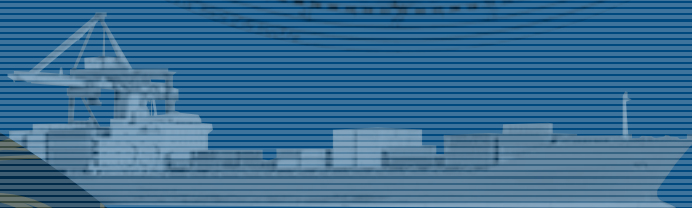


NEXI

Nippon Export and Investment Insurance

Annual Report FY2010



Message from the Chairman



In presenting this annual report for fiscal year 2010, I would like to express our sincerest gratitude for your understanding and support for Nippon Export and Investment Insurance (NEXI).

First and foremost, we would like to extend our deepest sympathy and offer our heartfelt condolence to people affected by the Great East Japan Earthquake on March 11, 2011. To accelerate the economic recovery from the damage caused by the devastating earthquake and ensuing nuclear accident, we have announced several support measures including specifying the scope of “losses by rumor” to be covered by insurance and postponing insurance procedures for affected SMEs.

Japan’s exports during FY2010 increased by 14.9% to JPY67.8 trillion, following two consecutive years of decline in the wake of the global economic crisis in September 2008. However, as emerging sovereign risk and rising political risk continue to threaten the global financial market, we believe that NEXI’s role and responsibility have become more important as the official Export Credit Agency (ECA) of Japan that supports international activities of Japanese businesses.

We have been addressing to improve our insurance products and services in order to meet customer needs. To achieve this priority, we launched several new services, such as insurance for exports by overseas subsidiaries of Japanese companies to third countries via Japanese non-life insurance companies, and support for financing of Japanese businesses by promoting liquidity of NEXI-insured export receivables. Our new insurance

product called Comprehensive Export Insurance with Simplified Procedure aims for procedural efficiency for both our customers and NEXI. Furthermore, we started to cover such risks as policy shift risk under Overseas Investment Insurance and risk against trade via overseas sales subsidiaries in accordance with the Government’s New Growth Strategy that was developed in June 2010. Also, in December 2010, we strengthened support against local currency exchange risk as a support measure of the Government’s strategy for promoting exports of packaged infrastructure systems.

NEXI is continuing to strengthen ties with overseas organizations. Our focus during this fiscal year was to develop a reinsurance network with other ECAs in Asia to further support Japanese businesses in the rapidly growing Asian markets. In FY2010, we signed reinsurance agreements with the Taipei Export-Import Bank of China (TEBC) and Korea Trade Insurance Corporation (KSURE), respectively. NEXI also signed an MOU with PetroVietnam, Viet Nam’s national oil and gas company, to help Japanese businesses participate in multilateral projects led by the largest company in Viet Nam.

Also during this fiscal year, NEXI underwrote several projects under its Trade and Investment Insurance for Preventing Global Warming scheme, which was developed to contribute to reducing GHG emissions as part of NEXI’s social responsibility vis-à-vis the environment. Underwritten projects amounted to about JPY330 billion, and include a forestation project and a hydro-power project in Viet Nam, and solar power projects in Spain.

As the economy becomes more global, there is a growing international trend whereby national governments are supporting business and the public and private sectors are joining hands to survive and succeed amid intensifying global competition. Given this, all of us at NEXI know that we will be expected to play a more active role in helping Japanese businesses. Thus, we will strive to meet diversifying business needs and provide quality service stably and effectively. And in this effort, we ask for your continued understanding and support.

Takashi Suzuki
Chairman and CEO
July 2011

A handwritten signature in black ink, reading "Takashi Suzuki".

NEXI Mission



Management Principle

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



Management Policy

- 1.NEXI, realizing its role as an incorporated administrative agency, will operate its business from the public standpoint and aim to contribute to national stability and sound development of the economic community.
- 2.NEXI will observe the customer-first principle at all times, provide high-quality services by improving its expertise, and aim at increasing customer satisfaction and building strong trust with customers.
- 3.NEXI will utilize all of its operating resources systematically, work on quantitative and qualitative increases in the risks it underwrites, improve its profits through appropriate risk management, and aim for long-range development.
- 4.NEXI will develop human resources and promote strengthening of staff self-improvement, make use of staff diversity, and aim at creating a liberal and lively workspace where employees have pride in their organization.

Regarding figures in this Annual Report

In principle, figures in this report are rounded to the nearest unit. Therefore, the sum of individual figures may deviate from the sum presented.

Figures that fall below a unit as a result of rounding are indicated as "0"; if there is no corresponding figure, "-" is indicated.

Figures in the trade and investment insurance business are on a fiscal period basis unless otherwise noted.

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Fiscal year 2010 (FY2010) is from April 2010 to March 2011. The year "2010" in this annual report indicates FY2010 unless otherwise noted.



2010 Business Overview

Committing to addressing political issues as a governmental institution to implement national policies

Support for recovery from the Great East Japan Earthquake

Nippon Export and Investment Insurance (NEXI) would like to extend its deepest sympathy to people affected by the Great East Japan Earthquake that struck on March 11, 2011, and to offer its heartfelt condolence to those who lost their lives, families, and property. To provide redress for the victims and accelerate economic recovery, NEXI has implemented the following support measures.

(1) Support for the victims

NEXI supported its affected SME customers by postponing insurance procedures, reducing or postponing insured customers' obligations, and reducing insured customers' economic burden.

(2) Measures against "losses by rumor"

Providing specific examples, NEXI publicized that it has insurance support schemes that can cover losses incurred by exporters (insured customers) due to import restrictions or prohibitions in destination countries or project host countries as a result of rumors that Japanese goods are radioactively contaminated.

(3) Dedicated Help Desk Service

NEXI provided broad-ranging help desk support for trades damaged by the disaster.

Since announcing the support measures, NEXI has provided explanations on and support with application procedures in response to numerous inquiries received from customers, including new SME customers that had never used NEXI insurance before. NEXI also participated in several meetings held by chambers of commerce and financial institutions to explain insurance application procedures and services.

Response to the New Growth Strategy

The New Growth Strategy approved by the Cabinet in June 2010 emphasizes strong public-private support for infrastructure exports to Asia and other regions where demand for infrastructure development is very high. In response, NEXI implemented the following measures.

(1) Policy-shift risk coverage consultation under Overseas Investment Insurance

NEXI has started to provide consultation concerning

coverage against "policy-shift" risk for Japanese companies investing in overseas companies in the resources, energy, and infrastructure sectors to protect against losses caused by, for example, the bankruptcy of an invested company as a result of a general and legitimate policy shift by its government.

(2) Insurance coverage for trading via overseas sales subsidiaries

NEXI has started to provide an insurance service for cases when a Japanese company exports Japanese goods to an overseas sales subsidiary, and then the subsidiary sells the goods to a buyer in another country. This service provides coverage against risk associated with such trade if the trade meets certain conditions.

Exports of packaged infrastructure systems

In December 2010, the government decided at a Ministerial meeting on exports of packaged infrastructure systems to strengthen financial support by concerned government organizations for private-sector consortiums to actively help them win overseas orders. With this decision NEXI started the following measures.

(1) Stronger protection against foreign currency risk

NEXI decided to provide currency-risk coverage against 18 local currencies in addition to dollar and euro, so that the insurance claims to be paid would not be reduced compared with the amount of claims expected at the time an insurance contract is concluded.

(2) Higher percentage of coverage for co-financing with JBIC

NEXI raised the maximum percentage of coverage against political and commercial risks under Overseas Untied Loan Insurance from 97.5% (political risk) and 95% (commercial risk) to 100% (both risks) for private-sector banks in cases of co-financing by private-sector banks with JBIC in overseas projects.

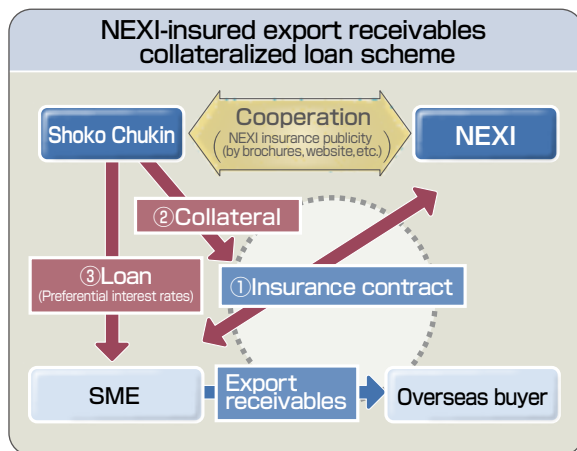
Comprehensive Export Insurance with Simplified Procedure

This new insurance service that started on July 1, 2010, is for exporters that are continually and repeatedly engaged in export with a number of buyers. Application for this service is easier compared with other NEXI products because an exporter is not required to apply for insurance for each export contract, and is only required to notify NEXI of shipping information on a monthly basis.

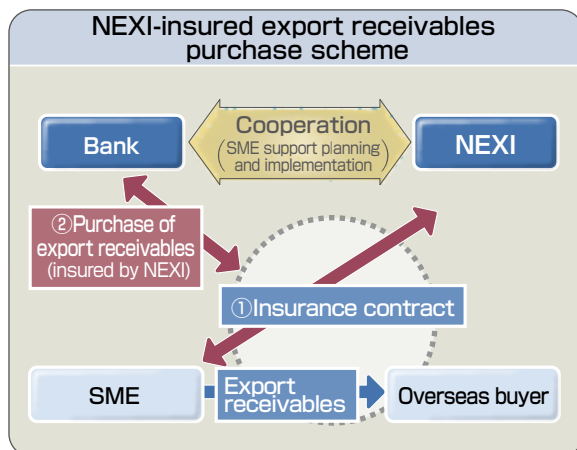
Offering more user-friendly insurance service in further cooperation with private-sector financial institutions

Creating financing and purchase of receivables schemes in cooperation with financial institutions

In collaboration with Shoko Chukin Bank, NEXI developed a loan program to extend loans to SMEs at preferential interest rates by using NEXI-insured export receivables as collateral. Under this program, NEXI pays insurance claims to Shoko Chukin Bank, which is the secured party when an SME as a borrower fails to collect receivables from its overseas buyer due to a post-shipment insured event and cannot repay Shoko Chukin Bank.



NEXI also established a program for promoting purchase of export receivables covered by NEXI insurance in cooperation with three megabanks in Japan: Mizuho Bank Ltd, The Bank of Tokyo-Mitsubishi UFJ Ltd, and Sumitomo Mitsui Banking Corporation. The purchase program with Mizuho Bank has already started. Under this program, export receivables covered by NEXI insurance can be purchased by the bank, thereby allowing an exporter to convert the receivables into cash prior to a payment deadline.

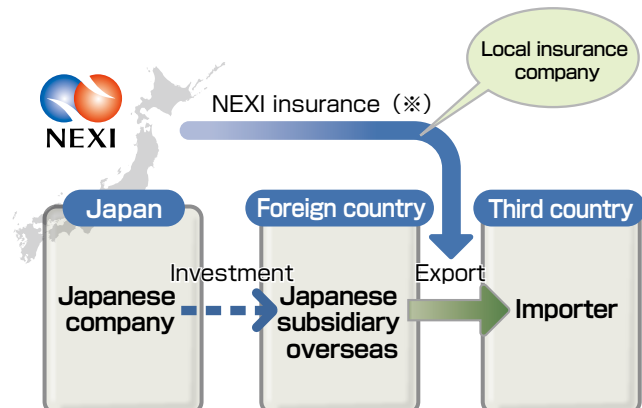


Under these programs, an exporter will be exempt from recovery obligations that otherwise should be imposed after the occurrence of the insured event. Thus, application of the programs is expected to facilitate funding by SMEs that actively trade with overseas businesses.

Fronting arrangements via overseas insurance companies

In recent years, an increasing number of Japanese businesses have been exporting directly from their overseas sales or manufacturing subsidiaries to buyers in third countries. Such transactions are reported to have grown to nearly the same size (70 to 80%) as that of direct exports from Japan.

Given this situation, NEXI started a fronting service (i.e., a service in which an insurance contract that was originally made by a local insurance company is 100% backed by NEXI's reinsurance) through local insurance companies in order to provide these subsidiaries with services that are equivalent to those it provides to companies in Japan. In December 2010, NEXI made its first fronting arrangement concerning exports from a Japanese overseas subsidiary to a third country through a business partnership with Mitsui Sumitomo Insurance Co., Ltd.



Expanding Insurance Service Agreements with Private Insurance Companies and Financial Institutions

NEXI signed service agreements with commercial banks and private insurance companies to provide and share trade insurance information and know-how as well as efficiently develop new customers through utilization of external resources.

In FY2010, NEXI started a service agreement with Shoko Chukin Bank in April, and signed agreements with five companies—the Hokkaido Bank, Ltd; Mizuho Corporate Bank, Ltd; AIU Insurance Company; Kyoei Fire & Marine Insurance Co., Ltd; and Hitachi Capital Insurance Corporation—with an eye to starting cooperative service for the next fiscal year. The agreement with Hitachi Capital is the first of its kind between NEXI and a corporate group-affiliated insurance company. Moreover, Hokkaido Bank is the first regional bank to sign an agreement with NEXI.

Taking global initiatives by strengthening international cooperation

NEXI has further promoted cooperation with foreign organizations including ECAs, financial institutions, and resource-sector companies to expand its international network.

Expanding the reinsurance network with Asian ECAs

NEXI is supporting Japanese businesses in Asian countries by developing its reinsurance network with Asian ECAs.

Heretofore, NEXI signed reinsurance agreements with ECICS of Singapore, MEXIM of Malaysia, ASEI of Indonesia, and THAI EXIMBANK of Thailand. During FY2010, NEXI also signed new agreements with TEBC of Taiwan in September 2010 and K-sure of South Korea in February 2011.

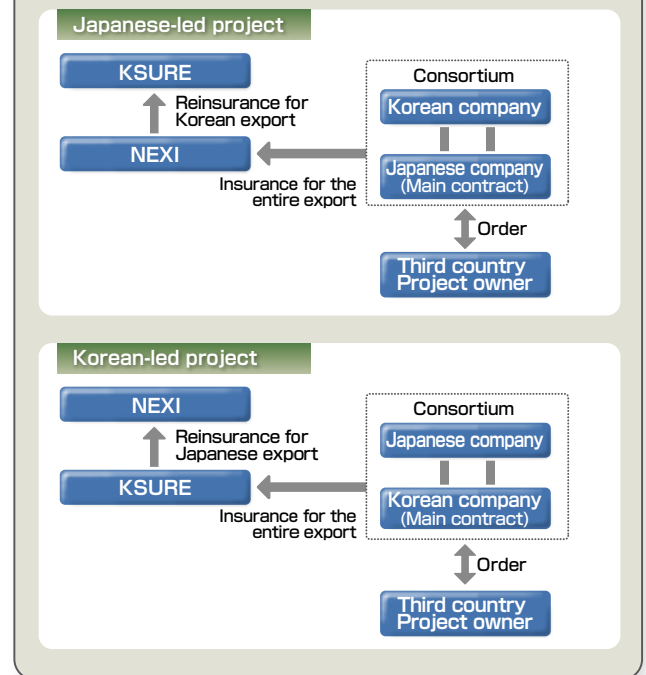


At the signing ceremony with KSURE

The reinsurance agreement between NEXI and K-sure enables risk sharing in proportion to each country's exports under Japan-Korea joint projects ordered by third countries. Under the reinsurance agreement, either NEXI or K-sure underwrites insurance for the entire export.



