

Situation of investment in securitized products and subprime-related investment

- This material contains information on the investment situation in securitized products and subprime-related investment for the period April 1 to December 31,2008 based on the Financial Stability Forum (FSF) report.
- The following is a summary of U.S. subprime-loan-related investment and investment in securitized products.
 - (Subprime loan)
 - During and at the end of the period April 1 to December 31,2008, Nippon Life had no direct investment in subprime-loan-related products. As such, Nippon Life had no realized loss or gain related to subprime-loan-related products.
 - (Securitized products)
 - Securitized products mostly consist of domestic RMBS focused on Japan Housing Finance Agency Bond and U.S. agency MBS.
 - For synthetic CDOs, we recorded financial derivative instrument cost accompanying change of accounting treatment (change from integrated treatment to segregated treatment of compound financial instruments in the first half of fiscal year 2008).
 - Nippon Life did not record valuation loss for the period.
- In addition, Nippon Life does not carry out investment related to special-purpose entities considered high-risk and leveraged finance, which are mentioned in the FSF report.

①Special Purpose Entities (SPEs) : General

No transactions or account balance.

② Collateralized Debt Obligation (CDO)

(¥100 million)

		Market value	Unrealized gain/loss	Gain/loss on sale
Total		81	▲30	▲221
	Synthetic CDO	81	▲30	▲221
	Senior	81	▲30	▲221

- No exposure related to subprime loans.
- Synthetic CDOs are as follows, with change of accounting treatment (accompanying change from integrated treatment to segregated treatment of compound financial instruments) as of the end of the first half of fiscal year 2008.
 - Market value : Market value of synthetic CDOs based on past integrated accounting treatment (¥8.1 billion)
 - Unrealized gain/loss : Unrealized loss (▲7.8 billion) of synthetic CDOs based on integrated accounting treatment less the financial derivative instrument cost (▲4.7 billion) accompanying change of accounting treatment.
 - Gain/loss on sale : Loss on sale (▲17.3 billion) plus above-mentioned financial derivative instrument cost (▲4.7 billion)
- The type of asset and ratings for CDO are as follows.
 - Asset : Credit default swaps that reference domestic and foreign companies (default portfolio distributed among a total of about 130 companies)
 - Ratings : A A A 100%
(Collateralized bond rating was applied to CDOs for which swap contract termination and early redemption was expected.)

③ Other subprime/Alt-A exposure

No transactions or account balance.

④ Commercial Mortgage Backed Securities (CMBS)

(¥100 million)

	Market value		Unrealized gain/loss	Gain/loss on sale
		Reference: End of Sep 2008		
Domestic CMBS	816	899	▲26	—

- The type of asset and ratings of CMBS are as follows.
- Asset : All Japanese domestic commercial real estate
 - Ratings : A A A 65% A A 21% A 12% B B B 2%

⑤ Leveraged finance

No transactions or account balance.

⑥ Other securitized products, etc.

(¥100 million)

		Market value	Unrealized gain/loss	Gain/loss on sale	
Total		45,185	943	▲24	
	ABS		44,761	969	▲24
		Domestic RMBS	20,165	570	▲1
		U.S. RMBS	22,048	394	▲22
	Credit-linked Note	423	▲26	—	

- No exposure related to subprime loans.
- The majority of ABS consists of RMBS backed by housing loans. Domestic RMBS backed by housing loans are RMBS issued by Japan Housing Finance Agency Bond and domestic banks. Also, U.S. RMBS backed by US housing loans are agency MBS issued by Fannie Mae, Freddie Mac, and Ginnie Mae.
- Gain/loss on sale of RMBS is the result of ordinary reshuffling the portfolio.
- The type of asset and rating of ABS are as follows:
 - Asset : 49% US housing loan, 45% domestic housing loan, 6% money claim (domestic leasing receivables)
 - Rating : 100% AAA, 0% AA (Agency MBS and top short-term ratings are combined in AAA rating)
- The Type of asset and ratings of credit-linked notes are as follows:
 - Asset : Credit default swaps that reference domestic companies
 - Rating : 23% AA, 67% A, 10% BBB

①～⑥ Total

(¥100 million)

	Market value	Unrealized gain/loss	Gain/loss on sale
Total	46,083	886	▲245

(Other)

- Nippon Life has approximately ¥1.1 billion exposure related to subprime/Alt-A through investment in investment trusts and hedge funds, etc., calculated by fund composition, and approximately ¥1.6 billion exposure including indirect investment by subsidiaries.
- Nippon Life invested in Fannie Mae and Freddie Mac securities, such as agency MBS and agency bond, and the amount of market value and unrealized gain are ¥392.9 billion and ¥2.0 billion respectively.