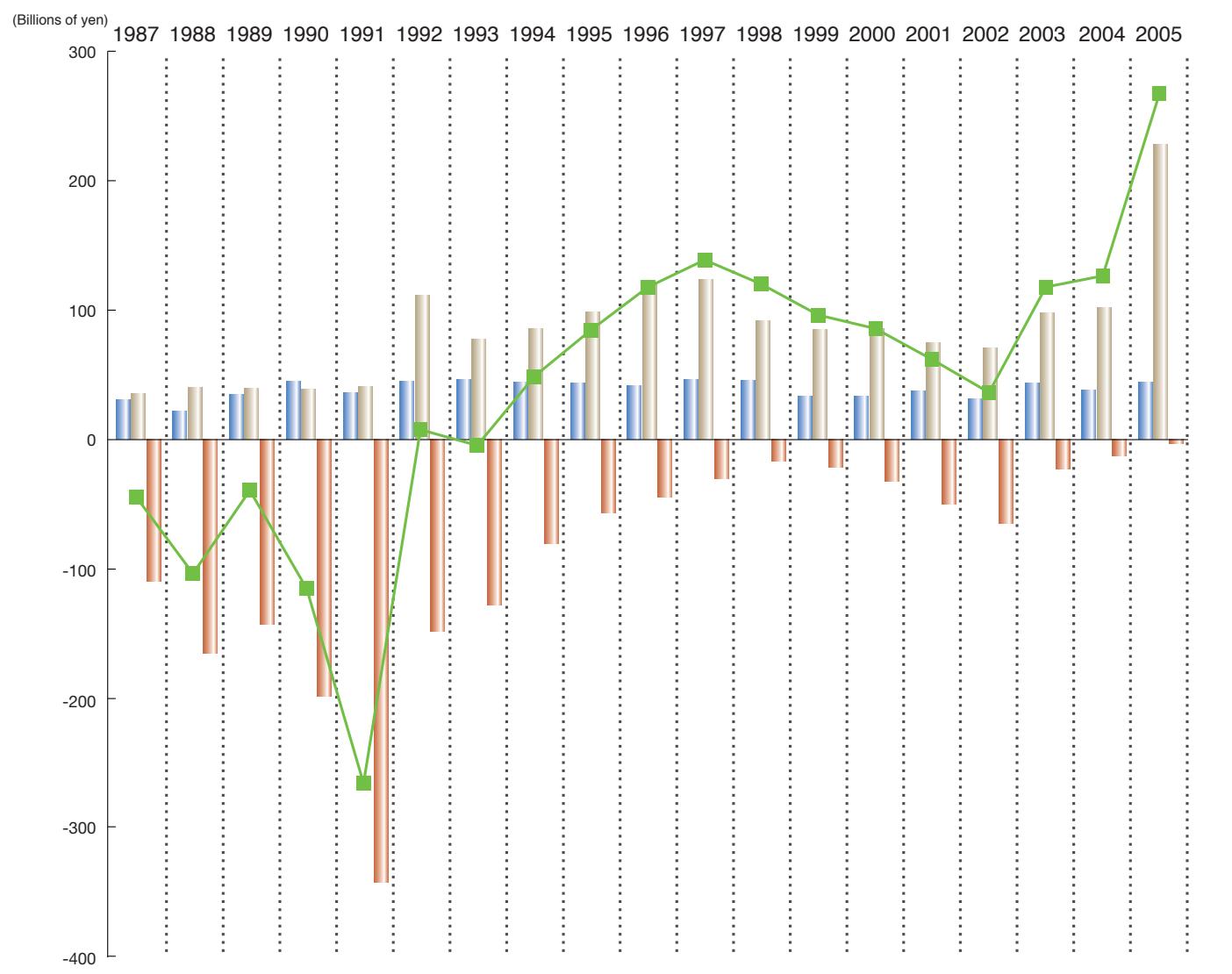
Expansion of debt collection network for reduction of customer's burden

NEXI used to engage one servicer (collection agency) in its debt recovery service. However, we have newly engaged seven other servicers, including a law firm, making NEXI's servicer network an eight-servicer structure, which has improved and expanded our recovery capability globally. As a result, we are able to offer a more effective debt recovery service in wide-ranging areas and further reduce the customer's burden in debt recovery operations.



Main Data for Fiscal Year 2005

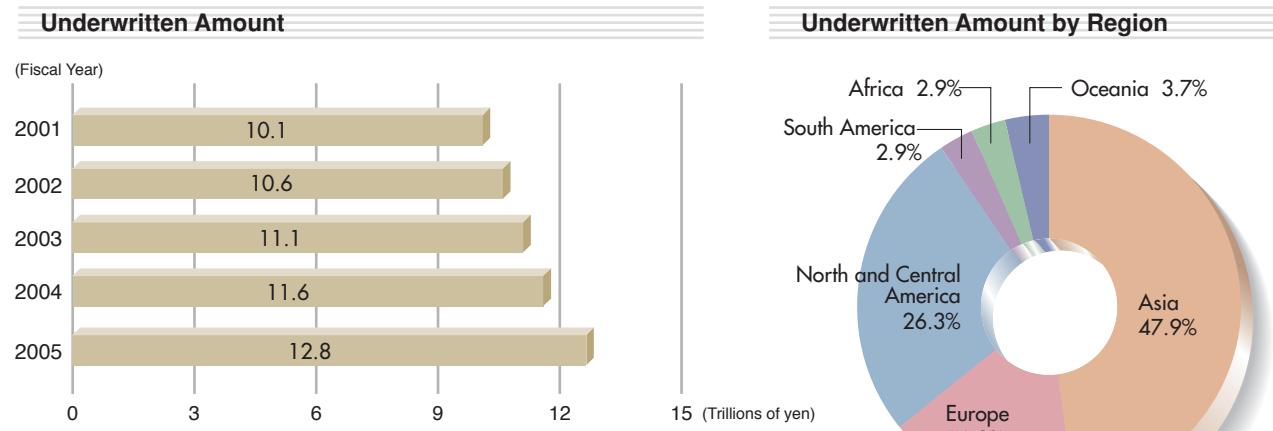
1. Result of Trade and Investment Insurance Activities (from FY1987 to FY2005)



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

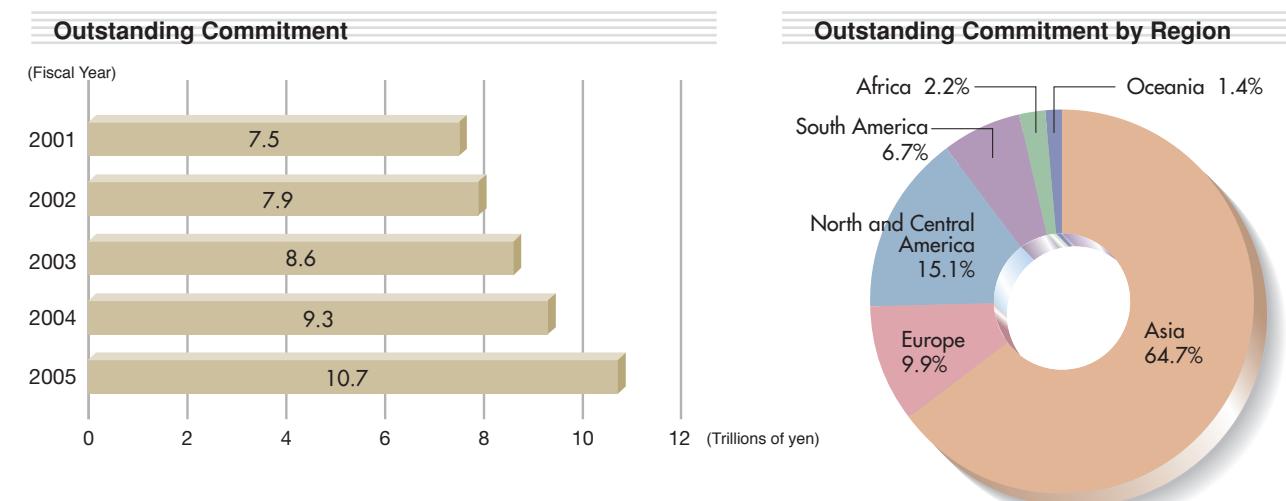
2. Underwritten Amount

The total FY 2005 underwritten amount was ¥12.8 trillion, up 11.1% from the previous year.