NEXI and K-sure reinsurance scheme for a Japan-Korea participating project



In FY2010, NEXI underwrote seven reinsurance projects in Asia with a total underwritten amount of JPY1.5 billion. Through reinsurance agreements with Asian ECAs, NEXI will continue to support Japanese companies in Asia that are exporting to third countries and promote closer economic relationship between Japan and Asia.

MOU with Petrovietnam

In June 2010, NEXI concluded an MOU with Petrovietnam (Vietnam Oil and Gas Group), a state-owned oil and gas enterprise and the largest corporation in Viet Nam. Petrovietnam is planning large-scale investments in several sectors including oil, gas, and electricity in view of the country's rapid economic growth. Many Japanese companies are expected to participate in its projects by making use of their high engineering skills and experience.

NEXI will draw upon the MOU to actively support Japanese companies' business development in Viet Nam and to strengthen economic relations between the two countries.

Berne Union Meetings

The Berne Union (The International Union of Credit and Investment Insurers) is a forum where Export Credit Agencies (ECAs) in various countries exchange information on common issues related to export credit insurance and investment insurance. The first meeting was held in Berne, Switzerland, in 1934, and current membership extends to 48 institutions (37 countries, 2 regions and 2 international institutions) as of July 2011.

Main activities involve biannual meetings (held in the spring and autumn) where members exchange opinions on coverage policies, specific projects, credibility of overseas buyers, and other current issues. In 2010, the spring meeting was held in June in Helsinki, Finland, and the autumn meeting was held in November in Cape Town, South Africa.

The Berne Union recently discussed a proposed modification of BIS capital adequacy ratio (Basel III) and submitted opinions to the Basel Committee concerning its effect on ECA financing.

Bilateral Meetings

NEXI holds annual bilateral meetings with ECAs and government officials of Germany, France, South Korea, China and Austria. In the meetings, a wide range of subjects are openly discussed, including international financial trends, the business environment of each country, country risks, and conducts regarding the OECD Arrangement on Officially Supported Export Credits or Basel III.

The relationship between NEXI and the partner institutions is strengthened through these regular meetings.



Bilateral meeting with Germany

Training Program for Asian ECA Professional Staff

Every year, Japan's Ministry of Economy, Trade and Industry (METI) implements a training program for Asian ECA staff as part of "Facilitation of Cooperation in Trade Insurance Operation," and NEXI sends staff to the program to serve as lecturers. The purpose of the program is to help develop trade insurance systems and improve the ability of ECAs in countries and regions where trade insurance is still in the developmental stage in order to facilitate business by local Japanese subsidiaries as well as to strengthen ties between each ECA.

The latest program was held from January 24 to February 3, 2011, with eight participants from India, Indonesia, Thailand, Taiwan, Philippines, Malaysia, Hong Kong, and Brazil (as a special participant). NEXI staff provided lectures on topics such as insurance business operations and international rules.



Asian ECA Training Program



Supporting Strategic Priority Sectors

Supporting International Development of SMEs

NEXI supports the international business development of SMEs. Export Credit Insurance for SMEs was established in April 2005, and the number of underwritten cases was 292 in FY2010.

In October 2008 NEXI introduced a program in which buyer credit information was provided free of charge for SME customers. The program continued beyond its initial time frame, and was utilized by 312 companies in 574 cases as of the end of FY2010.

In collaboration with Shoko Chukin Bank and the three megabanks of Japan, NEXI established a favorable loan program for SMEs with insured export receivables as collateral, as well as a purchase scheme of export receivables.

NEXI will continue to actively support SMEs desiring to promote overseas development not only by covering their risks connected with external trade but also by facilitating financing through banks located throughout Japan.

Supporting Efforts to Secure a Stable Supply of Natural Resources and Energy

Oil and mineral prices remain at historical highs, and thus securing natural resources and energy continues to be an important policy concern for Japan.

Starting with the establishment of Investment and Loan Insurance for Natural Resources and Energy in April 2007, NEXI has supported projects that contribute to offtake or acquisition of interests in mineral and energy resources by Japanese companies.

In FY2010 NEXI provided Investment and Loan Insurance for Natural Resources and Energy for mineral resources projects, including the Similco copper mine redevelopment project in Canada and the Samarco iron ore pellet production facility improvement project in Brazil. In the oil production sector, NEXI provided coverage for investment by a Japanese consortium in the Carabobo mining blocks project located in the eastern Orinoco basin in Venezuela.

Support for Aircraft Sector

In the aircraft sector, NEXI provides reinsurance to US EXIMBANK to support the export of aircraft jointly developed by a Japanese heavy industry company and a U.S. aircraft manufacturer. In FY2010, NEXI provided reinsurance for 25 Boeing aircraft destined for nine airlines and leasing companies. This resulted in a total of 107 aircraft underwritten with 22 airlines and leasing companies since the conclusion of a reinsurance agreement with US EXIMBANK in 2004.

NEXI is also actively supporting efforts to acquire orders for Japan-made small passenger planes (MRJ). In FY2010, NEXI helped acquire 50 MRJ orders by providing advice on sales finance schemes and preliminary analyses of transactions to exporters.

Support for the Agricultural Sector

NEXI is strengthening its support for investments and loans for overseas agricultural business and promotes export of agricultural products in order to ensure food security and foster growth industries in Japan. In November 2010, NEXI underwrote Overseas Investment Insurance for a Japanese company investing in an agricultural project in Argentina.



Working Toward a Sustainable Society

Trade and Investment Insurance for Preventing Global Warming

Trade and Investment Insurance for Preventing Global Warming was created in 2008 as part of efforts to reduce global greenhouse gas emissions by transferring Japanese energy conservation and renewable energy technologies. The percentage of coverage for political risk is raised to 100% with this insurance.

In FY2010, NEXI underwrote this insurance for six projects, including a vegetable-based Green Polyethylene plant expansion project in Brazil and solar power projects in Spain.



Solar power projects in Spain

Guidelines on Environmental and Social Consideration

In order to fulfill its social responsibility vis-à-vis the environment as the official Japanese ECA, NEXI conducts appropriate environmental analysis by establishing Guidelines on Environmental and Social Consideration in Trade Insurance. These guidelines are based on the OECD Council Recommendation on Common Approaches to the Environment and Officially Supported Export Credits. NEXI will continue to ensure that projects to be underwritten are provided with adequate environmental and social consideration by project companies.

Providing Information through Seminars

Seminars on Trade Insurance

NEXI regularly holds seminars on trade insurance services to enhance customers' understanding of trade insurance and promote effective use of its services.

Seminars cover essential information on the trade insurance system, credit control, claims payment, debt recovery, and specific products. Seminars are held every year in Tokyo, Osaka and Nagoya. Over 400 people, mainly trade insurance users, participated this year.

As a new initiative, NEXI held seminars in Hokkaido and the Tohoku, Chugoku, and Kyushu areas jointly with the regional Bureaus of Economy, Trade and Industry and the Shoko Chukin Bank, Ltd. Nearly 100 potential trade insurance users participated at each venue, mainly from small and medium-sized companies.

Seminars on Debt Recovery

NEXI regularly holds debt recovery seminars to provide practical information on overseas debt recovery. Each time, guest lecturers with high experience in debt recovery are invited from international law firms or from overseas debt servicing agencies with which NEXI is in partnership.

In FY2010, NEXI and the Japan Foreign Trade Council jointly held a seminar in November in Tokyo that was attended by a record number of 175 people, mostly trade insurance users. Lecturers were invited from two partner servicers in the Netherlands to explain operations involved in debt recovery processes with specific case studies based on different debt categories and regional characteristics. Special focus was given to European countries, and other emerging countries.





2010 Performance Highlights

Economic Trends

FY2010 saw the first increase in Japanese exports in three years, by 14.9% compared to the previous fiscal year to JPY67.8 trillion. Exports to North America, EU, and Asia increased 11.4%, 9.5% and 17.1%, respectively. As for specific sectors, exports of cars and steel increased.

(Japan's exports)

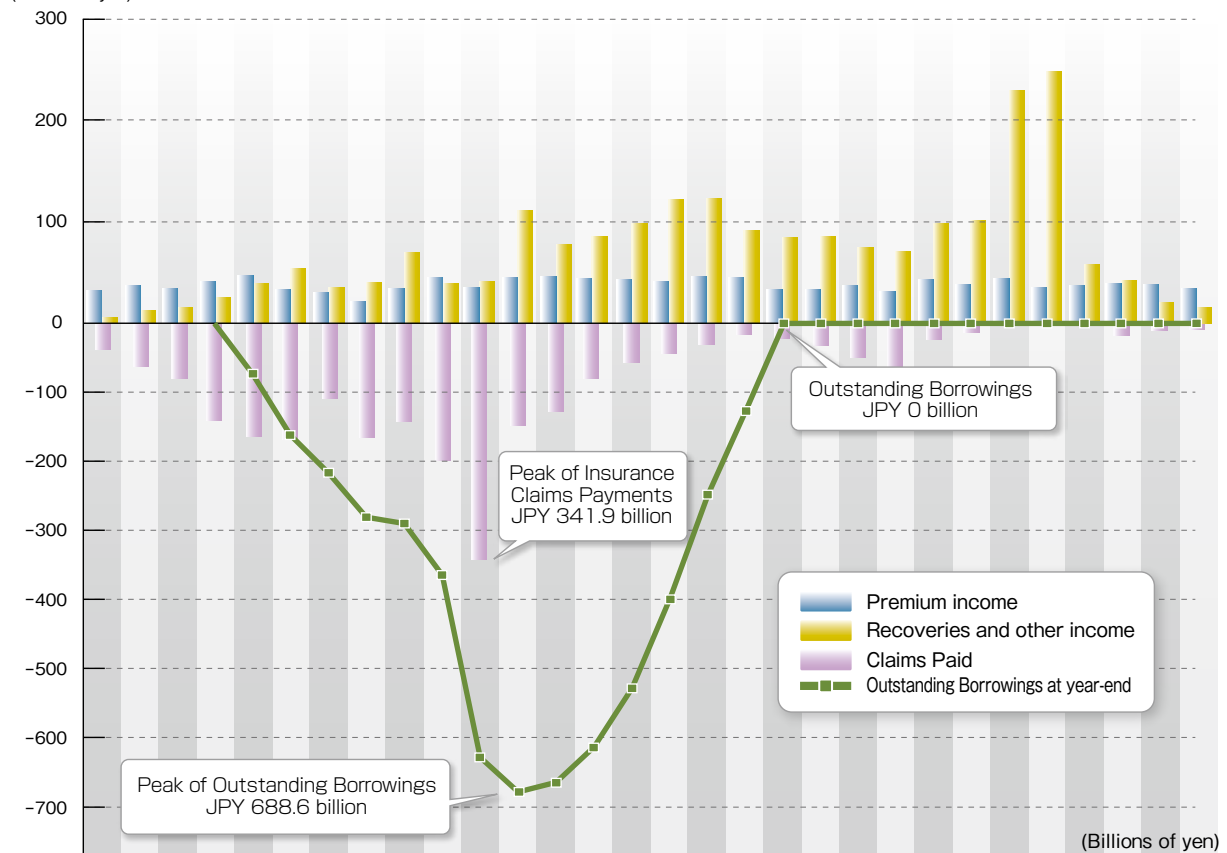
(Millions of yen)

	FY2006	FY2007	FY2008	FY2009	FY2010
Total Exports	77,460,585	85,113,381	71,145,593	59,007,879	67,791,688
Year-on-year change (%)	13.4	9.9	(16.4)	(17.1)	14.9

(Source: Trade Statistics, Ministry of Finance)

Trends of the Trade and Investment Insurance Program

(Billions of yen)

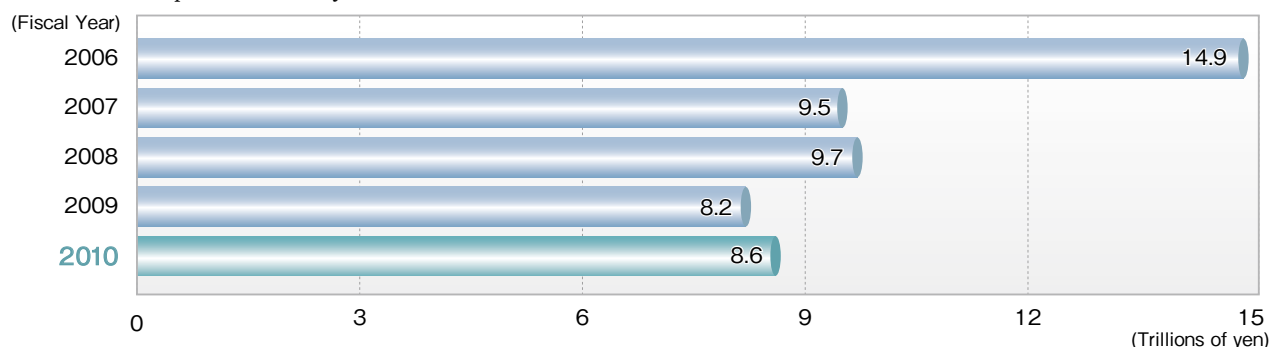


Fiscal Year	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Premium income	32.8	37.3	34.1	41.3	46.8	33.4	30.4	21.3	34.2	44.8	35.7	44.7	46.2	44.1	43.5	41.0	46.0	45.4	33.2	32.9	37.3	31.3	43.2	38.0	43.8	34.9	36.8	39.3	38.2	34.4
Recoveries and other income	5.5	12.3	15.2	25.6	38.9	53.6	34.9	40.0	69.3	38.7	40.7	111.2	77.3	85.2	98.3	121.2	123.0	91.3	84.6	85.3	74.5	70.2	97.7	101.4	228.7	247.3	57.5	41.9	20.5	15.6
Claims Paid	37.6	62.7	80.5	141.5	164.3	169.0	109.5	164.8	142.7	198.6	341.9	148.2	128.0	80.6	57.1	44.4	30.2	16.7	21.6	32.4	49.9	65.1	23.0	12.9	3.7	2.4	3.8	17.2	10.4	8.6
Outstanding Borrowings at year-end	-	-	-	-	74.0	164.1	219.5	284.8	294.1	369.8	637.8	688.6	674.4	622.4	536.0	404.1	251.8	127.8	0	0	0	0	0	0	0	0	0	0	0	0

Note: The amount is based on cash.

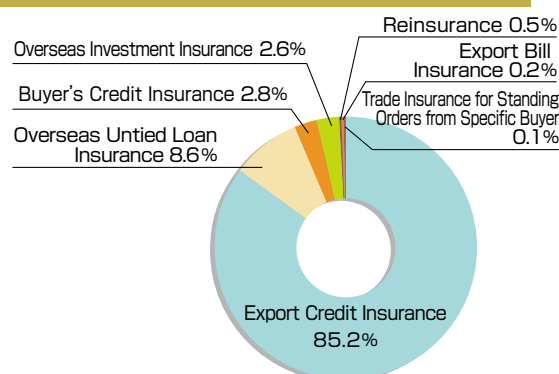
Underwritten Amount

The total underwritten amount in FY2010 increased 4.7% to JPY8.6 trillion compared to the previous fiscal year.



