

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 six months ended September 30, 2010.
- The following is a summary of U.S. subprime-loan-related investment and investment in securitized products.

(Subprime -loan-related investment)

- During and at the end of the six months ended September 30, 2010, Nippon Life had no direct investment in subprime-loan-related products. As such, Nippon Life had no realized gains or losses 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.

① Special Purpose Entities (SPEs): General

No transactions or account balance.

② Collateralized Debt Obligation (CDO)

No transactions or account balance.

③ Other subprime/Alt-A exposure

No transactions or account balance.

④ Commercial Mortgage Backed Securities (CMBS)

(¥100 million)

	Market value	Reference: End of June 2010	Unrealized gains/losses	Realized gains/losses on sale
Domestic CMBS	653	678	(24)	—

- The type of assets and ratings of CMBS are as follows.
Assets: All Japanese domestic commercial real estate
Ratings: 38% AAA, 29% AA, 15% A, 13% BBB, 4% BB or below

⑤ Leveraged finance

No transactions or account balance.

⑥ Other securitized products, etc.

(¥100 million)

	Market value	Unrealized gains/losses	Realized gains/losses on sale
Total	42,242	1,735	16
ABS	41,770	1,713	16
Domestic RMBS	20,032	969	—
U.S. RMBS	21,046	742	16
Credit-linked Note	471	21	—

- No exposure related to subprime loans.
- The majority of ABS consists of RMBS backed by housing loans. Domestic RMBS backed by domestic housing loans are Japan Housing Finance Agency Bond and RMBS issued by domestic banks. Also, U.S. RMBS backed by U.S. housing loans are agency MBS issued by Fannie Mae, Freddie Mac, and Ginnie Mae.
- The type of assets and ratings of ABS are as follows.
ABS Assets: 48% domestic housing loans, 50% U.S. housing loans, 2% money claims (domestic leasing receivables)
 Ratings: 100% AAA, 0% AA (Agency MBS and top short-term ratings are combined in AAA ratings)
- The type of assets and ratings of Credit-linked Note are as follows.
Credit-linked Note Assets: Credit default swaps that reference domestic companies
 Ratings: 23% AA, 66% A, 11% BBB

①～⑥ Total

(¥100 million)

	Market value	Unrealized gains/losses	Realized gains/losses on sale
Total	42,895	1,710	16

(Others)

- Nippon Life has approximately ¥0.4 billion exposure to securitized products related to subprime loans through some investment trusts and hedge funds, etc., calculated by fund composition, and approximately ¥0.6 billion indirect exposure that includes subsidiaries, etc.
- Nippon Life invested in Fannie Mae and Freddie Mac MBS, and agency bonds. The market value and unrealized gain are ¥6.9 billion and ¥0.8billion, respectively.