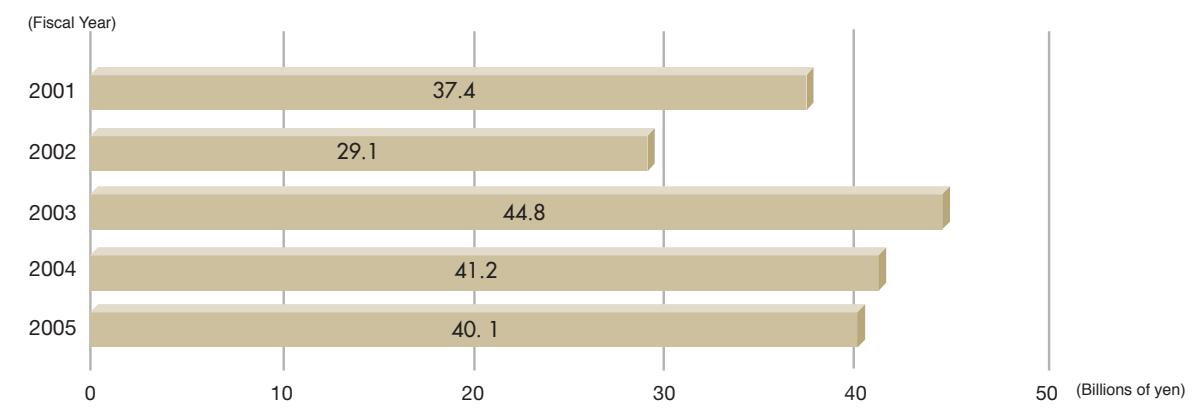
3. Outstanding Commitment

Total outstanding commitment in FY 2005 was ¥10.7 trillion, up 14.6% compared with the previous year.



4. Premium Income

Premium Income in FY 2005 was ¥40.1 billion, down 2.7% from the previous year.

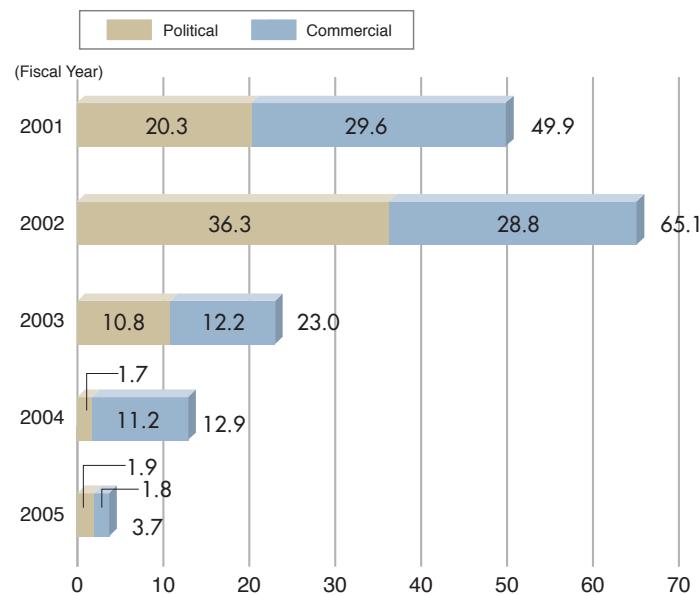




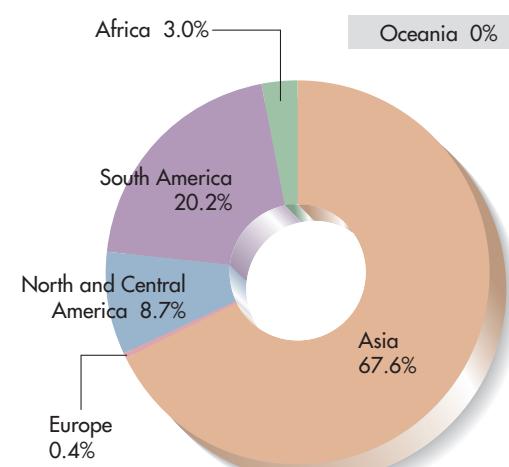
5. Claims Paid

The total amount of claims paid in FY 2005 decreased by 71.5% from the previous year to ¥3.7 billion.

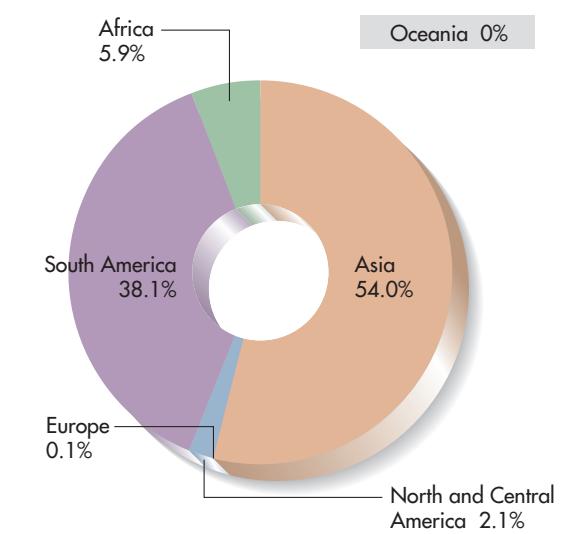
Claims Paid by Risk (Political/Commercial)



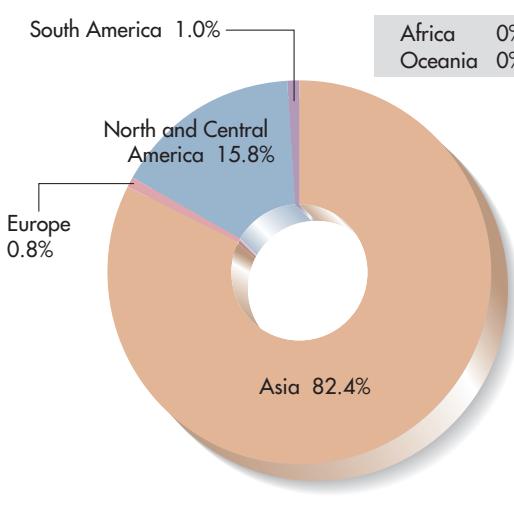
Claims Paid by Region



Claims Paid by Region (Political)



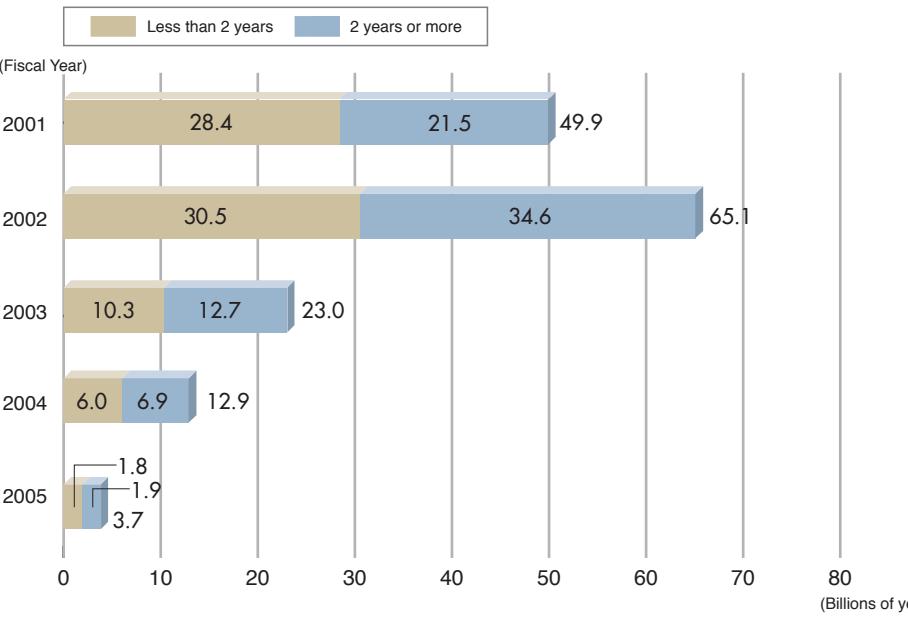
Claims Paid by Region (Commercial)



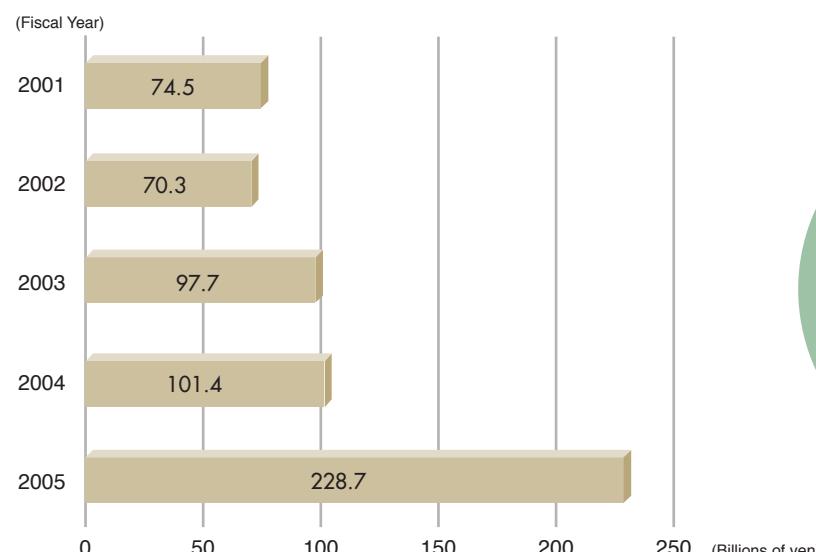
6. Recoveries

Recoveries in FY 2005 amounted to ¥228.7 billion, an increase by 125.6% from the previous year.