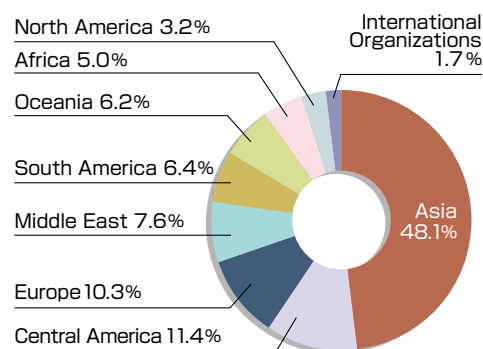
Underwritten Amount by Insurance Type

In a breakdown by insurance type, Export Credit Insurance increased 17.3% to JPY7.3 trillion, led by the recovery in exports to emerging countries after the global financial crisis. On the other hand, Overseas Untied Loan Insurance decreased by 53.9% to JPY0.7 trillion mainly because demand for working capital support associated with overseas Japanese subsidiaries decreased as the financial market stabilized.



Underwritten Amount by Region

In a breakdown by region, coverage for Asian transactions was the largest at JPY4.5 trillion, or 48.1% of the total amount, followed by Central America at 11.4% and Europe at 10.3%.

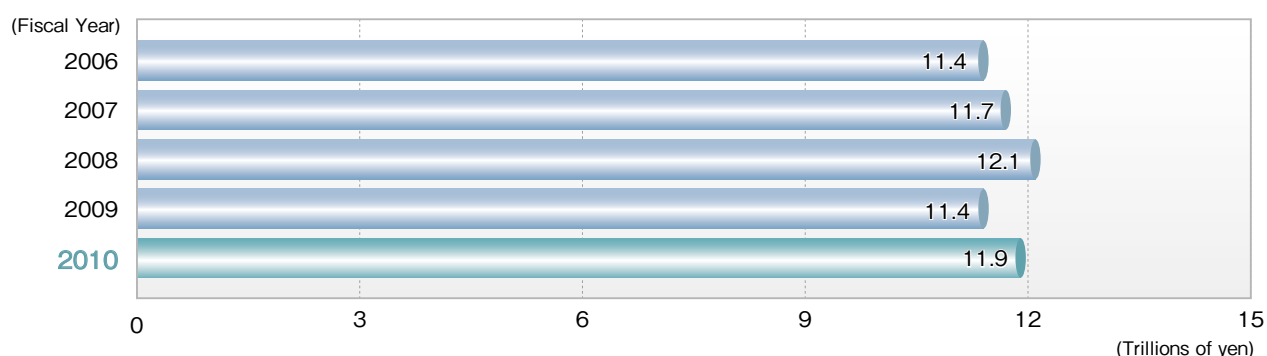


Top Ten Countries and Regions of Underwritten Amount in FY2010

				(Millions of yen)			
Order	Country/Region	Underwritten amount	Composition(%)	Order	Country/Region	Underwritten amount	Composition(%)
1	China	903,468	9.6	6	Spain	339,610	3.6
2	Panama (flag of convenience vessel)	845,970	9.0	7	Australia	330,140	3.5
3	Korea	748,581	8.0	8	Brazil	316,275	3.4
4	Indonesia	569,603	6.1	9	Taiwan	313,111	3.3
5	Thailand	428,349	4.6	10	Singapore	282,494	3.0

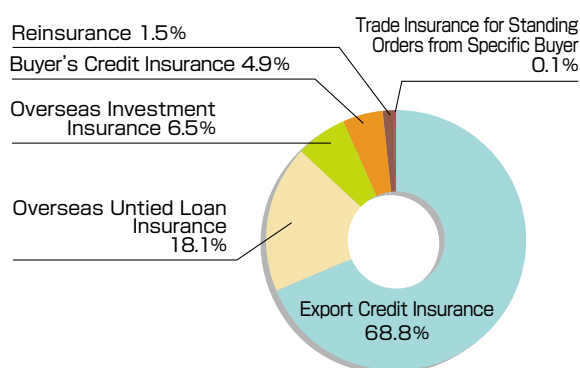
>>> Outstanding Commitment

Total outstanding commitment at the end of FY2010 increased 3.9% to JPY11.9 trillion compared to the previous fiscal year.



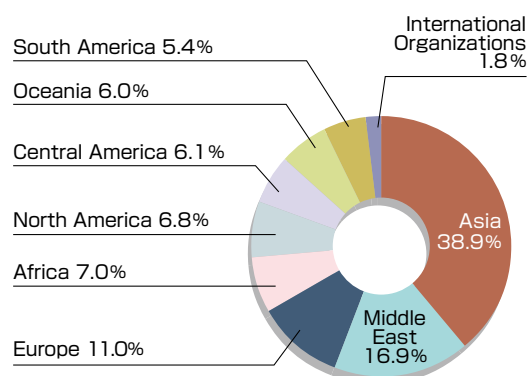
Outstanding Commitment by Insurance Type

In a breakdown by insurance type, outstanding commitment for Export Credit Insurance was the largest at JPY8.2 trillion, having increased 2.8% compared to the previous fiscal year. The second largest was Overseas Untied Loan Insurance at JPY2.2 trillion with an increase of 6.2%.



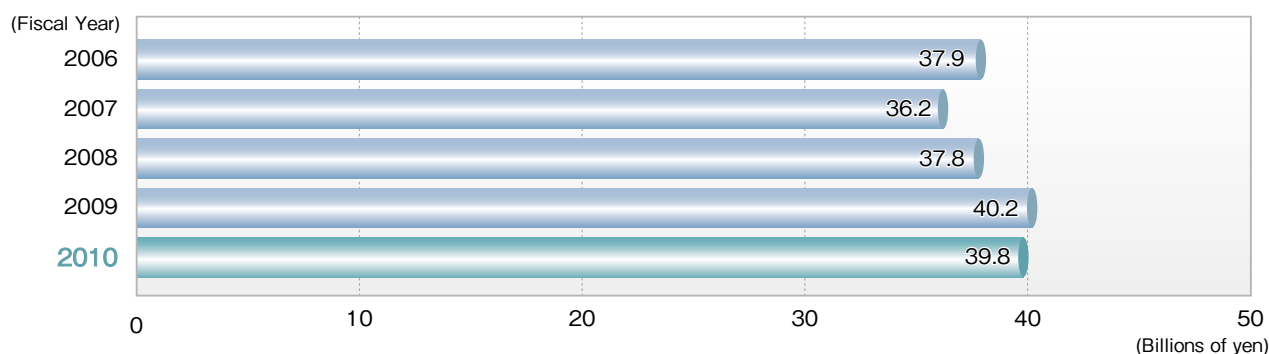
Outstanding Commitment by Region

In a breakdown by region, the outstanding amount for Asia was the largest at JPY4.8 trillion, or 38.9% of the total amount. The Middle East followed at JPY2.1 trillion, or 16.9%.



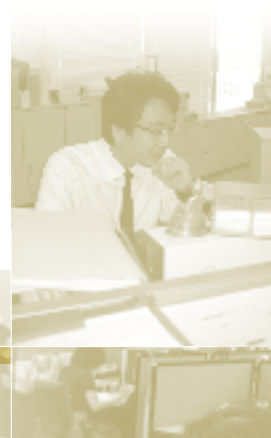
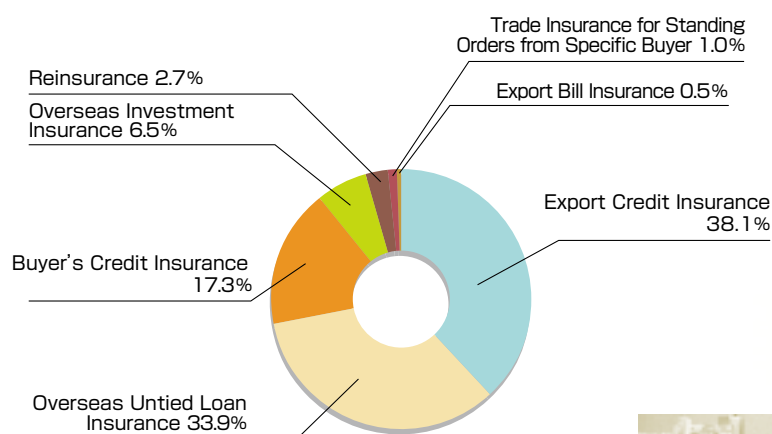
>>> Premium Income

Premium income for FY2010 decreased 1.1% to JPY39.8 billion compared to the previous fiscal year.



Premium Income by Insurance Type

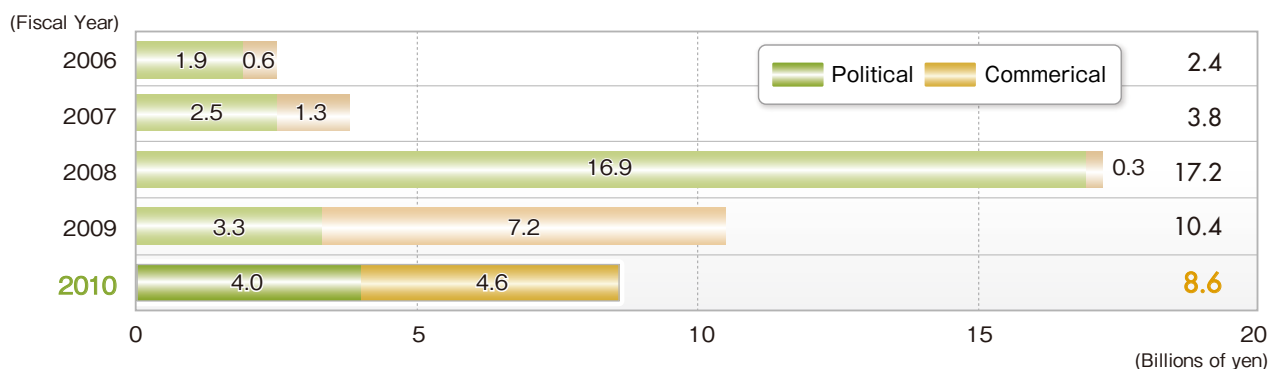
In a breakdown by insurance type, like the underwritten amount, premium income for Overseas Untied Loan Insurance dropped to 33.9% of the total amount while Export Credit Insurance increased to 38.1%.



■ ■ >>> Insurance Claims Paid

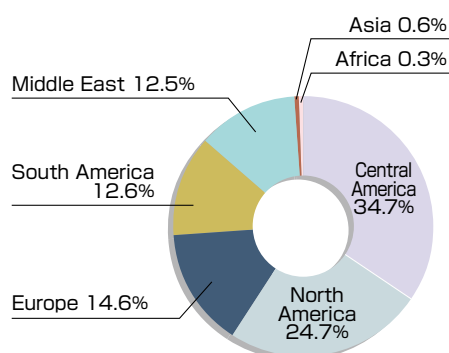
Claims paid for FY2010 decreased 17.9% to JPY8.6 billion compared to the previous fiscal year.

The decrease is due to smaller claims payment for commercial events despite a slight increase in political events related to remittance delays in Cuba. Concerns of possible loss reported by customers remain at a high level ever since the outbreak of the financial crisis. Thus, NEXI is reinforcing the monitoring of underwritten transactions in order to prevent insurance events together with its customers as well as to make swift claims payment in case an event occurs.

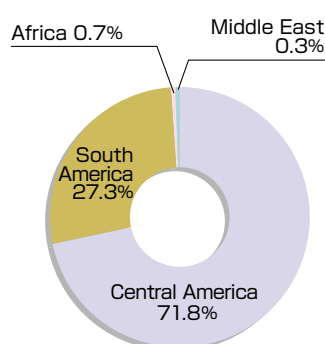


Insurance Claims Paid by Region

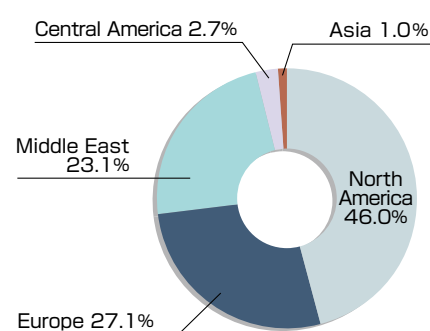
Political/Commercial Risk



Political Risk



Commercial Risk



Top Five Countries / Regions in terms of Insurance Claims Paid

(Millions of yen)

Order	Country/Region	Total	Political Risk	Commercial Risk
1	Cuba	2,851	2,851	0
2	Canada	2,118	0	2,118
3	Ukraine	1,165	0	1,165
4	Argentina	1,084	1,084	0
5	the United Arab Emirates	1,045	0	1,045

Insured Events in 2010

(Based on the data as of the end of May 2011)

● Insured Events by Risk Year-on-Year Changes

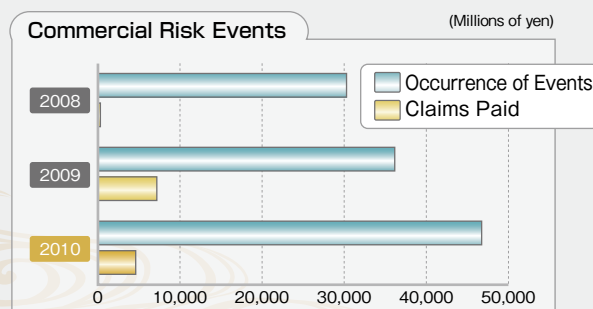
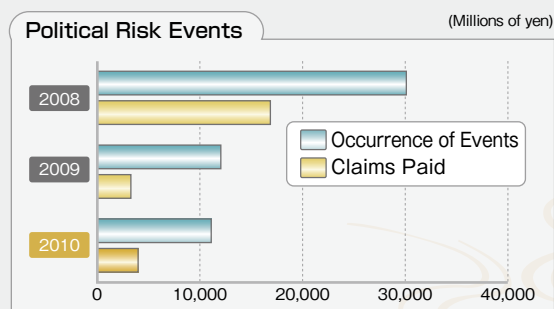
In FY2010, the number of commercial risk events was still higher than the level of FY2009, despite a climate where the effect of the global financial and economic crisis grew less significant. They were caused in large part by buyer defaults; however, pre-shipment events existed as well. On the other hand, the number of political events was about the same as FY2009.

Claims payment for commercial events in FY2010 included payment for events that occurred in FY2008 and FY2009. Claims payment for political events included payment for events related to remittance delays in Central America, in a continuing trend from FY2009.

