

August 18, 2008

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## Exposure to Securitized Products

### Including Subprime-Related Investments

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The Dai-ichi Mutual Life Insurance Company (the “Company”; President: Katsutoshi Saito) discloses its exposure to securitized products, including subprime-related investments, based on the “Leading-Practice Disclosures for Selected Exposures” included in the Financial Stability Forum (FSF) report announced in April 2008.

The Company’s exposure to securitized and subprime-related products is as follows:

- The Company held no direct investments in subprime-related products as of June 30, 2008.
- The Company holds investments in hedge funds in the form of fund-of-funds and single funds, and some of their underlying investments include subprime-related products. As there are both long and short positions, the Company believes that they will have a limited impact on the Company’s financial condition even under market fluctuations (Table 6).
- RMBS accounts for approximately 70% of the Company’s total balance of securitized products in terms of fair value as of June 30, 2008. The breakdown of the RMBS is: (1) securities backed by US government agencies or US government-sponsored enterprises, (2) securities backed by Japanese mortgage loans, and (3) securities issued by Japan Housing Finance Agency.

The Company defines “unrealized gains (losses)” as fair value less book value and “realized gains (losses)” as total of gains (losses) on sales and impairment losses.

## 1. The Company's exposure to securitized products

**Table 1. Special-Purpose Entities (SPEs, as of June 30, 2008)**

The Company holds no investments in SPEs.

(¥ in billion)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
Special-Purpose Entities, Total	—	—	—
ABCP	—	—	—
SPEs which the Company originated	—	—	—
SIV	—	—	—
SPEs which the Company originated	—	—	—
Others	—	—	—
SPEs which the Company originated	—	—	—

**Table 2. Collateralized Debt Obligations (CDOs, as of June 30, 2008)**

(¥ in billion)

	Fair Value	Unrealized gains (losses)	Realized gains (losses)
CDOs (*1) (*2)	43.8	( 5.9)	( 2.5)
ABS-CDOs			
Senior			
Subprime/Alt-A exposure			
Mezzanine			
Subprime/Alt-A exposure			
Equity			
Subprime/Alt-A exposure			
CLOs	26.9	( 2.5)	
Senior	1.4	( 0.0)	
Mezzanine			
Equity	25.4	( 2.5)	
CBOs			
Senior			
Mezzanine			
Equity			
Synthetic CDOs	16.8	( 3.3)	( 2.5)
Senior	3.0	( 1.9)	
Mezzanine	6.0	( 0.3)	( 2.5)
Equity	7.7	( 1.0)	
Others			
Senior			
Mezzanine			
Equity			

\*1. The size of issuance as a whole on such CDOs is ¥2,868.3 billion which consists of senior (¥928.0 billion), mezzanine (¥590.0 billion) and equity (¥1,350.2 billion). Among the total amount, CDOs of ¥43.8 billion are held by the Company.

\*2. Breakdown of credit ratings of CDOs which the Company held as of June 30, 2008 is as follows:

(¥ in billion)

Credit rating	Fair value	Percentage
AAA	5.5	12.6%
AA	-	0%
A	7.5	17.3%
BBB	5.2	12.0%
no credit ratings	25.4	58.1%
Total	43.8	100.0%

**Table 3. Other Subprime/Alt-A Exposure (as of June 30, 2008)**

The Company holds no securitized products backed by subprime/Alt-A exposure.

(¥ in billion)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
Other Subprime/Alt-A Exposure, Total			
Unsecuritized loan			
RMBS			
Derivatives			
Commitment line			
Others			

**Table 4. Commercial Mortgage-Backed Securities (CMBS, as of June 30, 2008)**

(¥ in billion)

	Fair value		Unrealized gains (losses)	Realized gains (losses)
		(ref.) as of March 31, 2008		
CMBS	1.3	1.4	( 0.0)	
Japan	1.3	1.4	( 0.0)	
USA				
Europe				
UK				
Others				

\*1. Real estate as collateral consists of office buildings only.

**Table 5. Leveraged Finance (as of June 30, 2008)**

The Company holds no leveraged finance products.

(¥ in billion)

	Fair value		Unrealized gains (losses)	Realized gains (losses)
		(ref.) as of March 31, 2008		
Leveraged Finance, Total				
Telecommunication				
Electronics				
Entertainment				
Service				
Others				

**Table 6. Others (as of June 30, 2008) <sup>(\*)1</sup>**

(¥ in billion)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
Hedge fund (*2)	274.5	( 9.0 )	
CDS	( *3 )	0.0	0.0
RMBS	( *4 ) 1,067.6	( 11.8 )	( 2.0 )
ABS	104.6	0.5	
Credit-linked note	3.0	0.0	

\*1. The Company held no direct investments in subprime-related products as of June 30, 2008.

\*2. The Company holds hedge funds in the form of fund-of-funds and single funds, and some of their underlying investments include subprime-related products. As there are both long and short positions, the Company believes that they will have a limited impact on the Company even under market fluctuations.

\*3. Notional amount of CDS amounted to ¥2 billion, totaling long and short protection.

\*4. Consisted of: (1) approx. ¥844.8 billion US mortgage securities backed by US government agencies or US government-sponsored enterprises, (2) approx. ¥213.9 billion securities backed by Japanese mortgage loans, and (3) approx. ¥8.8 billion securities issued by Japan Housing Finance Agency.

## 2. Breakdown of Securitized Products as a Whole

The Company held no direct investments in securitized products related to subprime loans as of June 30, 2008.

(¥ in billion)

	Fair value	Unrealized gains (losses)	Realized gains (losses)	Percentage (Fair Value)
Securitized products, total	1,495.1	( 26.3 )	( 4.5 )	100.0%
CDO	43.8	( 5.9 )	( 2.5 )	2.9%
CMBS	1.3	( 0.0 )	–	0.1%
Hedge fund	274.5	( 9.0 )	–	18.4%
CDS	( *1 ) –	0.0	0.0	0.0%
RMBS	1,067.6	( 11.8 )	( 2.0 )	71.4%
ABS	104.6	0.5	–	7.0%
Credit-linked note	3.0	0.0	–	0.2%

\*1. Notional amount of CDS amounted to ¥2 billion, totaling long and short protection.

The Company holds investments in hedge funds in the form of fund-of-funds and single funds, and some of their underlying investments include subprime-related products. As there are both long and short positions, the Company believes that they will have a limited impact on the Company even under market fluctuations.

### 3. Other Related Information on Securitized Products

The Company's subsidiaries have no exposure to subprime-related products.

Abbreviated terms:

ABCP: Asset Backed Commercial Paper

ABS: Asset Backed Security

ABS-CDO: CDO of ABS

CBO: Collateralized Bond Obligation

CDO: Collateralized Debt Obligation

CDS: Credit Default Swap

CLO: Collateralized Loan Obligation

CMBS: Commercial Mortgage-Backed Securities

RMBS: Residential Mortgage-Backed Securities

SIV: Structured Investment Vehicle