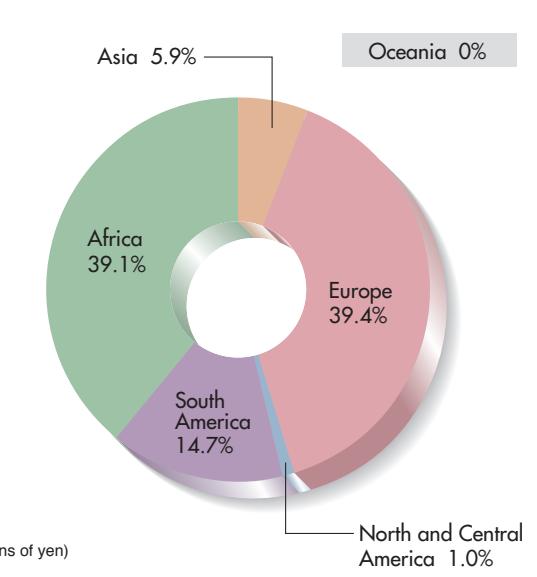
Claims Paid by Policy Term



Recoveries



Recoveries by Region





Main Projects Recently Underwritten

IV

Main Projects
Recently Underwritten
Annual Report FY2005



Thailand

Mitsubishi Motors (Thailand) Asia Bond Project

NEXI provides Overseas Untied Loan Insurance (for guarantee of obligation) for Thai-baht denominated corporate bonds of 7 billion baht targeted at Thai investors. The bonds were issued by Mitsubishi Motors (Thailand) Co., Ltd., a subsidiary of Mitsubishi Motors Corporation, and guaranteed by the Bank of Tokyo-Mitsubishi UFJ, Ltd. NEXI provides cover for the bank. NEXI's insurance cover is contributing to the development of the local-currency denominated bond market in Asia and to the financing activities of Japanese-affiliated companies.

(The insurance contract was concluded in November 2005.)



Thailand

Gulf Electric Power Project (Asia Bond)

NEXI underwrote Overseas Untied Loan Insurance (insurance for guarantee of obligation) in connection with the issuance of Thai-baht denominated corporate bonds totaling 5.8 billion baht (approximately 17.5 billion yen) by the Gulf Cogeneration Company Limited (GCC), coordinated by Citibank N.A., Tokyo Branch and guaranteed by DEPFA BANK plc, Tokyo Branch. GCC is a 99.99% owned subsidiary of Gulf Electric Public Company Limited, a Thai holding company engaged in power business, and 49% of its equity shares are owned by JPOWER of Japan.

(The insurance contract was concluded in April 2006.)

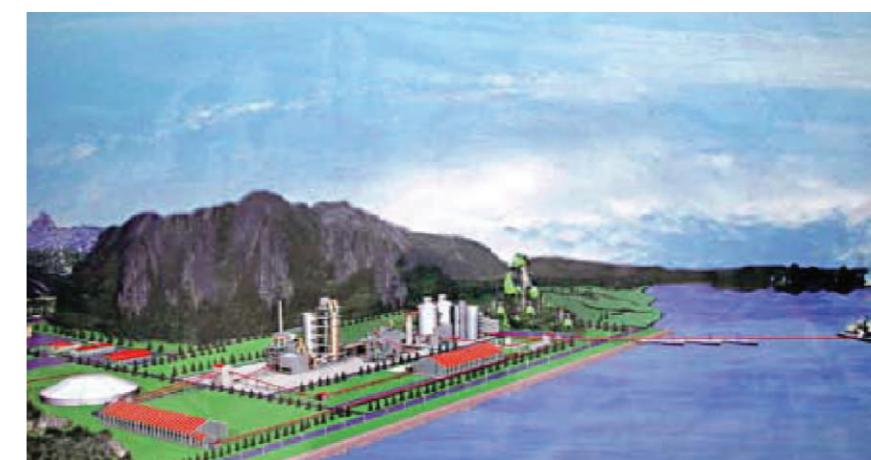


Vietnam

Campha Cement Plant Project

NEXI has underwritten the Buyer's Credit Insurance for a loan amounting to approximately JPY 1.9 billion extended by a syndicate of private Japanese financial institutions (agent bank: BNP PARIBAS, Tokyo Branch) for the export of calcining facilities for the Campha Cement Plant Project being conducted by the Sojitz Corporation and Kawasaki Heavy Industries, Ltd. This is a project to construct a new integrated cement plant in Cam Thach Ward, Campha Town, Quang Ninh Province in northern Vietnam.

(The insurance contract was concluded in June 2005.)





Saudi Arabia

Rabigh Refining and Petrochemical Project / Related IWSP Project

NEXI has underwritten Trade and Investment Insurance including Overseas Investment Insurance (which amounts to more than USD 2.2 billion in contracts and commitments) for the capital funds, etc. provided by Sumitomo Chemical Co., Ltd. (Sumitomo Chemical) for the project of constructing a refining and petrochemical integrated plant in Rabigh. Sumitomo Chemical and Saudi Arabian Oil Company (Saudi Aramco) have established a joint venture company, the Rabigh Refining and Petrochemical Company (Petro-Rabigh) to implement the project. This project will upgrade refining facilities and establish a production plant for petrochemicals at the existing oil factory in Rabigh that will become one of the largest refining and petro-chemical complexes in the world. In Saudi Arabia, it is regarded as a significant project from the perspective of diversifying industry that will, as a result, contribute to the expansion of employment in the country.

NEXI also agreed to underwrite Overseas Untied Loan Insurance and Overseas Investment Insurance (equity investment, etc.) for the guarantee and equity extended by three Japanese companies, namely Marubeni Corporation, JGC Corporation and ITOCHU Corporation, for the IWSP project (approximately USD 0.2 billion) in which a business corporation established by the above-mentioned three companies will supply water, steam, and power to Petro-Rabigh. Further, a number of Japanese companies have obtained orders for the construction and supply of equipment for the production plant of petrochemicals and IWSP plant. NEXI has agreed to underwrite Export Credit Insurance for these EPC contracts and also for export contracts for equipment. Through these insurance contracts, the underwriting amount for this project is not merely the largest-ever for Saudi Arabia, but it is the largest-ever trade insurance underwriting amount for a single transaction.

(The insurance contracts were concluded from October 2005 to May 2006.)



Europe



Kazakhstan

Mynkuduk Uranium Deposit Eastern Block Expansion Project

NEXI provided Overseas Untied Loan Insurance (OULI) for the loan extended by Mizuho Corporate Bank to Kazatomprom, Kazakhstan's state nuclear power company, to expand the production capacity of uranium mines in Eastern Mynkuduk. ITOCHU Corporation will offtake part of the natural uranium concentrates produced by the project which will also be imported to Japan. Uranium is an important fuel for Japan to generate nuclear power, but Japan is totally dependant on foreign imports. In the past, Japan had only a few uranium transactions with Kazakhstan although its proved reserve of uranium is ranked second largest in the world. Through the start of uranium transactions led by this project, it is anticipated that this will promote the stable procurement of uranium and that there will be a decentralization of suppliers for Japan. Providing OULI for this transaction is very significant, as this will enhance the securing of energy resources for our country.

(The insurance contract was concluded in November 2005.)



Sakha Republic, Russian Federation

Project to Increase Production at Neryungri Mine

NEXI underwrote Overseas Untied Loan Insurance (OULI) to cover a loan extended by Sumitomo Corporation to Yakutugol, a major coal company in the Sakha Republic in the Russian Federation. The loan is to be used to finance costs to increase production at Yakutugol's Neryungri Mine. Coking coal produced by the Neryungri mine is exported to Japanese steel manufacturers. It is expected that the production increase will contribute to a stable supply of coking coal to Japan.

(The insurance contract was concluded in March 2005.)





Turkey

Erdemir/Isdemir Iron Works Modernization Project

NEXI provided the Overseas Untied Loan Insurance for a loan extended by Japanese financial institutions, including BNP Paribas Tokyo Branch and The Bank of Tokyo-Mitsubishi UFJ, Ltd., to improve and modernize the production facilities at Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) and its subsidiary İskenderun Demir ve Çelik A.Ş. (Isdemir). The Erdemir Group is the sole integrated producer of flat steel in Turkey where it is in short supply. It supplies a certain part of its products to Japanese subsidiaries operating in the country, and as such it is expected that an increase in the companies' production capacity and promotion of production efficiency through this project will facilitate the offtake of flat steel by local Japanese companies.

(The insurance contracts were concluded in May and December of 2005.)



Turkey

Istanbul Otogar-Bagcilar LRT Project

NEXI underwrote the Overseas Untied Loan Insurance (OULI) for a US\$121.5 million loan extended by WestLB AG Tokyo Branch and SMBC to finance the Otogar-Bagcilar Light Rail Transit (LRT) Project promoted by the Istanbul Metropolitan Municipality. The Municipality is working to improve its traffic network to address the congestion and air pollution issues in the city. In this priority project, the Municipality guarantees the repayment of the loan by the borrower, Istanbul Electric, Tram and Tunnel (IETT). This is the first time for NEXI to underwrite the sub-sovereign risk of a medium- to long-term project.