(Millions of yen)

	Type of Risks	FY2009	FY2010	Year-on-Year change
Occurrence of Events	Commercial Risk Events	36,151	46,734	29.3
	Political Risk Events	12,031	11,094	(7.8)
	Total	48,182	57,828	20.0
Claims Paid	Commercial Risk Events	7,176	4,603	(35.9)
	Political Risk Events	3,268	3,972	21.5
	Total	10,445	8,574	(17.9)

[Changes in Amount of Insured Events and Claims Paid (From FY2008 to FY2010)]

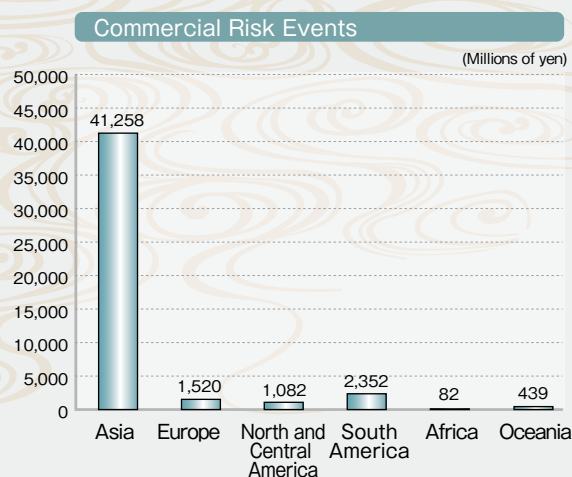
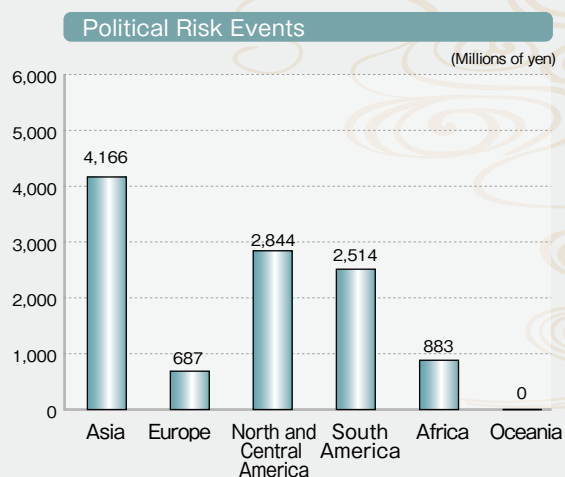


● Occurrence of Insured Events by Region

In FY2010, the majority of commercial events continued to occur in Asia (including the Middle East).

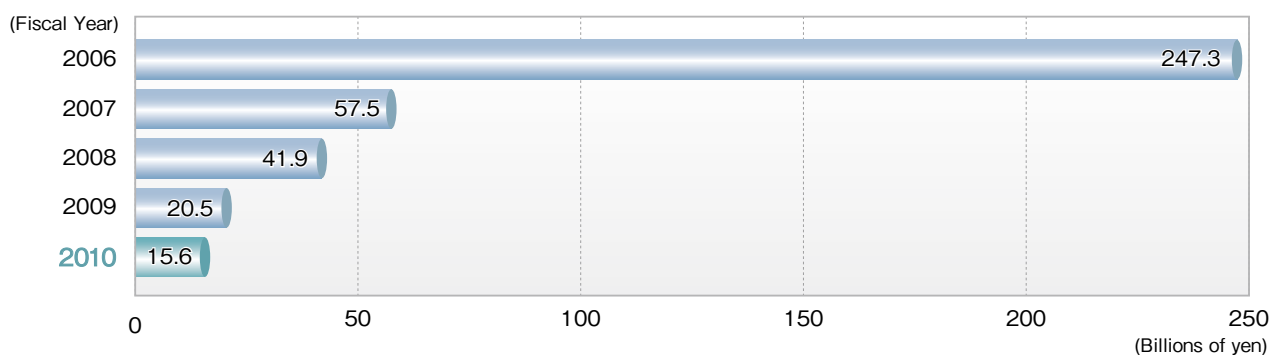
Political events were spread across all regions except Oceania, and the principal causes were “economic sanctions by UN and other organizations” in Asia, “remittance delay” in Central America, and “restriction of currency exchange” in South America.

[Amount of Insured Events by Region (FY2010)]



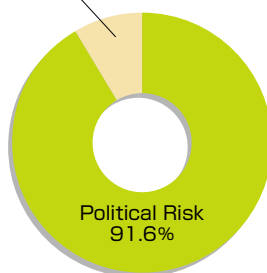
Recoveries

Recoveries for FY2010 saw a large decrease of 23.8% to JPY15.6 billion compared to the previous fiscal year. This is because countries that rescheduled their debt successfully made repayment and the amount to be recovered has decreased as a result.



Recoveries by Risk

Commercial Risk 8.4%



Confirming Environmental and Social Considerations

● Environmental and Social Considerations in Trade Insurance

(1) Environmental and Social Considerations in Trade Insurance

NEXI confirms whether appropriate environmental and social considerations are being addressed in projects that may be covered by NEXI's insurance, in accordance with the "Guidelines on Environmental and Social Considerations in Trade Insurance" (established April 1, 2001). Specifically, projects are screened based on the screening forms submitted by insurance applicants, and then classified into three categories A, B, or C in descending order of level of impact. The environmental impact of the projects is examined based on the classification results. For example, on-site visits are conducted for "Category A" projects.

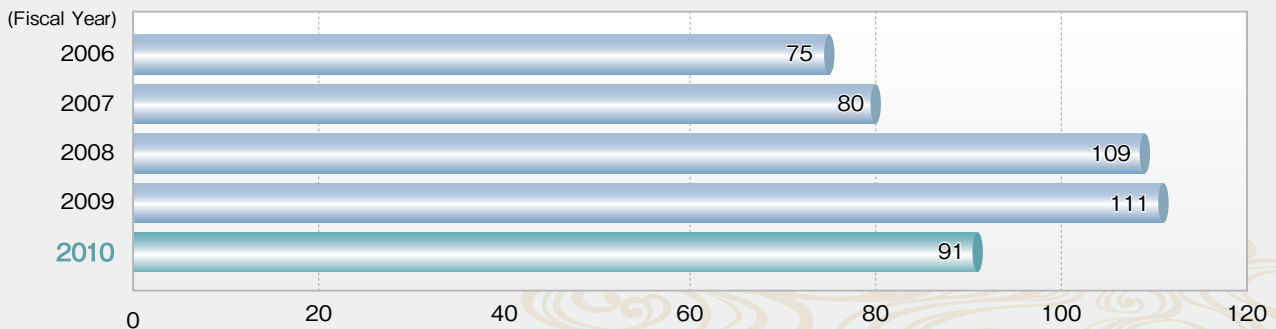
NEXI has also adopted a system of "Objection Procedures" and accordingly appoints an examiner who works under the direct control of the Chairman & CEO and is independent of the section in charge of the underwriting business in order to ensure compliance with the Guidelines.

(2) Implementation results in FY2010

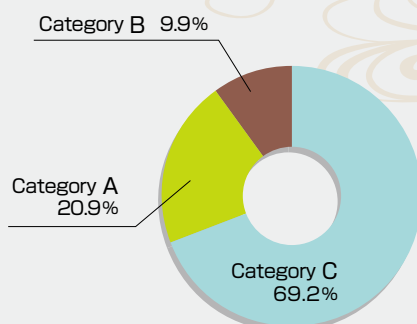
The number of projects screened in FY2010 was slightly lower than the previous fiscal year. However, of the total number of screenings the number of category A projects increased from 18.0% for the previous year to 20.9%. NEXI has made even greater efforts to ensure accuracy in the examination.



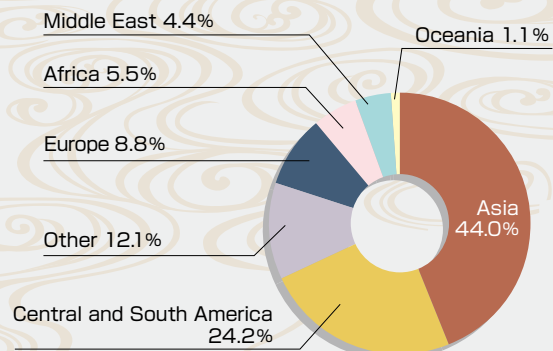
[Number of Screenings Conducted]



[Percentage of Screening in FY 2010]



[Percentage of Screening in FY2010 by Region]





Review of Performance

Underwritten Amount

Underwritten Amount by Insurance Type

(Millions of yen)

Type of Insurance	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Export Credit Insurance	14,290,499	9,084,734	8,344,955	6,231,455	7,308,903	85.2	17.3
One year or less	8,284,634	4,174,931	3,679,428	2,747,597	3,498,241	40.8	27.3
More than one year	6,005,865	4,909,803	4,665,528	3,483,858	3,810,662	44.4	9.4
Buyer's Credit Insurance	60,805	83,626	41,335	91,382	239,764	2.8	162.4
Export Bill Insurance	32,758	29,178	25,886	19,986	20,199	0.2	1.1
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	14	889	345	107	0	0.0	(100.0)
Overseas Investment Insurance	271,949	155,228	281,717	213,193	219,229	2.6	2.8
Overseas Untied Loan Insurance	189,732	101,905	984,806	1,606,754	741,082	8.6	(53.9)
Trade Insurance for Standing Orders from Specific Buyer	3,436	7,405	5,928	9,653	11,761	0.1	21.8
Export Credit Insurance for SMEs	511	370	444	646	624	0.0	(3.4)
Comprehensive Export Insurance with Simplified Procedure	—	—	—	—	1,392	0.0	—
Reinsurance	29,742	57,710	41,552	25,885	39,998	0.5	54.5
Total	14,879,447	9,521,044	9,726,968	8,199,062	8,582,951	100.0	4.7

(Note 1) The total is based on the actual underwritten amount calculated by applying the exchange rate of the date of contract, not based on methods for responding to the exchange rate.

(Note 2) In accordance with the BU rules, export credit insurance with credit terms of more than one year includes figures on insurance for capital goods, even if the credit period is one year or shorter.

Underwritten Amount by Region

(Millions of yen)

Region	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Asia	5,100,905	4,817,700	4,437,621	3,604,106	4,506,009	48.1	25.0
Middle East	2,593,955	1,343,178	1,220,586	793,380	711,115	7.6	(10.4)
Europe	2,695,518	1,227,274	1,284,625	987,617	965,790	10.3	(2.2)
North America	3,718,850	634,598	617,350	842,520	302,121	3.2	(64.1)
Central America	910,831	976,957	1,147,354	1,029,527	1,065,227	11.4	3.5
South America	402,995	484,212	844,275	363,382	601,494	6.4	65.5
Africa	601,891	640,785	739,050	526,435	469,999	5.0	(10.7)
Oceania	560,916	228,385	251,302	463,329	580,589	6.2	25.3
International Organizations	74,660	66,100	58,023	106,123	160,254	1.7	51.0

(Note 1) 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 2) 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 3) The amount is classified in International Organizations instead of regions when guaranteed by an international organization.

(Note 4) Central Asia is included in Asia. (The same applies hereafter.)

(Note 5) Central and Eastern Europe and Russia are included in Europe. (The same applies hereafter.)

Outstanding Commitment (As of fiscal year end)

Outstanding Commitment by Insurance Type

(Millions of yen)

Type of Insurance	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Export Credit Insurance	8,746,616	9,452,265	9,336,297	7,959,765	8,184,301	68.8	2.8
One year or less	1,588,502	2,296,544	2,396,838	2,022,794	2,601,992	21.9	28.6
More than one year	7,158,114	7,155,721	6,939,458	5,936,971	5,582,309	46.9	(6.0)
Buyer's Credit Insurance	828,740	658,789	524,937	500,438	577,707	4.9	15.4
Export Bill Insurance	7,310	7,849	6,373	4,992	5,137	0.0	2.9
Export Bond Insurance	383	0	0	0	0	0.0	—
Prepayment Import Insurance	14	589	345	107	0	0.0	(100.0)
Overseas Investment Insurance	635,840	666,499	809,504	790,936	776,508	6.5	(1.8)
Overseas Untied Loan Insurance	1,139,627	820,981	1,247,619	2,030,689	2,155,666	18.1	6.2
Trade Insurance for Standing Orders from Specific Buyer	9,518	8,514	10,554	11,952	16,226	0.1	35.8
Export Credit Insurance for SMEs	105	67	83	161	168	0.0	4.5
Comprehensive Export Insurance with Simplified Procedure	—	—	—	—	1,332	0.0	—
Reinsurance	58,839	91,129	124,769	147,313	174,558	1.5	18.5
Total	11,426,992	11,706,683	12,060,482	11,446,354	11,891,603	100.0	3.9

(Note 1) The total is based on the exchange rate of each fiscal year-end.

Outstanding Commitment by Region

(Millions of yen)

Region	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Asia	4,318,977	5,033,273	4,852,423	4,305,435	4,826,289	38.9	12.1
Middle East	3,506,244	3,391,304	3,228,462	2,531,022	2,096,943	16.9	(17.2)
Europe	1,160,782	961,229	1,133,428	1,237,234	1,361,156	11.0	10.0
North America	746,514	485,556	616,611	869,422	840,569	6.8	(3.3)
Central America	680,694	674,646	681,062	735,762	754,325	6.1	2.5
South America	577,912	581,118	788,489	750,377	675,266	5.4	(10.0)
Africa	400,279	564,374	796,105	903,281	864,959	7.0	(4.2)
Oceania	191,673	177,410	249,099	349,574	744,995	6.0	113.1
International Organizations	154,641	159,662	95,667	158,757	227,419	1.8	43.2

(Note 1) 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 2) 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 3) The amount is classified in International Organizations instead of regions when guaranteed by an international Organization.

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Premium Income by Insurance Type

(Millions of yen)

Type of Insurance	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Export Credit Insurance	24,499	23,977	17,708	13,596	15,157	38.1	11.5
One year or less	8,216	7,315	4,786	3,866	5,754	14.5	48.8
More than one year	16,284	16,662	12,922	9,730	9,403	23.7	(3.4)
Buyer's Credit Insurance	1,004	739	1,422	1,155	6,869	17.3	494.8
Export Bill Insurance	268	245	221	184	185	0.5	0.5
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	0	4	3	1	0	0.0	(100.0)
Overseas Investment Insurance	2,385	2,145	2,669	2,956	2,595	6.5	(12.2)
Overseas Untied Loan Insurance	8,930	7,334	14,592	21,425	13,477	33.9	(37.1)
Trade Insurance for Standing Orders from Specific Buyer	86	194	196	283	399	1.0	40.9
Export Credit Insurance for SMEs	6	4	5	6	6	0.0	2.3
Comprehensive Export Insurance with Simplified Procedure	—	—	—	—	6	0.0	—
Reinsurance	702	1,527	953	597	1,064	2.7	78.1
Total	37,880	36,171	37,769	40,203	39,757	100.0	(1.1)

10

Insurance Claims Paid by Insurance Type and by Risk

(Millions of yen)

Type of Insurance	FY2006			FY2007			FY2008			FY2009			FY2010			Composition (%)	Year-on-year change (%)
	Political	Commercial		Political	Commercial		Political	Commercial		Political	Commercial		Political	Commercial			
Export Credit Insurance	2185	1,751	434	3,667	2,438	1,229	17,124	16,858	266	9,591	3,268	6,323	7,346	3,972	3,375	85.7	(23.4)
Buyer's Credit Insurance	0	0	0	0	0	0	0	0	0	97	0	97	1,209	0	1,209	14.1	1,144.7
Export Bill Insurance	124	0	124	66	0	66	31	0	31	187	0	187	16	0	16	0.2	(91.5)
Export Bond Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	—
Prepayment Import Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	—
Overseas Investment Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	—
Overseas United Loan Insurance	118	118	0	57	57	0	0	0	0	0	0	0	0	0	0	0.0	—
Trade Insurance for Standing Orders from Specific Buyer	0	0	0	2	0	2	4	0	4	429	0	429	1	0	1	0.0	(99.7)
Export Credit Insurance for SMEs	5	0	5	6	0	6	0	0	0	0	0	0	2	0	2	0.0	—
Comprehensive Export Insurance with Simplified Procedure	—	—	—	—	—	—	—	—	—	—	—	—	0	0	0	0.0	—
Reinsurance	0	0	0	0	0	0	0	0	0	137	0	137	0	0	0	0.0	(100.0)
Total	2,431	1,869	562	3,800	2,495	1,305	17,159	16,858	301	10,441	3,268	7,173	8,574	3,972	4,603	100.0	(17.9)

(Millions of yen)

Region	FY2006			FY2007			FY2008			FY2009			FY2010			Composition (%)	Year-on-year change (%)
		Political	Commercial		Political	Commercial		Political	Commercial		Political	Commercial		Political	Commercial		
Asia	189	0	189	631	0	631	235	0	235	5,971	0	5,971	48	0	48	0.6	(99.2)
Middle East	40	0	40	0	0	0	0	0	0	237	0	237	1,075	11	1,064	12.5	354.2
Europe	118	0	118	517	0	517	7	0	7	150	0	150	1,249	0	1,249	14.6	732.8
North America	65	65	0	94	44	49	23	13	9	38	35	3	2,119	0	2,119	24.7	5,446.4
Central America	50	3	47	90	0	90	15,547	15,497	50	2,680	2,677	3	2,974	2,851	123	34.7	11.0
South America	1,753	1,684	69	2,396	2,393	3	1,347	1,347	0	1,207	556	651	1,084	1,084	0	12.6	(10.2)
Africa	162	118	44	57	57	0	0	0	0	0	0	0	26	26	0	0.3	–
Oceania	56	0	56	15	0	15	1	0	1	158	0	158	0	0	0	0.0	(100.0)
Total	2,431	1,869	562	3,800	2,495	1,305	17,159	16,858	301	10,441	3,268	7,173	8,574	3,972	4,603	100.0	(17.9)

Recoveries

Recoveries by Risk

(Millions of yen)

Type of Risks	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Political Risk	235,065	54,284	40,393	17,451	14,327	91.6	(17.9)
Commercial Risk	12,247	3,181	1,462	3,064	1,313	8.4	(57.1)
Total Recoveries	247,312	57,465	41,855	20,515	15,640	100.0	(23.8)

Recoveries by Region

(Millions of yen)

Region	FY2006	FY2007	FY2008	FY2009	FY2010	Composition(%)	Year-on-year change(%)
Asia	23,874	7,451	6,354	8,397	5,523	35.3	(34.2)
Middle East	2,112	2,520	1,404	1,342	1,357	8.7	1.1
Europe	100,373	31,967	25,349	2,515	1,028	6.6	(59.1)
North America	0	0	1	0	778	5.0	—
Central America	3,051	2,483	480	571	193	1.2	(66.2)
South America	35,435	6,882	2,230	1,705	1,155	7.4	(32.3)
Africa	82,466	6,160	6,037	5,985	5,608	35.9	(6.3)
Oceania	0	3	1	0	0	0.0	—
Total	247,312	57,465	41,855	20,515	15,640	100.0	(23.8)

Recoveries in FY2010

● Recoveries by Risk

Recoveries for FY2010 were JPY15.6 billion, a decrease by JPY4.9 billion (23.8%) from JPY20.5 billion of the previous fiscal year.

In a breakdown by type of risk, recoveries for commercial risk event accounted for JPY1.3 billion or 8.4% of the total recoveries, and the remaining 91.6% or JPY14.3 billion was comprised of recoveries for political risk events via rescheduling.

In a breakdown by countries, the four countries with largest recoveries accounted for 75% of the total recoveries: JPY5.5 billion from Egypt (JPY5.2 billion in the previous fiscal year), JPY4.1 billion from Indonesia (previously JPY4.6 billion), JPY1.2 billion from Jordan (previously JPY1.3 billion), and JPY1 billion from Myanmar (previously JPY1 billion).

● Recoveries by Region

In a breakdown by region, recoveries from Africa were the largest with JPY5.6 billion, or 35.9% of the total recoveries, decreasing 6.3% compared to the previous fiscal year. By country, JPY5.5 billion was recovered from Egypt, JPY80 million from Gabon, and JPY20 million from Kenya.

Recoveries from Asia were the second largest with JPY5.5 billion, decreasing 34.2% from the previous fiscal year and comprising 35.3% of the total recoveries. Recoveries by country include JPY4.1 billion from Indonesia, JPY1 billion from Myanmar, and JPY0.2 billion from Hong Kong.

Recoveries from the Middle East were JPY1.4 billion (JPY1.2 billion from Jordan, JPY80 million from Iraq, JPY40 million from the United Arab Emirates), South America JPY1.2 billion (JPY0.8 billion from Argentina, JPY0.3 billion from Ecuador), Europe JPY1 billion (JPY0.5 billion from Poland, JPY0.4 billion from Serbia), and North and Central America JPY1 billion (JPY0.8 billion from Canada, JPY0.16 billion from the Dominican Republic).



Underwritten Projects

Asia

Maldives

Water Supply and Sewerage Business Investment Project

Hitachi Plant Technologies, Ltd., acquired a 20 percent stake in Male Water & Sewerage Company Pvt. Ltd. (MWSC), a public water supply and sewerage services company owned entirely by the government of Maldives. NEXI provided Overseas Investment Insurance for Hitachi's investment. MWSC was founded in 1995, and its business covers around 40% of the total population of the country.

This is the first project in which NEXI supports a Japanese company venturing into water business. Through this project, the Japanese company's technology and experience will be effectively put to use, and the project will also contribute to further accumulation of know-how of water supply and sewerage operation and management.

The insurance contract was entered into in April 2010.



Photograph courtesy of Hitachi Plant Technologies, Ltd.

Viet Nam

Song Bac Hydropower Plant Project

Song Bac Hydropower JSC ("Song Bac") of Viet Nam is constructing and operating a twin-unit hydropower plant with a capacity of 42 Megawatts on Bac River in the northern Ha Giang province in Viet Nam.

Sumitomo Mitsui Banking Corporation extended a loan to the Song Bac project and NEXI provided Overseas Untied Loan Insurance for the loan. The loan repayment is also guaranteed by the Ministry of Finance of Viet Nam.

The development of power supply is a priority issue for Viet Nam, which is experiencing power shortages amid rapid economic growth. The government of Viet Nam is working to solve this problem through construction of power plants under its 6th Power Development Master Plan.

Also, the Chugoku Electric Power Co., Inc. signed a consultation agreement with Song Bac to support the project. The contract includes design and construction advice and support with training of personnel for maintenance and operation after start of service.

The Song Bac project is expected to help address climate change as a renewable energy project. It has been nominated as a project under the Bilateral Offset Scheme that is expected to stand among future frameworks, among them the Clean Development Mechanism (CDM).

The insurance contract was entered into in June 2011.



Photograph courtesy of Song Bac Hydropower JSC

Philippines

Manila Water Company, Inc., Water and Wastewater System Improvement and Expansion Project

NEXI underwrote Overseas Untied Loan Insurance for financing provided by Japanese banks (ING Bank N.V. Tokyo Branch, Mizuho Corporate Bank, Sumitomo Mitsui Banking Corporation, and Bank of Tokyo-Mitsubishi UFJ) for a water and wastewater system improvement and expansion project undertaken by the Manila Water Company, Inc (MWC; headquarters in Quezon City, Philippines) in eastern Metro Manila.

MWC is a private water service company established chiefly by the Ayala Group, a local conglomerate, at the time of Metro Manila water privatization in 1997. MWC is known as a successful case of water business privatization in Asia. Mitsubishi Corporation invests in the company as a participant from Japan.

The Japanese government initiates active support for infrastructure and systems exports by Japanese companies, and places priority in supporting the water sector through reinforced policy financing, such as export insurance. This project marks the first time that NEXI has provided Overseas Untied Loan Insurance to an overseas water project. Closer ties with MWC through this project will enable Japanese companies to gain experience for their future expansion in overseas water business.

The insurance contract was entered into in December 2010.



Photograph courtesy of Manila Water Company, Inc

Turkmenistan

Turkmenhimiya Mary Plant Project

NEXI provided insurance for contracts regarding a fertilizer plant in Mary, Turkmenistan, operated by Turkmenhimiya, a state-owned chemical concern of Turkmenistan. Export Credit Insurance was provided to a production facility contract of about JPY60 billion made by Sojitz Corporation and Kawasaki Heavy Industries, Ltd., with Turkmenhimiya, and Buyer's Credit Insurance was provided to a loan contract of about JPY18 billion extended by Japanese banks.

With rich resources such as natural gas and oil, Turkmenistan is one of the fastest growing countries in Central Asia. Cotton is also an important export item for the country, and thus demand for urea fertilizer necessary for cotton cultivation is increasing. While promoting investments in heavy chemical industry and infrastructure, the government of Turkmenistan is also encouraging investment in the agriculture sector. Accordingly, Turkmenhimiya's fertilizer production project has an eye to meeting increased domestic demand for urea fertilizer and contributing to fertilizer exports to neighboring countries in grain producing regions.

The project was awarded to Japanese companies for their technological superiority, and NEXI expects it will lead to further exports from Japan to Turkmenistan.

The insurance contracts were entered into December 2010.



Rendering of the finished plant

Venezuela

Carabobo Heavy Crude Oil Development Project

NEXI underwrote an Investment Insurance for Natural Resources and Energy for investments respectively by INPEX Corporation (INPEX) and Mitsubishi Corporation (MC). INPEX, MC and JOGMEC established a UK-based joint venture, Japan Carabobo UK Ltd., to have a 5% share of the project company to develop a heavy crude oil field in the Carabobo Block in the eastern Orinoco River Basin in Venezuela (Project).

The project company is owned by Corporacion Venezolana del Petroleo (60%) which is a subsidiary of the Venezuelan state owned company PDVSA, Chevron (34%), Japan Carabobo UK Ltd. (5%), and Suelopetrol C.A., S.A.C.A.(1%). The Project includes exploration of oil fields, production of heavy crude oil, and construction of upgrader to produce 400k barrel per day of synthetic crude oil and blended crude oil.

The insurance contract was entered into in June 2010.



Photograph courtesy of Mitsubishi Corporation

Argentina

Investment in Agricultural Business Company

Sojitz Corporation established a project company called Sojitz Buenas Tierras del Sur S.A. in Buenos Aires, Argentina, to begin producing soybeans and grain in the wet Pampas. In cooperation with Cazenave y Asociados S.A., a leading Argentinean agricultural business operating company, Sojitz uses approximately 11,000 hectares (equal to about twice the area of central Tokyo) of wet Pampas land to produce and market 30,000 tons of agricultural products, including soybean, corn and wheat. Expertise in cultivation control, agricultural business management and risk handling are accumulated in the process.

In October 2010, NEXI underwrote Overseas Investment Insurance for Sojitz's investment in this project.

Sojitz is also considering developing agricultural business in other South American countries, including Brazil, that have extra capacity for production and supply. The company plans to market agricultural products and processed products of these countries mainly in Asia where demand is growing. Building such a global value chain will contribute to stable agricultural procurement and supply in Asia.

The insurance contract was entered into in October 2010.



Photograph courtesy of Sojitz Buenas Tierras del Sur S.A.

Jamaica

JPS Power Plant Expansion Project

Jamaica Public Service Company Limited ("JPS") is a vertically integrated electric utility company that supplies electricity to all parts of Jamaica and in which Marubeni Corporation holds the substantial shares. As part of a renovation project, JPS expanded its existing Magotty hydropower plant to reinforce its base load power source with low environmental impact, and upgraded existing transmission and distribution facilities to counter system loss and electricity theft that are pushing up power price. The project is essential for the development of Jamaica.

NEXI underwrote Overseas Untied Loan Insurance for the USD98 million in loans provided by Citibank Japan and Mizuho Corporate Bank in support of this project. Part of the loans is covered by Trade and Investment Insurance for Preventing Global Warming, as it finances renewable energy projects, such as expansion of hydropower plant. This project marked the first time for NEXI to underwrite Overseas Untied Loan Insurance for Jamaica.

Providing financing support for JPS through insurance will contribute to Marubeni's electricity business development overseas. NEXI will continue to actively support expansion of overseas business by Japanese companies.

The insurance contract was entered into in January 2011.



Photograph courtesy of Jamaica Public Service Company Limited

Brazil

Braskem Petrochemical Plant Upgrade Project

Braskem S.A., the largest petrochemical company in the Americas, built a Green Polyethylene ("Green PE") plant in the Triunfo Petrochemical Complex in the state of Rio Grande Sur in southern Brazil. The plant is the world's first plant that commercially produce polyethylene from sugarcane-based ethanol with annual production capacity of 200,000 tons of Green PE. The produced Green PE will be used in various products such as packaging for cosmetics.

Compared with a conventional polyethylene manufacturing process, sugarcane-based Green PE absorbs carbon dioxide rather than releasing and contributes to Greenhouse Gas (GHG) reduction and prevention of global warming.

NEXI underwrote Overseas Untied Loan Insurance (Trade and Investment Insurance for Preventing Global Warming) for the USD200 million credit facilities extended by Sumitomo Mitsui Banking Corporation and Credit Agricole Corporate and Investment Bank, Tokyo Branch, for this project.

This project marked the first time for NEXI to provide insurance support for a bio-related project and also to provide Trade and Investment Insurance for Preventing Global Warming in the petrochemical sector, given that this project contributes to lower GHG emissions.

The insurance contract was entered into in February 2011.



Photograph courtesy of Braskem S.A.

Canada

Copper Mountain Mine Redevelopment Project

Mitsubishi Materials Corporation has undertaken the Copper Mountain Mine redevelopment project in southern British Columbia, Canada, in cooperation with a local Canadian company. The Bank of Tokyo-Mitsubishi UFJ and Mizuho Corporate Bank provided project finance facilities for this project, and NEXI underwrote Overseas Untied Loan Insurance (Investment and Loan Insurance for Natural Resources and Energy) for their financing.

After the production starts, approximately 150,000 tons of copper concentrate will be produced annually, all of which will be exported to Japan.

In view of the renewed rise in copper price in recent years, NEXI provided project finance coverage for the first time in the non-ferrous mining sector to support Japanese companies conducting mine development in cooperation with small and middle-scale exploration companies overseas. This is a significant project that will contribute to securing stable raw material supply for Japan's non-ferrous metal industry.

The insurance contract was entered into in June 2010.



Photograph courtesy of Mitsubishi Materials

Malta

Large-scale RORO Ships Export Project

Wilhelmsen Lines Shipowning Malta, Ltd., a Malta-based subsidiary of Wilh. Wilhelmsen ASA (a major Northern European shipping company), agreed to purchase two large-scale RORO ships* built by MITSUBISHI HEAVY INDUSTRIES, LTD. (MHI).

The RORO ships built by MHI are among the world's largest. They are designed to carry large cargoes, such as automobiles and heavy machinery for construction, with economically and environmentally friendly features that include a ballast water treatment system.

Japanese banks that include The Bank of Tokyo-Mitsubishi UFJ, Ltd., extended a loan for which NEXI provided Buyer's Credit Insurance.

This project is one instance of supporting export by Japanese companies that offer ships with high-added value such as energy efficiency and low environmental impact.

* RORO Ships

Roll-on/Roll-off (RORO) ships have built-in ramps and are designed to carry wheeled cargoes that are driven on and off the ships on their own wheels. RORO ships do not require a crane to load and unload cargo.

The insurance contract was entered into in March 2011.