(The insurance contract was concluded in January 2006.)



Brazil

Votorantim Metal Project

NEXI underwrote the Overseas Untied Loan Insurance (OULI) for the US\$130 million loan extended by a Japanese financial institution (Bank of Tokyo-Mitsubishi) for Votorantim's metal related projects. The proceeds of the loan will be used to finance projects that will improve the environment and enhance the efficiency of the production of nickel, zinc and steel. The Votorantim Group is amongst the largest business groups in Brazil and the largest conglomerate in Brazil engaged in the production of metal, cement, paper & pulp, etc. This is the second OULI transaction for Votorantim underwritten by NEXI.

(The insurance contract was concluded in November 2005.)



Brazil

Gerdau Acominas – Production Facility Expansion Project –

NEXI provided Overseas Untied Loan Insurance for the loan amounting to US\$267 million for the project of Gerdau Acominas S.A. to expand their production facilities. Gerdau Acominas S.A. is a leading steel manufacturer in Brazil, and is part of the Gerdau Group. The company has strong ties with Japan through technology transfer from major Japanese steel companies, support from Japan is ongoing and the company uses advanced Japanese technologies such as its efficient production management system. This is the second transaction for NEXI to provide insurance for a loan to the company, following the support extended in 2004.

(The insurance contract was concluded in May 2006.)





Venezuela

Additional Project of Rail Yard/Signal/Communication System Project for Venezuela National Railways' Suburban Line in Caracas

Marubeni Corporation is to export additional facilities for a rail yard/signals/communication system to Venezuela's Instituto Autonomo de Ferrocarriles del Estado (Venezuela National Railways). As a settlement fund for this export transaction, Japanese financial institutions, including the Japan Bank for International Cooperation (JBIC) will provide a loan totaling JPY 15.8 billion. NEXI has underwritten the Buyer's Credit Insurance for the loan amounting to JPY 6.3 billion, which is the portion extended by private financial institutions. The facilities are supplementary to the first-phase construction of the Suburban Line Project, currently under construction, that was undertaken in 1992. The project will contribute to the improvement of commuting conditions, such as commuting time to Caracas, to the alleviation of traffic jams, and also to the development of the surrounding area.

(The insurance contract was concluded in December 2005.)



Equatorial Guinea

Liquefied Natural Gas Project

Marubeni Corporation and Mitsui & Co., Ltd. are taking part in a liquefied natural gas (LNG) project that is being jointly promoted by Marathon Oil Corporation and the National Oil Company of Equatorial Guinea in the Republic of Equatorial Guinea in West Africa. NEXI has underwritten Overseas Investment Insurance for the financial investment provided for this project. (The amount of investment from the two companies comes to JPY28 billion.) Equatorial Guinea has only a short history of oil/gas development and relations are being built between Japan and the country. Therefore this transaction is significant in that it will help support Equatorial Guinea and contribute to maintaining future energy resources for Japan.

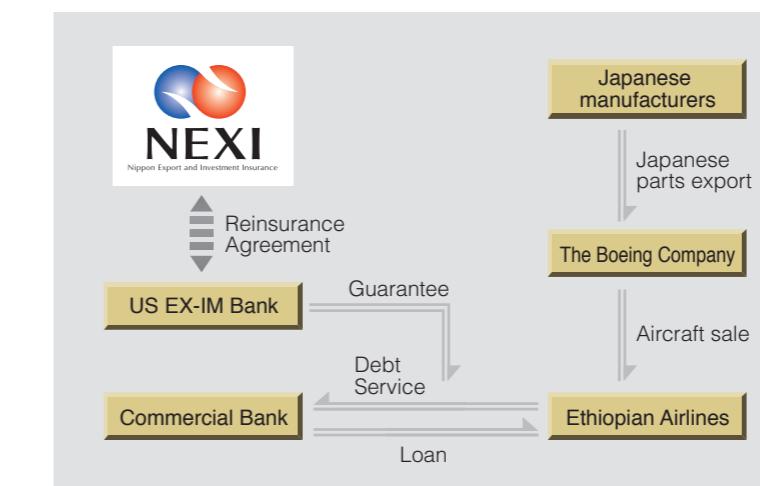
(The insurance contract was concluded in November 2005.)



Reinsurance (Reinsured Projects)

NEXI is working on achieving policy objectives in fields where the government intends to strengthen the competitiveness of Japanese industry through new international expansion such as the field of aircraft by providing reinsurance to other export credit agencies.

In June 2005, based on the Reinsurance Agreement concluded with the US EX-IM Bank, an export credit agency in the US, NEXI underwrote reinsurance for the export transaction of Boeing 767 aircraft to Ethiopian Airlines. Japanese companies play a major part in the manufacture of Boeing 767 aircraft by taking part in the development and the manufacture of the airframes and the supply of engine parts.





Review of Performance in Fiscal Year 2005

V

Review of Performance
in Fiscal Year 2005

Annual Report FY2005



1 Economic Trends

The Japanese economy continued to recover steadily in FY2005. This was seen not only in an improvement in the corporate sector, including earnings and capital investment, but also in the form of a gradual improvement in consumer spending. The overall world economy was also stable, due to high growth in Asia as well as in the United States, in spite of the negative impact of high oil prices.

Amid such circumstances, Japan's exports in FY2005 increased 10.7% over the previous year to ¥68.3 trillion. Japan's exports to other Asian countries and to the United States showed a significant increase of 9.8% and 11.2% respectively. The major export items that contributed to this growth were chemicals, steel and cars. Japan's current account (preliminary) also increased 3.9% over the previous year, aided by a significant increase in income balance surplus.

(Japan's exports)						(Billions of yen)
Fiscal Year	2001	2002	2003	2004	2005	
Total exports	48,592.8	52,727.1	56,060.3	61,719.4	68,296.3	
Year-to-year change (%)	(6.6)	8.5	6.3	10.1	10.7	

(Source: Trade Statistics, Ministry of Finance)

2 Summary of Trade and Investment Insurance Business

Underwritten Amount

Fiscal Year	2001	2002	2003	2004	2005	Year-to-year change (%)
Underwritten Amount	10,136.6	10,618.0	11,119.3	11,558.8	12,845.8	11.1

(Note 1) The above figures show only the insurance amount originally underwritten by NEXI.

Outstanding Commitment

Fiscal Year	2001	2002	2003	2004	2005	Year-to-year change (%)
Outstanding Commitment	7,549.1	7,874.2	8,593.9	9,306.5	10,665.0	14.6

(Note 2) The above figures show only the insurance amount originally underwritten by NEXI.

Operating Income

Fiscal Year	2001	2002	2003	2004	2005	Year-to-year change (%)
Premium income	37.4	29.1	44.8	41.2	40.1	(2.7)
Recoveries	74.5	70.3	97.7	101.4	228.7	125.6
Total	111.9	99.4	142.5	142.6	268.8	88.5

(Note 3) Premium income derived only from insurance originally underwritten by NEXI.

(Note 4) Recoveries are on a payment notice receipt basis.

(Note 5) Because of the rounding up or down of the fractions, the sum of the items in the columns above does not necessarily coincide with the total amount. (The same applies hereafter.)

Claims Paid

Fiscal Year	2001	2002	2003	2004	2005	Year-to-year change (%)
Claims paid	49.9	65.1	23.0	12.9	3.7	(71.5)

3 Summary of Underwriting

Underwritten Amount by Insurance Type

The total underwritten amount in FY2005 was ¥12,845.8 billion, up 11.1% from the previous year. In terms of type of insurance, Export Credit Insurance was the largest at ¥11,543.3 billion, an increase of 9.5% over the previous year. This was followed by Overseas Untied Loan Insurance of ¥898.5 billion, an increase of 38.2%.

Type of Insurance	FY2001	FY2002	FY2003	FY2004	FY2005		Composition (%)	Year-to-year change (%)
Export Credit Insurance	9,660.2	9,926.2	10,221.5	10,545.9	11,543.3	\$98,266	89.9	9.5
Less than 1 year	8,615.8	9,203.5	9,578.0	9,857.1	10,890.8	\$92,711	84.8	10.5
1 year or more	1,044.4	722.7	643.6	688.8	652.5	\$5,554	5.1	(5.3)
Buyer's Credit Insurance	77.7	256.7	575.4	261.4	198.6	\$1,690	1.5	(24.0)
Export Bill Insurance	60.6	53.5	41.9	41.6	38.1	\$325	0.3	(8.4)
Export Bond Insurance	50.2	0	0	0	0	\$0	0.0	–
Prepayment Import Insurance	1.8	0.6	0.8	1.8	2.0	\$17	0.0	12.1
Overseas Investment Insurance	55.6	41.8	63.8	55.1	156.8	\$1,335	1.2	184.6
Overseas Untied Loan Insurance	230.6	339.3	214.8	650.3	898.5	\$7,649	7.0	38.2
Trade Insurance for Manufacturers	–	–	1.2	2.7	8.1	\$69	0.1	201.9
Export Credit Insurance for SMEs	–	–	–	–	0.4	\$3	0.0	–
Total	10,136.6	10,618.0	11,119.3	11,558.8	12,845.8	\$109,354	100.0	11.1

(Note 6) The above figures show only the insurance amount originally underwritten by NEXI.

(Note 7) In April 2005, Buyer's Credit Insurance was developed independent from Export Credit Insurance. However, for convenience of comparison, Export Credit Insurance figures before 2004 include buyer's credit related figures.



■ Amount Underwritten by Region

In terms of a regional breakdown based on original insurance, the largest share of ¥6,826.0 billion was Asian transactions, and this was followed by North and Central American transactions of ¥3,745.9 billion. African transactions showed the sharpest increase at 35.0% over the previous fiscal year.

(Billions of yen/Millions of U.S. dollars)

Region	FY2001	FY2002	FY2003	FY2004	FY2005	Composition (%)	Year-to-year change (%)
Asia	4,334.6	4,930.6	5,633.4	5,758.3	6,826.0	\$58,109	47.9
Europe	1,708.3	1,799.9	2,373.6	2,259.9	2,321.2	\$19,760	16.3
North and Central America	4,074.3	4,036.4	3,370.4	3,602.1	3,745.9	\$31,888	26.3
South America	379.0	226.8	238.3	390.0	412.5	\$3,511	2.9
Africa	273.8	402.6	293.5	306.8	414.2	\$3,526	2.9
Oceania	276.2	341.2	433.8	497.1	527.7	\$4,492	3.7
							6.1

(Note 8) 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 9) 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 10) The above figures show only the insurance amount originally underwritten by NEXI.

(Note 11) Middle East and Central Asia are included in Asia. (The same applies hereafter.)

(Note 12) Central and Eastern Europe and Russia are included in Europe. (The same applies hereafter.)

■ Top Ten Countries and Regions of Underwritten Amount in FY2005

(Billions of yen/Millions of U.S. dollars)

Order	Country/Region	Underwritten amount	Composition (%)
1	U.S.A.	2,648.6	\$22,547
2	People's Republic of China	1,114.8	\$9,490
3	Saudi Arabia	664.8	\$5,659
4	Qatar	561.6	\$4,781
5	South Korea	506.5	\$4,311
6	Taiwan	505.0	\$4,299
7	Australia	454.2	\$3,867
8	Thailand	447.7	\$3,811
9	Panama (flag of convenience vessel)	444.3	\$3,782
10	Belgium	420.8	\$3,582

4 Outstanding Commitment

■ Outstanding Commitment by Type of Insurance

The total outstanding commitment in FY2005 was ¥10,665.0 billion, up 14.6% from the previous year. Export Credit Insurance produced the largest amount of ¥6,909.2 billion, followed by Overseas Untied Loan Insurance of ¥1,989.0 billion.

(Billions of yen/Millions of U.S. dollars)

Type of Insurance	FY2001	FY2002	FY2003	FY2004	FY2005	Composition (%)	Year-to-year change (%)
Export Credit Insurance	4,959.8	5,097.5	5,608.0	6,017.7	6,909.2	\$58,817	64.8
Less than 1 year	3,410.3	3,493.2	3,997.5	4,429.1	5,286.3	\$45,001	49.6
1 year or more	1,549.5	1,604.3	1,610.5	1,588.7	1,622.9	\$13,816	15.2
Buyer's Credit Insurance	979.1	1,047.0	1,387.4	1,406.8	1,278.9	\$10,887	12.0
Export Bill Insurance	15.4	10.5	9.4	9.4	7.9	\$67	0.1
Export Bond Insurance	9.9	8.3	6.8	5.6	5.6	\$48	0.1
Prepayment Import Insurance	0.8	0.3	0.5	1.5	2.1	\$18	0.0
Overseas Investment Insurance	747.0	630.3	533.2	458.2	461.4	\$3,928	4.3
Overseas Untied Loan Insurance	837.2	1,080.4	1,047.3	1,403.3	1,989.0	\$16,932	18.6
Trade Insurance for Manufacturers	—	—	1.2	3.8	10.7	\$91	0.1
Export Credit Insurance for SMEs	—	—	—	—	0.1	\$1	0.0
Total	7,549.1	7,874.2	8,593.9	9,306.5	10,665.0	\$90,789	100.0
							14.6

(Note 13) The above figures show only the insurance amounts originally underwritten by NEXI.

(Note 14) In April 2005, Buyer's Credit Insurance was developed independent from Export Credit Insurance. However, for convenience of comparison, Export Credit Insurance figures before 2004 include buyer's credit related figures.

■ Outstanding Commitment by Region

In terms of region, Asia accounted for the largest amount of ¥7,030.1 billion, up by 23.3% from the previous year. Oceania and Africa also increased, by 21.9% and 8.0% respectively.

(Billions of yen/Millions of U.S. dollars)

Region	FY2001	FY2002	FY2003	FY2004	FY2005	Composition (%)	Year-to-year change (%)
Asia	4,396.0	4,719.8	5,228.1	5,700.1	7,030.1	\$59,846	64.7
Europe	684.7	693.8	990.2	1,053.3	1,080.0	\$9,194	9.9
North and Central America	1,476.0	1,427.7	1,461.5	1,659.5	1,638.5	\$13,948	15.1
South America	658.0	607.6	591.7	701.4	730.0	\$6,215	6.7
Africa	349.9	517.7	393.2	220.9	238.6	\$2,031	2.2
Oceania	86.4	72.2	108.0	122.9	149.8	\$1,275	1.4
							21.9

(Note 15) 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 16) 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 17) The above figures show only the insurance amounts originally underwritten by NEXI.



5 Insurance Claims Paid

■ Insurance Claims Paid by Insurance Type and by Risk

The total amount of claims paid in FY2005 decreased 71.5% over the previous year to ¥3.7 billion. This was attributed to the fact that no major political or commercial risk event occurred in the fiscal year under review, reflecting a stable world economy including high resource prices.

Type of Insurance	FY2002			FY2003			FY2004			FY2005			Composition (%)	Year-to-year change (%)			
	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk					
Export Credit Insurance	45.5	31.5	13.9	19.7	9.8	10.0	7.3	1.4	5.9	3.0	\$25	1.3	\$11	1.7	\$15	80.5	(59.5)
Buyer's Credit Insurance	4.2	4.2	-	0.4	0.4	0	0	0	0	0	\$0	0	\$0	0	\$0	0	-
Export Bill Insurance	0.3	0	0.3	0.2	0	0.2	0.0	0	0.0	0.1	\$0	0.0	\$0	0.1	\$0	1.5	63.6
Export Bond Insurance	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	-
Overseas Investment Insurance	0	0	0	0.5	0.5	0	0.2	0.2	0	0	\$0	0	\$0	0	\$0	0	(100.0)
Overseas United Loan Insurance	15.2	0.6	14.6	2.1	0.1	2.0	5.3	0.1	5.2	0.7	\$6	0.7	\$6	0	\$0	17.7	(87.8)
Trade Insurance for Manufacturers	-	-	-	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	0.3	-
Total	65.1	36.3	28.8	23.0	10.8	12.2	12.9	1.7	11.2	3.7	\$31	1.9	\$16	1.8	\$15	100.0	(71.5)

(Note 18) In April 2005, Buyer's Credit Insurance was developed independent from Export Credit Insurance. However, for convenience of comparison, Export Credit Insurance figures before 2004 include buyer's credit related figures.