Photograph courtesy of MITSUBISHI HEAVY INDUSTRIES, LTD.

Saudi Arabia

Jubail Refinery Project

Saudi Aramco, a state-owned oil company of Saudi Arabia, and TOTAL S.A. of France established a joint venture under the name Saudi Aramco Total Refining and Petrochemical Company (SATORP), to build a world-class full conversion refinery with a capacity of 400,000 barrels per day in Jubail Industrial City on the Arabian Gulf coast. The refinery will produce high-value oil products such as diesel and jet fuel for markets in Europe, the U.S., and Asia in addition to petrochemicals.

The refinery, the first of its kind in Saudi Arabia, is scheduled to start operation by the end of 2013. SATORP exemplifies the country's mission to boost and diversify its economy and increase employment opportunities.

A number of Japanese companies, including Chiyoda Corporation, have received orders for plant equipment, where commercial banks including Mizuho Corporate Bank (facility agent) provided loans to finance the project and NEXI underwrote Buyer's Credit Insurance for the loans by commercial banks.

NEXI's coverage of the project will financially support plant exports by Japanese companies that have highly competitive technology, ultimately contributing to economic development in Saudi Arabia.

The insurance contract was entered into in August 2010.



Photograph courtesy of SATORP

Reinsurance with
US EXIMBANK

Project to Export Boeing Aircraft to Turkish Airlines

Based on a reinsurance agreement concluded with the Ex-Im Bank of the United States (US EXIMBANK), an export credit agency in the United States, NEXI provided reinsurance for export finance transactions involving Boeing aircraft such as B777 exports to Turkish Airlines. Established in 1933, Turkish Airlines is the national flag carrier of Turkey and has been experiencing marked growth in recent years.

Japanese companies have played a major role in the development and manufacture of the B777 and other Boeing aircraft, including supply of engine parts, and have become major partners in international joint projects. NEXI has been supporting exports of Boeing aircraft to the world's major airlines, including Emirates Airlines and Air India. NEXI's reinsurance program contributes to the export by Japanese aerospace industry.



Photograph courtesy of Boeing

Spain

Solar Thermal Power Project

Many solar thermal power plants (note 1) are planned in Spain, making use of the country's abundant solar radiation and government incentives for renewable power generation. The generated power will be sold either to local distributors or to the wholesale power market in Spain. Under the Feed-in Tariff system (note 2), the power will be offtaken at a higher price compared with power generated by hydrocarbon fuels.

In order to further promote exports of packaged infrastructure systems by Japanese companies, the Japanese government has announced active support measures for eleven sectors, including renewable energy such as solar power generation (note 3). At the same time, Japanese companies are making efforts through collaboration with overseas companies to acquire knowledge on characteristics and management of the solar power business, which has positive growth prospects for the future.

In FY2010, NEXI underwrote Overseas Untied Loan Insurance for a solar thermal project for the first time. This was also the first project-financed power plant to be covered with a special provision for Trade and Investment Insurance for Preventing Global Warming due to its contribution to reducing greenhouse gas emissions.

NEXI will continue to support Japanese companies expanding overseas in solar and other renewable energy sectors.

Solaben 2&3 Solar Thermal Power Project

Abengoa S.A., a major technology company in Spain, and Itochu Corporation will jointly construct, operate and own two 50-MW solar thermal power plants through two project companies: Solaben Electricidad Dos S.A. and Solaben Electricidad Tres S.A.

Sumitomo Mitsui Banking Corporation, HSBC Tokyo Branch, Mizuho Corporate Bank, and Bank of Tokyo-Mitsubishi UFJ extended project finance loans for this project, and NEXI provided insurance coverage.

Insured Amount Approx. EUR 341 million
The insurance contract was entered into in December 2010



Abengoa Solar S.A. © 2011

Guzman Solar Thermal Power Plant Project

Fomento de Construcciones y Contratas S.A., a major construction company in Spain, and Mitsui & Co. Ltd. will jointly build and operate a 49.9 MW solar thermal power plant through a project company called Guzman Energia S.L.

Mizuho Corporate Bank and Banco Bilbao Vizcaya Argentaria S.A. Tokyo Branch extended project finance loans for this project, and NEXI provided insurance coverage.

Insured Amount Approx. EUR 227 million
The insurance contract was entered into in April 2011



Photograph Courtesy of Fomento de Construcciones y Contratas S.A.

Loan for Acciona Termosolar S.L.

Mitsubishi Corporation made 15% investment in Acciona Termosolar S.L. (AT), which is a subsidiary of a major Spanish renewable energy company Acciona S.A. AT has constructed and operated four solar thermal power plants in three locations in Spain with a total output of 200 MW.

NEXI provided insurance coverage for EUR 255 million guarantee of obligation for loans (the total of which is EUR 300 million) extended by Mitsubishi Corporation and Japanese commercial banks.

Insured Amount
Approx. EUR 255 million
The insurance contract was entered into in March 2011



Photograph Courtesy of Acciona Termosolar S.L.

El Carpio Solar Complex Solar Thermal Power Project

Abengoa S.A., a major technology company in Spain, and JGC Corporation will jointly construct and own two 50-MW solar thermal plants through project companies for El Carpio Solar Complex.

NEXI provided insurance for the project finance loans extended by Sumitomo Mitsui Banking Corporation, HSBC Tokyo Branch, BNP Paribas Tokyo Branch, and Mizuho Corporate Bank.

This is the first renewable energy project for which NEXI underwrote Overseas Untied Loan Insurance (Trade and Investment Insurance for Preventing Global Warming).

Insured Amount Approx. EUR 353 million
The insurance contract was entered into in September 2010



Abengoa Solar S.A. © 2011

(※1) Solar thermal power plants efficiently collect the thermal energy of sunrays with solar concentrators and use it as a heat source to produce steam, which in turn drives a turbine and generates electricity.

(※2) The Feed-in Tariff system is a mechanism in which electricity companies are obliged to offtake electricity generated from renewable energy at a higher price than is customary. It is being increasingly implemented in Europe as a promoting force for renewable energy.

(※3) From "Industrial Structure Vision 2010" (Report by Industrial Competitiveness Committee under the Industrial Structure Council of METI)



2010 Financial Results

1 >>> Fiscal Year 2010 in Review

The Incorporated Administrative Agency Nippon Export and Investment Insurance submitted financial statements and other financial information for fiscal year 2010 ending on March 31, 2011 (its tenth year of operation) to the Minister of Economy, Trade and Industry on June 20, 2011.

Overview of Financial Statements

Financial highlights of NEXI's business (Year end: March 31)

(Millions of yen)

Year of operation	6th (FY2006)	7th (FY2007)	8th (FY2008)	9th (FY2009)	10th (FY2010)
Ordinary profit (loss)	5,439	1,273	1,899	5,724	5,777
Ordinary income	12,520	12,706	13,306	17,286	17,111
(Underwriting income)	9,189	9,616	10,051	12,504	11,084
(reference) Premium of original insurance written	37,178	34,644	36,816	39,606	38,693
Net premium written	9,187	9,615	10,051	10,784	11,075
Reversal of outstanding claims provision	—	—	—	1,713	—
(Investment income)	2,701	2,978	3,153	4,409	5,869
(Foreign exchange gain)	614	—	—	198	—
Ordinary expenses	7,081	11,433	11,408	11,562	11,334
(Underwriting expenses)	575	1,136	3,774	4,431	4,184
(reference) Insurance claims paid	2,431	3,800	17,159	10,441	8,574
Net claims paid	62	103	1,582	976	749
Provision for outstanding claims reserves	37	511	2,198	—	1,768
Provision for outstanding commitments reserves	510	625	912	3,012	2,409
(Foreign exchange loss)	—	2,236	77	—	76
(Operating and administrative expenses)	6,405	7,985	7,543	7,116	7,075
Extraordinary profit (loss)	18,953	(84,981)	(3,360)	11,009	15,830
Net profit (loss)	24,392	(83,709)	(1,461)	16,733	21,607
Total assets	377,995	302,164	305,703	315,683	339,262
Net worth	350,522	266,814	265,359	282,092	303,699

(Note) Extraordinary profit (loss) includes valuation profit or loss related to assets invested by the government.

Profits and Losses

In fiscal year 2010, net premium written increased by 3% to JPY 11.1 billion compared to the previous fiscal year. Exports grew by 14.9% to JPY67.8 trillion after a two-year drop, leading to an increase in premium income for Export Credit Insurance. Meanwhile premium income for Overseas Untied Loan Insurance decreased because of a decline in insurance needs for working capital loans for overseas affiliates. Investment income was JPY5.9 billion partly resulting from exchange of securities for super long-term government bonds with a higher interest rate. Total ordinary income was JPY17.1 billion.

On the other hand, ordinary expenses decreased by 2% from the previous fiscal year to JPY 11.3 billion, partly due to a 23% drop in net claims paid to JPY749 million. As a result, ordinary profit was JPY5.8 billion.

Extraordinary profit was JPY15.9 billion. This includes valuation gains from receivables acquired by subrogation that are being successfully recovered according to rescheduling agreement.

As a result, net profit for the fiscal year was JPY21.6 billion.

2 >>> Financial Statements

Balance Sheet [As of March 31, 2011]

(Millions of yen)			
Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Cash and cash equivalents	12,403	Outstanding claims reserves	2,892
Securities	264,553	Reserves for outstanding commitments	19,517
Receivables subrogated by paying claims	238,008	Amount due to the reinsurer	10,132
Accrued income	989	Deposits received	36
Accrued premium	9,869	Advance insurance premium	2,218
Reinsurance credit	250	Accrued amount payable	122
Buildings ^(Note 2)	126	Accrued bonuses	108
Equipment and fixtures ^(Note 3)	1,563	Reserves for retirement allowance	278
Accounts receivable	159	Other liabilities	260
Deposits	478	Total liabilities	35,563
Software	1,073	(Net Worth)	
Other assets	74	Capital	
Allowance for uncollectible receivables	(190,283)	Government investment	104,352
		Capital surplus ^(Note 4)	140,658
		Retained earnings	
		Second target period reserve fund carried forward	20,349
		Surplus reserves	16,733
		Unappropriated retained earnings	21,607
		(of which profit for the current year)	21,607
		Total retained earnings	58,689
		Total net worth	303,699
Total assets	339,262	Total liabilities and net worth	339,262

(Note 1) Amounts between one million yen and 0.5 million yen were rounded up to one million yen. Amounts less than 0.5 million yen were omitted.

(Note 2) Accumulated depreciation on buildings is JPY175 million.

(Note 3) Accumulated depreciation on equipment and fixtures is JPY160 million.

(Note 4) The breakdown of capital surplus is as follows:

(Millions of yen)	
Valuation difference of receivables subrogated by paying claims	45,386
Valuation difference of rescheduled claims	49,225
Valuation difference of commercial risk subrogated receivables	(3,838)
Valuation difference of capitalized amount	95,271
(Net)	140,658

Statement of Income [From April 1, 2010 to March 31, 2011]

		(Millions of yen)
	Account title	Amount
	Ordinary income	17,111
	Underwriting income	11,084
	Net premium written ^(Note 2)	11,075
	Interest income on receivables subrogated by paying claims	9
	Investment income	5,869
	Income from interest	3
	Interest on securities	4,715
	Gain on sales of securities	1,152
	Others	158
	Other ordinary income	158
	Ordinary expenses	11,334
	Underwriting expenses	4,184
	Net claims paid ^(Note 3)	749
	Provision for Outstanding claims reserves	1,768
	Estimated amount of insurance claims recovery ^(Note 4)	(743)
	Provision for outstanding commitments reserves	2,409
	Foreign exchange loss	76
	Operating and administrative expenses	7,075
	Ordinary profit	5,777
	Extraordinary income	16,972
	Profit relating to in-kind contribution of receivables acquired by government subrogation ^(Note 5)	3,815
	Reversal of provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation	13,156
	Extraordinary loss	1,141
	Losses relating to in-kind contribution of receivables acquired by government subrogation ^(Note 5)	1,071
	Other extraordinary loss ^(Note 6)	70
	Net profit	21,607

(Note 1) Amounts between one million yen and 0.5 million yen were rounded up to one million yen. Amounts less than 0.5 million yen were omitted.

(Note 2) The breakdown of net premium written is as follows:

		(Millions of yen)
Premium of original insurance written	38,693	
Refund of premium paid for reinsurance	751	
Premium received for reinsurance	1,064	
Premium paid for reinsurance	(29,433)	
(Net)	11,075	

(Note 3) The breakdown of net claims paid is as follows:

		(Millions of yen)
Insurance claims paid	8,574	
Reinsurance claims recovered	(7,825)	
(Net)	749	

(Note 4) The breakdown of the estimated amount of insurance claims recovery is as follows:

		(Millions of yen)
(1) Capitalized and evaluated amount of subrogated receivables in connection with rescheduling agreements		
(i) Political-risk subrogated receivables	(0)	
(ii) Reversal of provision for uncollectible receivables	(166)	
(2) Capitalized and evaluated amount of subrogated receivables in relation to commercial risk claims paid		
(i) Commercial-risk subrogated receivables	(363)	
(ii) Difference of estimated value between the current year and the previous year concerning subrogated receivables capitalized in line with the outstanding claims provision	(356)	
(iii) Bad debt loss	3	
(iv) Provision for uncollectible receivables	139	
(Total)	(743)	

(Note 6) Other extraordinary loss is JPY70 million for loss on disposal of fixed assets.

(Note 5) The profits and losses related to assets invested by the government were entered as extraordinary income and loss.

(1) Breakdown of profits related to assets invested by the government

		(Millions of yen)
Interest income	3,815	
Bad debt recovered	0	
(Total)	3,815	

(2) Breakdown of losses related to assets invested by the government

		(Millions of yen)
Bad debt loss	0	
Foreign exchange loss	1,071	
(Total)	1,071	

Statement of Cash Flows [From April 1, 2010 to March 31, 2011]

(Millions of yen)

I. Cash flows from operating activities	
Premium received	34,411
Reinsurance premium paid	(29,612)
Insurance claims paid	(8,574)
Reinsurance claims received	8,067
Income from recovery of receivables subrogated by paying claims	8,934
Payment of recovered receivables subrogated by paying claims	(8,370)
Income from recovery of receivables subrogated to the government	7,975
Payment of recovered receivables subrogated to the government	(7,975)
Personnel expenses	(1,471)
Other operating expenses	(4,043)
Others	342
Subtotal	(315)
Interests received	7,139
Interests paid	—
Net cash provided by operating activities	6,824
II. Cash flows from investing activities	
Purchase of securities	(48,231)
Redemption and sales of securities	46,094
Purchase of fixed assets	(1,637)
Net cash (used in) provided by investing activities	(3,773)
III. Cash flows from financing activities	
Net cash (used in) provided by financing activities	—
IV. Foreign exchange difference related to cash and cash equivalents	(21)
V. Net increase (decrease) in cash and cash equivalents	3,030
VI. Cash and cash equivalents at the beginning of the current year	9,373
VII. Cash and cash equivalents at the end of the current year	12,403

(Note 1) Amounts between one million yen and 0.5 million yen were rounded up to one million yen. Amounts less than 0.5 million 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 equivalents	12,403
Balance of cash at the end of the current year	Total 12,403



I. Important Accounting Principles

1. Application of revised accounting standards for incorporated administrative agencies

Starting from the fiscal year ending March 31, 2011, NEXI's financial statements are being prepared under the revised accounting standards for incorporated administrative agencies.

2. Accounting procedures for depreciation

(1) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets has been calculated by adopting a straight-line depreciation method. Useful life and residual value have been calculated based on the same methods and standards stipulated in the Corporation Tax Act.

(2) Amortization of intangible fixed assets

Amortization of trademark right has been calculated using a straight-line depreciation method that fixes its residual value at ¥0 in accordance with the estimated useful life stipulated in the Corporation Tax Act. Amortization of computer software being used in-house has been calculated by a straight-line depreciation method that sees the usability period (4 years) as estimated useful life and sets its residual value at ¥0.

3. Calculation basis of reserves for retirement allowances and estimates

To prepare for retirement allowance payments to board members and employees, a reserve is provided based on 100% of the amount of retirement allowances required by rules for the payment of retirement allowances to board members and by those that apply to employees, respectively. With regard to estimated increase in retirement allowances with no reserves set aside in accordance with the statement of administrative services costs, it is computed by deducting "retirement allowance estimate at the end of the previous fiscal year for those who resigned" from the amount arrived at by deducting "the retirement allowance estimate at the end of the previous fiscal year" from the "retirement allowance estimate at the end of the current fiscal year" for all employees at the end of the current fiscal year.

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

Reserves for outstanding commitments, outstanding claims reserves, receivables subrogated by paying claims, and the allowance for uncollectible receivables have been dealt with by calculating the respective amount in accordance with the following ordinance: "Concerning the calculation methods ordained by the Ministry of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance" (2001.03.27 Trade No.2).

5. Calculation of accrued bonuses

Accrued bonuses for board members and employees are provided based on the amount remaining in the fiscal year according to rules for the remuneration of board members and employees, respectively.

6. Valuation standards and methods for securities

- (1) Held-to-maturity securities are valued at amortized cost (using the straight-line method).
- (2) Other securities without market value are stated at cost using the moving-average cost method.

7. Valuation of foreign-currency receivables and payables

Foreign-currency receivables and payables are converted into Japanese yen at fiscal year-end exchange rates.

8. Calculation of opportunity costs in the statement of administrative services costs

- (1) Calculation of opportunity costs for the use of national property without charge
Opportunity costs arising from using national property free of charge for the offices and other facilities of NEXI have been calculated by referring to land rent and building rent in the surrounding area: computer room on the second floor of the annex to the main building of the Ministry of Economy, Trade and Industry.
- (2) Interest rate for the calculation of opportunity costs relating to investment by the government
The yield of 10-year government bonds (1.250%) has been applied.

9. Accounting procedure for consumption tax

Consumption tax accounting is based on the "tax included" method.

10. Decommissioning liabilities

Regarding security deposit on office lease, restoration fee that should be deemed non-refundable in the event of vacating the office space is not included in decommissioning liabilities. Restoration fee has been determined based on a fair and reasonable estimate, and only the portion to be posted for the current fiscal year has been calculated.

Restoration liabilities under the office lease have not been recorded as decommissioning liabilities as it is impossible to make a fair and reasonable estimate of them because the lease period is not specified and at present there is no plan to vacate the currently leased office.

11. Changes to the accounting principles

(Applying accounting standards for decommissioning liabilities)

Starting from the fiscal year ending March 31, 2011, NEXI's financial statements have been prepared under the revised accounting standards for incorporated administrative agencies and notes on the revised accounting standards for incorporated administrative agencies. In accordance with the revised standards and notes, ordinary profit and net profit decreased by JPY12 million and administrative services costs increased by JPY12 million.

II. Financial Instruments

1. Financial instruments

a. Management of financial instruments held by NEXI

NEXI is engaged in the trade and investment insurance business. Recoveries of receivables subrogated by paying claims are invested in securities to strengthen

NEXI's financial base. The securities held by NEXI include government bonds, municipal bonds and government-backed bonds.

b. Financial instruments and risk

The receivables subrogated by paying insurance claims are exposed to debtor countries' or debtors' credit risk. The securities are exposed to interest rate risk and market fluctuation risk.

c. Financial instruments and risk management

(1) Country risk management

In concluding insurance contracts (that could cause the acquisition of the receivables subrogated by paying insurance claims), NEXI's Country Risk Analysis Group conducts risk assessment by gathering information through the Berne Union and OECD, researching and evaluating country risk. Contracts concluded are monitored by the Monitoring Committee for continued risk management.

(2) Credit risk management

For the management of credit risk of an export contract counterparty (overseas buyer), NEXI's Credit Administration Group conducts a credit check and assessment of the overseas buyers.

(3) Market risk management

Market risk such as interest rate and price fluctuation associated with investment in securities is managed by the Fund Operation Meeting that discusses NEXI's investment policy and checks the investment status. In addition, NEXI's Accounting Group, the secretariat of the Fund Operation Meeting, is monitoring the bond market and liquidity risk.

d. Supplementary explanation regarding fair value of financial instruments

Fair value of the financial instruments is based on the quoted market price. If the market price is not available, the fair value is based on the reasonably assessed value. Fair value of financial instruments is measured based on certain assumptions, and it might differ if measured based on different assumptions.

2. Fair value of financial instruments

The carrying amounts on the balance sheet, fair value and differences as of the end of the fiscal year 2010 are as follows:

(Millions of yen)

	Carrying amount	Fair value	Differences
(1) Cash and cash equivalents	12,403	12,403	—
(2) Securities			
Held-to-maturity securities	264,553	271,657	7,103
(3) Receivables subrogated by paying claims			
Receivables subrogated by paying claims	238,008		
Allowance for uncollectible receivables(*)	(190,283)		
(Net)	47,725	47,725	—
Assets	324,681	331,785	7,103
(4) Amount due to the reinsurer	10,132	10,132	—
Liabilities	10,132	10,132	—

(*) Allowance for uncollectible receivables associated with receivables subrogated by paying claims is deducted.

(Note1) Fair value measurement of financial instruments and securities

(1) Cash and cash equivalents

Fair value of deposits with no stated maturity is equal to carrying value, since it approximates the carrying value.

(2) Securities

(i) Fair value of securities is based on the quoted market value or value quoted by financial institutions. Carrying amount, fair value and differences of held-to-maturity securities (in accordance with the accounting standards for incorporated administrative agencies and notes) are as follows:

(Millions of yen)

	Type of securities	Carrying amount	Fair value	Differences
Fair value > Carrying amount	Government bonds and municipal bonds	235,333	242,963	7,631
Fair value ≤ Carrying amount	Government bonds and municipal bonds	29,221	28,693	(527)
Total		264,553	271,657	7,103

(ii) The aggregate sale price of held-to-maturity securities sold during the fiscal year is JPY33.2 billion. The aggregate gain on sale is JPY1.2 billion. These securities, which had been purchased before the previous medium term, were sold for the reinvestment into higher yielding securities in response to the changing interest-rate environment. Therefore they continue to be classified as held-to-maturity securities in accordance with the provision of Note 23 (2) of the accounting standards for incorporated administrative agencies.

(3) Receivables subrogated by paying claims

Regarding receivables subrogated by paying claims, allowance for uncollectible receivables is recorded pursuant to the ordinance "Concerning the calculation methods specified by the Ministry of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance" (2001 / 03 / 27 Trade No.2).

(i) Allowance for uncollectible receivables associated with receivables subrogated by paying political risk claims is calculated using a ratio based on the valuation by the global financial market regarding repayment prospects of each debtor country or

using a given ratio.

- (ii) Allowance for uncollectible receivables associated with receivables subrogated by paying commercial risk claims is calculated in two different ways. As for receivables from debtors that are actually bankrupt or nearly bankrupt, allowance is calculated by deducting foreclosure estimates and estimated amount recoverable under a payment guarantee. As for receivables from other debtors, allowance is obtained by calculating loss estimates based on the present value of estimated future cash flow or estimated amount recoverable by foreclosure or under a payment guarantee. Fair value of receivables subrogated by paying claims is equal to the carrying value at the fiscal year end less allowance for uncollectible receivables, since it approximates this net carrying value.

- (4) Amount due to the reinsurer

Fair value of amount due to the reinsurer is equal to the carrying value, since it approximates the carrying value as they are settled in a short period of time.

(Note2) Expected payment and redemption amount of money claims and securities with maturity after the fiscal year end

(Millions of yen)

	1 year or less	More than 1 year through 3 years	More than 3 years through 5 years	More than 5 years through 10 years	More than 10 years through 20 years	More than 20 years	Undetermined (*)
Securities Held-to-maturity securities	14,500	13,000	1,000	64,000	171,500	-	-
Receivables subrogated by paying claims	6,225	14,649	21,729	42,037	56,028	205	97,136
Total	20,725	27,649	22,729	106,037	227,528	205	97,136

(*) The receivables subrogated by paying claims that are in arrears are classified as "Undetermined."

III. Account Titles Used by NEXI

(1) Balance sheet

Account title	description
Receivables subrogated by paying claims	Total assets of receivables subrogated by NEXI's paying claims and the estimated amount of potential subrogated receivables (recorded as assets with outstanding claims reserves being reported)
Accrued income	Total accrued interest on time deposits, securities and receivables subrogated by paying claims (receivables subrogated by paying political risk claims) as of the end of the fiscal year. As for receivables subrogated by paying political risk claims, accrued interest is included in the case the receivables are deemed collectible.
Accrued premium	Accrued insurance premium incurred associated with insurance application.
Reinsurance credit	Amount receivable from the government such as reinsurance claims
Outstanding claims reserves	Amount considered necessary under future insurance contracts to cover incurred losses or losses recognized as having been incurred at the end of the fiscal year, recorded based on the ordinance "Concerning the calculation methods ordained by the Ministry of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance" (2001.03.27 Trade No.2).
Reserves for outstanding commitments	Amount reserved to prepare for possible future claim payments under insurance and reinsurance contracts, recorded based on the ordinance "Concerning the calculation methods ordained by the Ministry of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance" (2001.03.27 Trade No.2).
Amount due to the reinsurer	Amount payable to the government such as reinsurance premium
Advance insurance premium	Insurance premium received with NEXI's obligation starting from the next fiscal year or later
Capital surplus	The valuation difference of an in-kind contribution of receivables acquired by government subrogation ○Valuation difference of receivables subrogated by paying claims Valuation difference of receivables acquired by subrogation and contributed in-kind by the government (excluding accrued income) was included in the capital surplus (for the fiscal years ending March 2003, 2004 and 2005), in accordance with an ordinance concerning a partial revision of the Ordinance of Finance and Accounting (Ministry of Economy, Trade and Industry Ordinance No. 49 of March 31, 2003) ○Valuation difference associated with capitalization Since the fiscal year ending March 2006 (FY2005), receivables acquired by subrogation and contributed in-kind by the government that were capitalized and evaluated for the first time have been included in the capital surplus, in accordance with an ordinance concerning a partial revision of the Ordinance of Finance and Accounting (Ministry of Economy, Trade and Industry Ordinance No. 100 of October 28, 2005).

(2) Statement of income

Net premium written	Amount calculated by deducting reinsurance premium paid from premium written. Premium written includes premium received from foreign ECAs.
Net claims paid	Amount calculated by deducting reinsurance claims recovered from insurance claims paid. Insurance claims paid include claims paid to foreign ECAs.
Provision for outstanding claims reserves	Provision for outstanding claims reserves
Estimated amount of insurance claims recovery	Valuation gain or loss of receivables subrogated by paying insurance claims
Provision for outstanding commitments reserves	Provision for outstanding commitments reserves for the current fiscal year
Extraordinary income	Interest income and reversal of provision for uncollectible receivables relating to assets invested by the government (receivables subrogated by paying claims)
Extraordinary losses	Foreign exchange loss relating to assets invested by the government (receivables subrogated by paying claims)



Third-Term Objectives

NEXI has set the medium term-objectives for the third term of FY2009 to FY2011 and implements various measures and policies based on these objectives. A summary of these objectives is outlined below.



1

Measures to improve 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 demands of customers and the requirements of trade and industry policies into consideration, and improve the insurance products we currently offer as well as develop new products in order to provide high-quality services equal to those in other countries.

2 Improvement of services

Adopting the “customer perspective” at all times, we will make efforts to improve and enhance our services by reducing the burden on customers and promoting prompt decision-making and business proceedings. Further, we will build a relationship of trust with our customers by ensuring increased transparency of operations and the enforcement of compliance.

3 Streamlining the system to ascertain and reflect customer needs and to enhance risk analysis/assessment

We will increase publicity activities regarding existing insurance products and more thoroughly meet customer needs, making use of customer feedback on our insurance products. Further, we will streamline the system for enhanced risk analysis/assessment by refining risk management methods and improving the expertise of our staff.

4 Emphasizing strategic priority policy issues

In light of our role as the public institution responsible for developing Japan's overseas trade and taking heed of the requirements regarding Japan's trade policies, industrial policies, natural resources and energy policies, etc., we will give priority to accomplishing such policy issues as securing a stable supply of natural resources and energy, establishment of an environmentally friendly society and international development of SMEs. We will qualitatively and quantitatively expand the scope of insured risks with regard to these areas.

5 Smooth entry of private insurers into the market

We will continue to improve the diversity of the products in order to provide our customers with greater choice, and will establish an environment for the smooth entry of private insurers into the market.

2

Improvement in Business Efficiency**1 Promotion of efficient business operations**

When making disbursements, we will be thoroughly cost-conscious and fully consider cost-effectiveness in order to improve the efficiency of our business operations.

- We will further improve operation efficiency by measures such as rationalization of the operating process, while also revising the structure of the organization and personnel assignment. We will also increase cost-effectiveness in all areas including personnel expenses. Operating costs shall be lower than the level achieved in the second medium-term objectives period.
- In FY2010, we will reduce the workforce by at least 5% compared with the level in FY2005. We will also make necessary revisions for appropriate wage standards.
- We will steadily implement reforms based on “program for reviewing no-bid contracts”
- We will promote the efficiency of 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 information system

We will realize efficient and prompt operations and improved services through efficient and prompt maintenance and upgrading of the current information system. Further, we will make efforts to keep the maintenance cost lower than that of the previous system.

3

Improvement in composition of finances**1 Reinforcement of financial foundation**

In order to continuously and stably offer our customers “assured peace of mind,” we will improve the efficiency of business operations and hold down expenditure by thorough risk management, as well as reinforcing appropriate management and recovery of debts incurred by insured risks, and will maintain a sound financial foundation.

2 Reinforcement of credit management and debt recovery

We will strengthen our recovery capacity through meticulous management of credit data and close coordination with relevant governmental organizations. Further, we will strive to prevent the occurrence of insured risk and to alleviate any loss by swiftly implementing necessary measures in cooperation with customers and relevant governmental organizations.

4

Fostering of personnel with high degree of specialist knowledge

We will further raise the specialization level of our staff through a more comprehensive in-service training system and effective implementation of a personnel system that places a high priority on the development of expertise.



Customer Service Charter

I NEXI Spirit

- (1) Our mission is to assist customers to conduct international business with a sense of reassurance by reducing incidental business risks. To this end, we take time to ascertain our customers' situations so that we can meet their needs precisely and provide efficient and high-quality services, thereby enhancing customer satisfaction and establishing mutual trust.
- (2) By implementing our customer-first policy, we will continue to:
 - (i) Improve the quality of service,
 - (ii) Broaden the range of risk coverage,
 - (iii) Promote efficient operations, and
 - (iv) Increase management transparency.