■ Insurance Claims Paid by Region

Region	FY2002			FY2003			FY2004			FY2005			Composition (%)	Year-to-year change (%)			
	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk					
Asia	47.6	19.2	28.4	19.3	7.9	11.4	11.4	0.3	11.1	2.5	\$21	1.0	\$9	1.5	\$12	67.6	(78.2)
Europe	0.1	0	0.1	0.1	0	0.1	0.0	0	0.0	0.0	\$0	0.0	\$0	0.0	\$0	0.4	220.0
North and Central America	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0	0.0	0.3	\$3	0.0	\$0	0.3	\$2	8.7	5216.7
South America	17.0	16.6	0.3	3.3	2.6	0.7	1.3	1.3	0.0	0.7	\$6	0.7	\$6	0.0	\$0	20.2	(42.4)
Africa	0.5	0.5	0	0.3	0.3	0	0.2	0.2	0.0	0.1	\$1	0.1	\$1	0	\$0	3.0	(45.1)
Oceania	0	0	0	0.0	0	0.0	0	0	0	0	\$0	0	\$0	0	\$0	0	-
Total	65.1	36.3	28.8	23.0	10.8	12.2	12.9	1.7	11.2	3.7	\$31	1.9	\$16	1.8	\$15	100.0	(71.5)

■ Top Five Countries/Regions in terms of Insurance Claims Paid

(Billions of yen/Millions of U.S. dollars)						
Order	Country/Region	Total claims paid		Political Risk		Commercial Risk
1	Iraq	1.0	\$8	1.0	\$8	0
2	Hong Kong	0.8	\$7	0	\$0	0.8
3	Argentina	0.7	\$6	0.7	\$6	0
4	Taiwan	0.4	\$4	0	\$0	0.4
5	Panama	0.2	\$2	0	\$0	0.2

6 Recoveries

Recoveries for FY2005 totaled ¥228.7 billion, an increase of ¥127.3 billion (by 125.6%) from ¥101.4 billion in the previous year. The result was attributed to the Paris Club debt repayment made ahead of schedule by countries such as Nigeria and Russia. In terms of risk, commercial risk recoveries accounted for 1.3% (¥3.0 billion) of the total recoveries. The remaining 98.7%, or about ¥225.7 billion, is concerned with political risk events. The top five recoveries in terms of country in FY2005 were ¥80.7 billion from Nigeria (¥9.7 billion in the previous year), ¥69.3 billion from Russia (¥10.7 billion in the previous year), ¥29.4 billion from Brazil (¥27.2 billion in the previous year), ¥19.2 billion from Poland (¥23.0 billion in the previous year), and ¥6.7 billion from the Philippines (¥6.9 billion in the previous year), which accounted for 89.8% of the total recoveries.

■ Recoveries by Risk

	FY2001	FY2002	FY2003	FY2004	FY2005
Political Risk	73.6	67.3	94.3	94.3	225.7
Commercial Risk	1.0	3.0	3.5	7.1	3.0
Total Recoveries	74.5	70.3	97.7	101.4	228.7

■ Recoveries by Region

In terms of breakdown of recoveries by region, ¥13.4 billion was from Asia, showing a decline of 26.1% over the previous year. About 83.2% of the total Asian recoveries are from four countries: the Philippines with ¥6.7 billion (¥6.9 billion in the previous year), Pakistan with ¥1.6 billion (¥0.2 billion in the previous year), Syria with ¥1.5 billion (¥1.5 billion in the previous year), and Indonesia with ¥1.3 billion (¥2.2 billion in the previous year).

Recoveries from Europe were ¥90.0 billion, 155.9% up from the previous year. Most of these were from Russia and Poland, with ¥69.3 billion (¥10.7 billion in the previous year) and ¥19.2 billion (¥23.0 billion in the previous year) respectively, accounting for 98.3% of the recoveries from Europe.

Recoveries from North and Central America were ¥2.4 billion, 281.7% up from the previous year, of which ¥1.9 billion (¥0.3 billion in the previous year) is from Cuba and ¥0.2 billion (¥0.2 billion in the previous year) from Antigua and Barbuda, accounting for 90.5% of the recoveries from this region.

The amount of ¥33.5 billion was recovered from South America, with an increase of 13.2% over the previous year. Three countries, Brazil, Argentina, and Ecuador, occupied 96.1% of the South American recoveries, with ¥29.4 billion (¥27.2 billion in the previous year), ¥1.5 billion (¥0.7 billion in the previous year), and ¥1.3 billion (¥1.0 billion in the previous year) respectively.

Recoveries from Africa increased 400.8% to ¥89.4 billion. Recoveries from Nigeria, Algeria, and Egypt were ¥80.7 billion (¥9.7 billion in the previous year), ¥4.2 billion (¥3.8 billion in the previous year), and ¥4.1 billion (¥3.9 billion in the previous year) respectively. The recoveries from those three countries occupied 99.6% of the total recoveries from Africa.

Region	FY2001	FY2002	FY2003	FY2004	FY2005	Composition (%)	Year-to-year change (%)
Asia	10.4	13.1	13.5	18.1	13.4	\$114	5.9
Europe	28.1	23.2	19.6	35.2	90.0	\$767	39.4
North and Central America	1.7	1.5	1.1	0.6	2.4	\$20	1.0
South America	28.3	25.6	26.4	29.6	33.5	\$286	14.7
Africa	6.0	6.9	37.1	17.9	89.4	\$761	39.1
Oceania	0	0.0	0	0	0	\$0	0.0
Total	74.5	70.3	97.7	101.4	228.7	\$1,947	



Financial Results for Fiscal Year 2005

(Year ending March 31, 2006)

Financial Results for
Fiscal Year 2005

Annual Report FY2005

VI

1 | Fiscal Year 2005 in Review

Nippon Export and Investment Insurance (NEXI), an independent administrative institution, submitted a financial statement for its fifth year of operations (fiscal year 2005 ending March 31, 2006) to the Minister of Economy, Trade and Industry on June 23, 2006 and Ministry approval was obtained as of July 4.

Overview of Financial Statement

Financial highlights for NEXI business

Year end: March 31

	FY2001	FY2002	FY2003	FY2004	FY2005
Ordinary Income	7,418	6,317	9,436	9,346	11,585
Net premium written	7,390	5,875	9,253	8,571	9,586
Interest on securities	–	–	9	567	905
Ordinary expenses	9,156	5,492	8,505	7,027	7,544
Net claims paid	2	78	402	75	74
Operating and administrative expenses	4,835	4,543	4,705	4,897	5,476
Provision for outstanding commitments reserve	4,087	647	3,327	1,980	2,008
Ordinary profit (loss)	(1,738)	825	931	2,319	4,041
Extraordinary profit (Note)	20,140	6,408	17,112	3,173	52,501
Total profit	18,402	7,233	18,043	5,492	56,542
Total assets	150,084	166,125	217,309	241,292	398,588
Net assets	122,754	134,815	183,712	198,908	326,131

(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 Independent Administrative Institution Nippon Export and Investment Insurance (Ordinance No. 104 of Ministry of Economy, Trade and Industry, March 29, 2001)

Profits and Losses

Ordinary profit for the fiscal year ending March 2006 came to ¥4,041 million, due to an increase in net premium written and interest on securities. The increase in net premium written amounted to ¥9,586 million, up 11.8% compared with the previous fiscal year. This was attributed to a decline of premium paid for reinsurance due to the reduction of reinsurance cover percentage from 95% to 90%. Recoveries from debtor countries were invested as excess cash in government bonds and other securities. As a result, interest on securities was ¥905 million, up ¥338 million from the previous fiscal year.

As for extraordinary profit, the valuation amount and interest of receivables contributed in-kind by the government were entered as extraordinary profit. Reversal of provision for uncollectible receivables was ¥35,325 million, reflecting increased recoveries from debtor countries such as Russia. As a result, extraordinary profit amounted to ¥52,501 million and the total profit was ¥56,542 million.

Appropriation of Profit

As the first medium-term objective period ended in the fiscal year ending March 2005 (FY2004), the surplus reserve of ¥24,585 million were transferred to the national treasury in July 2005. The total profit of ¥56,542 million was fully transferred to the surplus reserve.

2 | Financial Statements

Balance Sheet (As of March 31, 2006)

(Millions of yen)

(Assets)		(Liabilities)	
Cash and cash items	42,795	Outstanding claims reserve	91
Securities	114,031	Reserve for outstanding commitments	12,049
Receivables subrogated by paying claims	453,769	Amount due to reinsurance	5,267
Accrued income	90,803	Deposits received	9,702
Accrued premium	7,510	Prepaid insurance premium	7,917
Reinsurance credit	499	Accrued amount payable	37,012
Buildings (Note 2)	110	Reserve for bonus payment	136
Vehicles (Note 3)	2	Reserve for retirement allowance	95
Equipment and fixtures (Note 4)	443	Other liabilities	189
Deposits	390	Total liabilities	72,458
Suspense payments	4,112	(Funds and surplus)	
Accounts receivable	16	Capital	
Other assets	675	Government investment	104,352
Allowance for uncollectible receivables	(316,566)	Capital surplus (Note 5)	140,652
		Retained earnings	
		Surplus reserve	24,585
		Unappropriated retained earnings	56,542
		(of which Net profit of the current year)	56,542
		Total retained earnings	81,127
		Total funds and surplus	326,131
Total Assets	398,588	Total liabilities, funds and surplus	398,588

(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 ¥95 million.

(Note 3) The accumulated depreciation of vehicles is ¥5 million.

(Note 4) The accumulated depreciation of equipment and fixtures is ¥1,566 million.

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

Appraisal difference of receivables subrogated by paying claims

(Millions of yen)

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



Statement of Income (From April 1, 2005 to March 31, 2006)

	(Millions of yen)
Ordinary profit and loss	
Ordinary income	11,585
Underwriting income	9,671
Net premium written (Note 2)	9,586
Reversal of outstanding claims provision	83
Interest income on receivables subrogated by paying claims	2
Investment income	1,179
Income from interest	274
Interest on securities	905
Foreign exchange gain	720
Others	15
Other ordinary income	15
Ordinary expenses	7,544
Underwriting expenses	2,063
Net claims paid (Note 3)	74
Estimated amount of insurance claims recovery (Note 4)	(19)
Provision for outstanding commitments reserve	2,008
Operating and administrative expenses	5,476
Others	5
Interest paid	3
Other ordinary expenses	2
Ordinary profit	4,041
Extraordinary profit and loss	
Extraordinary profit	53,879
Profit relating to in-kind contribution of receivables acquired by government subrogation (Note 5)	18,554
Reversal of provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation	35,325
Extraordinary loss	1,378
Losses relating to in-kind contribution of receivables acquired by government subrogation (Note 5)	1,378
Total profit for the current year	56,542

(Notes)

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	40,088
Refund of premium paid for reinsurance	1,670
Premium received for reinsurance	223
Premium paid for reinsurance	(32,395)
Total	9,586

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

	(Millions of yen)
Insurance claims paid	3,680
Reinsurance claims recovered	(3,606)
Total	74

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

	(Millions of yen)
① Difference of capitalized value between the current year end and the previous year end concerning estimated recovery of commercial event receivables subrogated by paying claims	(17)
② Recovery of commercial event receivables subrogated by paying claims	(1)
③ Recovery of political event receivables subrogated by paying claims that are not capitalized	(0)
④ Provision for uncollectible receivables	0
Total	(19)

Statement of Cash Flows (From April 1, 2005 to March 31, 2006)

	(Millions of yen)
I. Cash flows from operating activities	
Premium received	43,845
Reinsurance premium paid	(36,008)
Insurance claims paid	(3,680)
Reinsurance claims received	3,711
Income from recovery of receivables subrogated by paying claims	65,968
Payment of recovered receivables subrogated by paying claims	(14,846)
Income from recovery of receivables subrogated to the government	199,380
Payment of recovered receivables subrogated to the government	(199,153)
Personnel expenses	(1,541)
Other operating expenses	(2,560)
Others	0
Subtotal	55,117
Interests and dividends received	5,363
Interests and dividends paid	(3)
Net cash provided by operating activities	60,477
II. Cash flows from investing activities	
(A) Increase in time deposits	0
Decrease in time deposits	23,000
Purchase of securities	(38,822)
Redemption of securities	0
Purchase of fixed assets	(3,648)
(A) Increase in deposits	0
Net cash (used in) provided by investing activities	(19,470)
III. Cash flows from financing activities	
Payment by transfer of retained earnings to the national treasury	(24,585)
Finance lease payment	(297)
Net cash (used in) provided by financing activities	(24,881)
IV. Foreign exchange difference related to cash and cash equivalents	1,584
V. Net increase (decrease) in cash and cash equivalents	17,709
VI. Cash and cash equivalents at the beginning of the current year	25,086
VII. Cash and cash equivalents at the end of the current year	42,795

(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	24,705
Time deposits	18,090
Balance of cash at the end of the current year	42,795



Notes

I. Important Accounting Principles

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 by set, has been calculated by adopting a straight-line depreciation method. This is in accordance with estimated serviceable life stipulated in the Corporate Tax Law defining residual value as 10% of the purchase 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 which fixes its residual value at ¥0 in accordance with the estimated serviceable life stipulated in the Corporate Tax Law.

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 serviceable life. However, part of the computer software will be replaced by the new system after the fiscal year ending March 2007. Amortization of the software that will be disused has been calculated by applying March 2006 to the termination date of the estimated serviceable life, notwithstanding the remaining period of its availability.

2. Calculation basis of the reserve for retirement allowances and estimate

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

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

Reserve for outstanding commitments, outstanding claims reserve, receivables subrogated by paying claims and allowance for uncollectible receivables have been booked with the respective amount which has been calculated in accordance with the following ordinance: "Concerning the 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 Independent Administrative Institution Nippon Export and Investment Insurance" (2006-02-28 Trade No.4).

4. Calculation basis of reserve for bonus payments and estimate

In order to prepare for payment of bonuses for board members and employees, a reserve is provided based on the amount that remains 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 of opportunity costs in the statement of administrative services cost (The rest is omitted.)

8. Accounting and depreciation methods applied to lease transactions

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

9. Change in accounting principles

(1) Change in appreciation method of assets acquired by subrogation and contributed in-kind by the government

In the past fiscal years, the appraisal difference of assets acquired by subrogation and contributed in-kind by the government (except for accrued income) was included in capital surplus, in accordance with Article 2 of the supplementary provision of the ordinance concerning a partial revision of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution Nippon Export and Investment Insurance (Article 49 of Ordinance of Ministry of Economy, Trade and Industry, March 31, 2003). This ordinance was revised by ordinance No. 100 on October 28, 2005. Under the revised ordinance, the appraisal value associated with the capitalization of assets acquired by subrogation and contributed in-kind by the government has been excluded from extraordinary profit and loss. As a result of this revision, extraordinary profit and total profit of the current fiscal year increased by ¥23,438 million respectively. Accordingly, capital surplus declined ¥23,438 million.

(2) Change in reporting commercial event receivables subrogated by paying claims and the appreciation method

In the past fiscal years, commercial event receivables subrogated by paying claims were reported as estimated recovery amount in accordance with the ordinance concerning the 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 Independent Administrative Institution Nippon Export and Investment Insurance (2001-03-27 Trade No.2). This ordinance was revised by 2006-02-28 Trade No.4. Under the revised ordinance, the commercial event receivables subrogated by paying claims were included in receivables subrogated by paying claims. Allowance for uncollectible receivables is made depending on characteristics of receivables.

As a result of this revision, extraordinary profit decreased ¥38 million, and extraordinary loss decreased ¥1,379 million. The total profit for the current fiscal year increased ¥1,341 million. Receivables subrogated by paying claims, suspense payments and allowance for uncollectible receivables increased ¥6,263 million, ¥83 million and ¥6,674 million respectively. Capital surplus decreased ¥1,835 million.

10. Change in financial statement form

In the past fiscal years, NEXI's statement of income was made based on Appendix 2 of the ordinance concerning a partial revision of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution Nippon Export and Investment Insurance (Article 49 of Ordinance of Ministry of Economy, Trade and Industry, March 31, 2003). As a result of revision of this ordinance, a new statement of income form was applied.

II. Important Debt Assumption Undertaken

Not applicable

III. Important Subsequent Events

Not applicable

IV. Translation of accounting titles distinctive to NEXI

Titles	Translation
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 reserve
Accrued premium	Accrued insurance premium due from policyholders arising from insurance contracted
Reinsurance credit	Receivables arising from reinsurance provided by the government ○ Accrued premiums on reinsurance to be refunded by the government ○ Accrued reinsurance claims to be paid by the government
Outstanding claims reserve	Amount considered necessary in order to cover incurred losses under an insurance contract or losses recognized as having been incurred at the end of the fiscal year
Reserve for outstanding commitments	Amount reserved in order 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
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, of the estimated amount of potential subrogated receivables capitalized in association with the outstanding claims reserve
Reversal of outstanding claims provision	Reversal of outstanding claims provision for the current fiscal year
Provision for outstanding commitments reserve	Provision for outstanding commitments reserves for the current fiscal year
Capital surplus Appraisal difference of receivables subrogated by paying claims	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 Independent Administrative Institution Nippon Export and Investment Insurance (Ordinance of Finance and Accounting).
• Appraisal difference of in-kind contribution of receivables acquired by government subrogation	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 the capitalization of receivables acquired by subrogation and contributed in-kind by the government	The Ordinance of Finance and Accounting was partially revised by the ordinance No. 100 of October 28, 2005. Since the fiscal year ending March 2006 (FY2005), 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.



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 will enforce 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 we 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.



Profile of NEXI



From the left, Yukio Kitazume (Vice Chairman), Hidehiro Konno (Chairman and CEO), and Naoki Obayashi (Vice Chairman)