II NEXI's Pledge to Customers

We are committed to:

- (1) Providing insurance products that make our customers feel secure and protected when conducting overseas transactions
 - (2) Providing advice to our customers from the preliminary stage of planning
 - (3) Promptly responding to inquiries and acting in the interests of our customers
 - (4) Meeting our customers' demands and business needs
 - (5) Promptly completing assessment and payment of insurance claims, and
 - (6) Promptly allocating recoveries
- (1) Providing insurance products that make our customers feel secure and protected when conducting overseas transactions
 - (i) If you suspect that your international transactions, including exports, foreign investments, or overseas loans, may incur risk, please visit our website (<http://www.nexi.go.jp>) and go to the insurance product section, or contact NEXI's Customer Relations Office.
 - (ii) Our staff can be dispatched to your office at your request to provide further information on our insurance products that support and protect your international business. Please feel free to contact us.
 - (2) Providing advice to our customers from the preliminary stage of planning

If you plan to initiate international transactions, such as exports or overseas investments, NEXI is ready to serve you. We will be pleased to talk with you at an early stage of your project's formation and propose the most appropriate insurance products to minimize any risk involved.
 - (3) Promptly responding to inquiries and acting in the interests of our customers
 - (i) If you have any questions about insurance products, please call or email our Customer Relations Office or the relevant group in charge.
 - (ii) Our premium calculator is available on the NEXI website to estimate your insurance premium. If you give us information on your planned transaction, the group in charge can generally estimate the premium on the same day of your inquiry, or on the following business day at the latest. (For medium or long-term non-L/G transactions, however, we will respond within five business days.) If the group in charge finds it difficult to respond to your inquiry within the specified time limits, it will promptly

notify you to that effect along with the reason for the delay and the expected date of response.

- (iii) Should the group in charge find any inadequacy in a pre-application form, insurance application form, or other form that you have submitted (other than environment-related forms), we will notify you within five business days of our receipt at the latest.
- (iv) If you have any questions about NEXI's insurance system with regard to a specific project, please inform the group in charge or the Customer Relations Office. We will respond within five business days at the latest. Should we find it difficult to respond within the stated period, we will promptly notify you to that effect with the reason for the delay and the expected date of response.
- (4) Meeting our customers' demands and business needs
 - (i) We would be very appreciative if you could give us sufficient time when consulting with us, as our assessment may take longer than expected. If it becomes necessary to accelerate procedures (for example, because an export contract is proceeding more rapidly than anticipated), please inform us.
 - (ii) Your business needs are always important to us and we will do our utmost to meet your accelerated deadline. If we find it difficult to meet the new deadline, we will immediately inform you of how long it will take to complete the necessary procedures.
- (5) Promptly completing the assessment and payment of insurance claims
 - (i) As soon as we receive an insurance claim form, 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 the stipulated time. This is generally within two months of receipt of the claim; however, in a situation where more time is required for assessment, this rule does not apply. For an application for insurance claims, we may request that you execute the obligations of notification and of loss prevention and reduction that are stipulated in such documents as insurance policy provisions. In addition, we may also request that you submit all necessary documents stipulated in the insurance policy provisions and other regulations within a specified time.
 - (ii) In the event that an inadequacy is found in a submitted claim form or other document in light of insurance policy provisions or other regulations, we will notify you no later than three business days after receiving the document.
 - (iii) We would appreciate your understanding and cooperation, including early submission of documents necessary for assessment, so that we may pay claims within the period stipulated in the insurance policy provisions or other regulations.
- (6) Promptly allocating recoveries
 - (i) When all or part of a subrogated claim is recovered, we will promptly allocate the recovery in accordance with insurance policy provisions and other contracts.
 - (ii) In allocating a recovery in accordance with a Paris Club debt rescheduling program or other program, we will in principle complete procedures of remittance to your accounts by the business day following the confirmation of receipt of the full amount in NEXI's account.

III Information

A range of information is available on our website (<http://www.nexi.go.jp>) and in our annual report. The website was renovated in April 2011 to realize better usability and accessibility based on requests from our customers.

(1) Please visit our website for comprehensive information on our insurance products and services.

The NEXI website includes the following information

- (i) Recent developments (including changes in systems, coverage conditions, and recent underwritten projects)
- (ii) Description of our insurance products (pamphlets are available)
- (iii) Terms of coverage by country/region
- (iv) Insurance application procedures
- (v) Insured events and subsequent procedures
- (vi) Premium calculator
- (vii) Downloadable application forms
- (viii) Rules concerning trade insurance (including insurance policy provisions for all of NEXI's insurance products)
- (ix) Environmental considerations
- (x) Procurement information
- (xi) Web magazine "e-NEXI"
- (xii) WEB service

(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 the NEXI corporate brochure and leaflets on our insurance products (though there is a limited supply of these). Please feel free to call the General Management and Public Relations Group (Phone: 81-(0)3-3512-7655) or the Customer Relations Office.

(3) For inquiries regarding our website, annual report, and any other public relations matters, please contact the General Management and Public Relations Group. (Phone: 81-(0)3-3512-7655)

IV 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, please do not hesitate to contact us. Your problem will be addressed promptly.

(1) We will do whatever is necessary to resolve any problem you may encounter. Please provide us with the details of the problem and what you wish to be done. We will immediately find the source of the problem and resolve it.

(2) If you have any complaints about our services or our handling of your project, please inform the Customer Relations Office.

(i) For any complaints about our services, please provide the details to the Customer Relations Office in writing or via email. The Customer Relations Office will examine your problem and inform you of how it will be dealt with. If it is difficult for us to take immediate action, we will provide the reason for the difficulty and how we intend to proceed

(ii) If you have any complaint about our handling of a specific project, please provide the details to the Customer Relations Office in writing or via email. The Customer Relations Office will review the details and provide the results of its review without delay. If immediate action cannot be taken, the Customer Relations Officer will inform you of the reason and when the problem will be resolved.



Customer Relations Office

(1) NEXI has established a "Customer Relations Office" to provide more efficient services to our customers in accordance with our customer-first policy.

(2) The Customer Relations Office offers customer support by seeing the situation from the customer's viewpoint. Any question or inquiry is welcome, including questions and views concerning trade insurance, what section of NEXI should be in charge, and specific projects. We will take prompt action regarding these matters.

Information about NEXI's sections and groups in charge is available on our website.

Customer Relations Office (Head Office)

Phone 81- (0) 3-3512-7712
 Fax 81- (0) 3-3512-7687
 E-mail info@nexi.go.jp

Customer Relations Office (NEXI, Osaka)

Phone 81- (0) 6-6233-4019
 Fax 81- (0) 6-6233-4001



Profile of NEXI



From the left: Keiji Wada (Vice Chairman), Takashi Suzuki (Chairman and CEO), and Fuminori Inagaki (Vice Chairman)



Takeshi Oiwa
(Corporate Auditor)



Takashi Imai
(Corporate Auditor)

Members of the Board and the Audit Board

Chairman and CEO	.....	Takashi Suzuki
Vice Chairman	.....	Keiji Wada
Vice Chairman	.....	Fuminori Inagaki
Corporate Auditor (Full Time)	.....	Takeshi Oiwa
Corporate Auditor (Part Time)	.....	Takashi Imai

Name	Incorporated Administrative Agency, Nippon Export and Investment Insurance ("NEXI")
Date of Establishment	April 1, 2001
Acts	Act on General Rules for Incorporated Administrative Agency Trade and Investment Insurance Act
Purpose	To efficiently and effectively conduct insurance business of covering risks which arise in foreign transactions and which are not covered by commercial insurance.
Competent Minister	The Minister of Economy, Trade and Industry
Capital	JPY104.4 billion (Fully contributed by the Japanese Government) (Unchanged from the previous year)
Number of Full-time Employees	134 (As of April 1, 2011)



Scope of Business

1. To conduct trade and investment insurance business operations complying with the regulations of Chapter 3 of the Trade and Investment Insurance Act.
2. To conduct business which is incidental to the business stated in 1.
3. To underwrite reinsurance under the insurance obligations of international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade and investment insurance.
4. To entrust reinsurance for the insurance obligation of NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade insurance as well as the reinsurance with the Government complying with the regulations of Chapter 4 of the Trade and Investment Insurance Act.

Brief History

- Jul.1999 Enactment of Act on General Rules for Incorporated Administrative Agency
 Dec.1999 Enactment of the Act which partly amended the Trade and Investment Insurance Act
 Apr.2001 Establishment of Nippon Export and Investment Insurance

(For reference) The Trade and Investment Insurance Act was enacted in March 1950 and thereafter trade and investment insurance was managed by the Ministry of Economy, Trade and Industry (former Ministry of International Trade and Industry) until the end of March 2001.

Office

- Head office Chiyoda First Building, East Wing 3rd Floor, 3-8-1 Nishikanda, Chiyoda-ku, Tokyo 101-8359, Japan
 Phone: 81-(0) 3-3512-7650
 Fax: 81-(0) 3-3512-7660
- Osaka Branch Aioi Nissay Dowa Insurance Yodoyabashi Building 8th Floor, 3-1-22 Kitahama, Chuo-ku, Osaka City, Osaka 541-0041, Japan
 Phone: 81-(0) 6-6233-4019
 Fax: 81-(0) 6-6233-4001
- Overseas Offices NEXI Paris, NEXI New York, and NEXI Singapore (See page 42.)

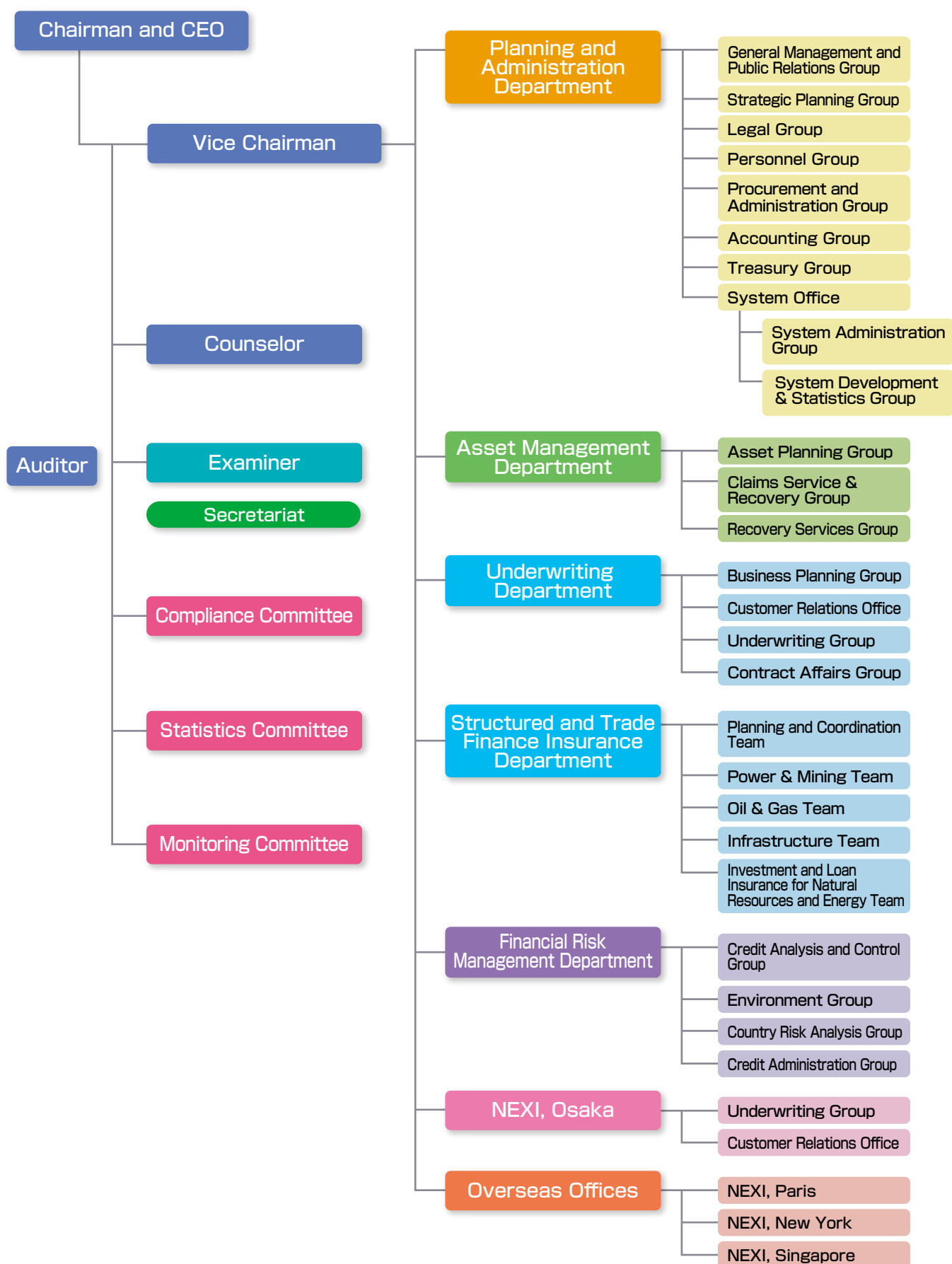
Main Insurance Products

Export Credit Insurance / Buyer's Credit Insurance / Trade Insurance for Standing Orders from Specific Buyer / Export Credit Insurance for SMEs / Intellectual Property License Insurance / Overseas Untied Loan Insurance / Overseas Investment Insurance / Export Bill Insurance / Prepayment Import Insurance / Investment and Loan Insurance for Natural Resources and Energy / Trade and Investment Insurance for Preventing Global Warming / Comprehensive Export Insurance with Simplified Procedure

URL

<http://www.nexi.go.jp>

Organization chart (as of July 2011)



Contact Information



Head Office

Chiyoda First Building, East
Wing 3rd Floor, 3-8-1
Nishikanda, Chiyoda-ku,
Tokyo 101-8359, Japan
Phone: 81-(0)3-3512-7650
Fax: 81-(0)3-3512-7660



Overseas Offices

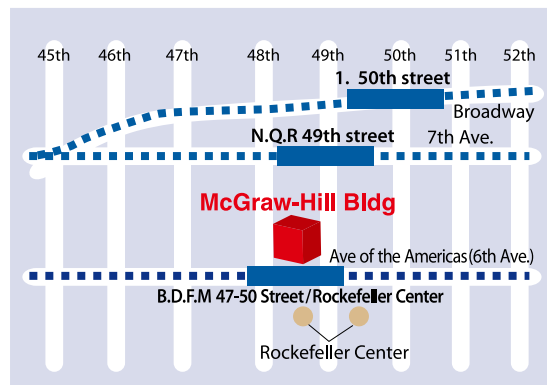
NEXI, Paris

c/o JETRO 27 rue de Berri 75008 Paris France
Phone: 33-(0)1-4261-5879 Fax: 33-(0)1-4261-5049



NEXI, New York

c/o JETRO 1221 Avenue of the Americas, 42 Fl,
McGraw-Hill Bldg. New York N.Y. 10020 USA
Phone: 1-212-819-7769 Fax: 1-212-819-7796



Osaka Branch

Aioi Nissay Dowa Insurance
Yodoyabashi Building 8th Floor,
3-1-22 Kitahama, Chuo-ku,
Osaka City, Osaka
541-0041, Japan
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