Katsuo Oki
(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 Yukio Kitazume

Corporate Auditor (Full Time) Katsuo Oki

Corporate Auditor (Part Time) Takashi Imai



Date of Establishment	April 1st, 2001
Governing Law	The Law concerning the general rules of independent administrative institutions The Trade and Investment Insurance Law
Business Aim	To perform insurance business efficiently and effectively by underwriting those risks occurring through international business activities that cannot be covered by ordinary insurances.
Competent Minister	The Minister of Economy, Trade and Industry
Capital	¥104,352,324,369 (Fully contributed by the Japanese Government) (Unchanged from the previous year)
Number of Full-time Employees	155 (As of March 31, 2006)
Scope of Business	<ol style="list-style-type: none"> 1. To perform trade and investment insurance business according to Chapter 3 of the Trade and Investment Insurance Law. 2. To perform any business accompanied by the above. 3. To accept reinsurance of the insurance commitment of international institutions, foreign governments and foreign corporations that perform insurance business, including reinsurance of undertaking losses covered by trade and investment insurance and corresponding losses. 4. To cede NEXI's insurance commitment under the Trade and Investment Insurance Law, to the Japanese government as the other party of the reinsurance contract according to Chapter 4 of the Trade and Investment Insurance Law. In addition, to cede NEXI's insurance commitments to contracted parties such as international institutions, foreign governments and foreign corporations, including the reinsurance of undertaking losses covered by trade and investment insurance.
Brief History	<p>July, 1999 The Law concerning the general rules of Independent Administrative Institutions was approved. December, 1999 The Law to partly amend the Trade and Investment Insurance Law was approved. April, 2001 The independent administrative institution, Nippon Export and Investment Insurance was established.</p>
Offices	<p>Head Office Chiyoda First Building, East Wing 3F, 3-8-1, Nishi-Kanda, Chiyoda-ku, Tokyo 101-8359 Tel. 81-(0)3-3512-7650 Fax. 81-(0)3-3512-7660</p> <p>NEXI, Osaka 3-1-22, Kitahama, Chuo-ku, Osaka City, Osaka 541-0041 Tel. 81-(0)6-6233-4017 Fax. 81-(0)6-6233-4001</p>
Main Insurance Products	<ul style="list-style-type: none"> ● Export Credit Insurance ● Buyer's Credit Insurance ● Trade Insurance for Manufacturers ● Export Credit Insurance for SMEs ● Intellectual Property License Insurance ● Overseas Untied Loan Insurance ● Overseas Investment Insurance ● Export Bill Insurance ● Prepayment Import Insurance
URL	http://www.nexi.go.jp





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 we can 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 will make customers feel secure and protected in overseas transactions
- (2) Readily providing information and advice to customers on their transactions from a preliminary stage
- (3) Responding promptly to the inquiries and concerns of customers
- (4) Meeting the demands of customers and business needs
- (5) Speedily completing claim assessments and promptly making claim payments
- (6) Speedily allocating recovered money

- (1) Providing insurance products that will 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):
Tel: 81-(0)3-3512-7712

● Customer Relations Office (NEXI, Osaka):
Tel: 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) Readily providing information and advice to customers on transactions from the preliminary stage.

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

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

- (3) Responding promptly to the inquiries and concerns 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 the demands of customers 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) Speedily completing the assessment of a claim and promptly making a 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) Speedily allocating recovered money

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 application 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):
Tel: 81-(0)3-3512-7712
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp

- Customer Relations Office (NEXI, Osaka):
Tel: 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):
Tel: 81-(0)3-3512-7712
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp
- Head Office - Underwriting Group No.1
Tel: 81-(0)3-3512-7667
- NEXI, Osaka - Customer Relations Office
Tel: 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 (Terms of Less Than Two Years)

- Head Office - Underwriting Group No.2
(Tel: 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
(Tel: 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 - Administration Group
(Tel: 81-(0)6-6233-4017)
 - Consultation, individual assessment, and issuance of informal approval of transactions for Export Credit Insurance (for transactions less than billions of yen)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)
 - Consultation and individual assessment of transactions for Export Credit Insurance (Specific Insurance, Comprehensive Insurance with Exporters' Association, Comprehensive Insurance) fulfilling the insurance requirements by country such as for amount limits
 - Consultation and individual assessment of transactions for Trade Insurance for Manufacturers
 - Consultation and individual assessment of Export Credit Insurance for SMEs
 - Consultation and individual assessment of insurance claims for Export Bill Insurance

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

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

Project Team No.1
(Tel: 81-(0)3-3512-7673)

- Consultation on underwriting and assessment with regard to transactions concerning power generation and mining (Europe, Middle East, Africa and Latin America)

Project Team No.2
(Tel: 81-(0)3-3512-7675)

- Consultation on underwriting and assessment with regard to transactions concerning power generation, mining and aircraft (Asia and Russia)

Project Team No.3
(Tel: 81-(0)3-3512-7672)

- Consultation on underwriting and assessment with regard to oil and gas transactions (Europe, Russia and Latin America)

Project Team No.4
(Tel: 81-(0)3-3512-7601)

- Consultation on underwriting and assessment with regard to oil and gas transactions (Asia, Africa and Middle East)

Project Team No.5
(Tel: 81-(0)3-3512-7674)

- Consultation on underwriting and assessment with regard to transactions concerning infrastructure and manufacturing (including steel industry)

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

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

- Head Office - Credit Administration Group
(Tel: 81-(0)3-3512-7684)
- NEXI, Osaka - Administration Group
(Tel: 81-(0)6-6233-4017)

Insurance application forms:

- Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Issue of insurance policies

- Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Collection or refund of insurance premiums

- Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Acceptance and handling of applications for alteration

- Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Various application procedures, including approval of pledge

- Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Various types of notification, such as notification of redemption date

- Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

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

- Head Office - Claims Service & Recovery Group
(Tel: 81-(0)3-3512-7663)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Claims and assessment of insured events

- Head Office - Claims Service & Recovery Group
(Tel: 81-(0)3-3512-7663)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

For inquiries about Paris Club rescheduling, allocation of recoveries and so forth

- Head Office - Recovery Services Group
(Tel: 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
(Tel: 81-(0)3-3512-7658)
- NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

"Guidelines on Environmental and Social Considerations in Trade Insurance"

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

Information

- Head Office - Administration Group
(Tel: 81-(0)3-3512-7656)

Public relations, including the NEXI website and annual report

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

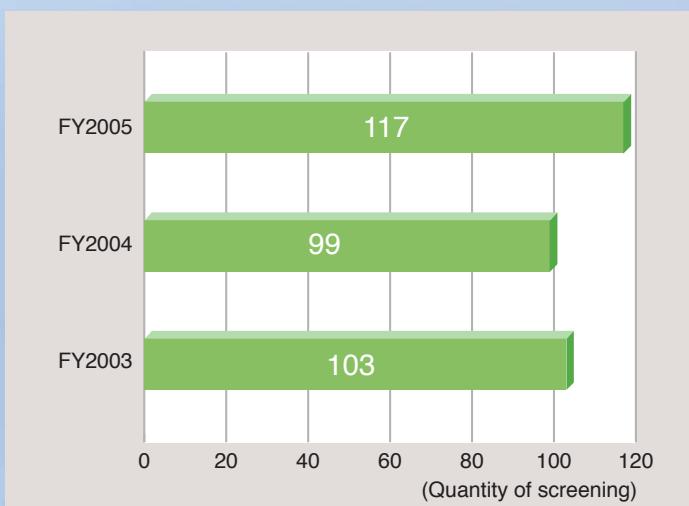


Implementation of Confirming Environmental and Social Considerations

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 on April 1, 2001). NEXI conducts the screening of projects based on screening forms submitted by insurance applicants. The projects are classified into three categories A, B, and C in descending order of level of impact. NEXI examines environmental impact on the projects based on the classification results. For example, an on-site visit is conducted for "Category A" projects.

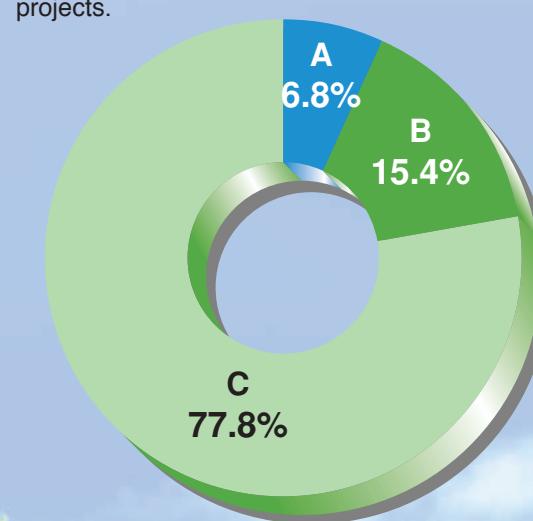
Quantity of Screening Conducted

The quantity of screening conducted in FY2005 increased about 20% over the previous year.



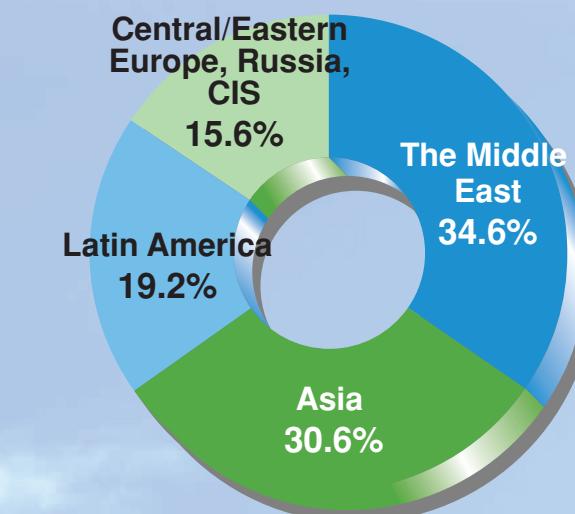
Quantity of Screening in FY2005 by Category

Category C accounts for around 80% of all the projects, since cover is provided for many small-scale projects such as maintenance projects.



Quantity of Screening in FY2005 by Region

The Middle East, Asia, and Latin America account for around 85% of all the projects.



On-site Visit

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



Nippon Export and Investment Insurance Organization Chart

