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 Code: 8750 (TSE First section)

Exposure to Securitized Products

Including Subprime-Related Investments

The Dai-ichi Life Insurance Company, Limited (the “Company”; President: Koichiro Watanabe) 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 December 31, 2012.
- The Company holds investments in hedge funds, and some of their underlying investments include subprime-related products. As the exposure in the total portfolio is small, the Company believes that they would have a limited impact on its financial condition even under market fluctuations.
- RMBS accounts for slightly less than 80% of the Company’s total balance of securitized products in terms of fair value as of December 31, 2012. 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 December 31, 2012)

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 December 31, 2012)

(¥ in billion)

	Fair Value	Unrealized gains (losses)	Realized gains (losses)
CDOs ^(*) (*) ⁽²⁾	1.5	0.0	—
ABS-CDOs	—	—	—
Senior	—	—	—
Subprime/Alt-A exposure	—	—	—
Mezzanine	—	—	—
Subprime/Alt-A exposure	—	—	—
Equity	—	—	—
Subprime/Alt-A exposure	—	—	—
CLO	1.5	0.0	—
Senior	1.5	0.0	—
Mezzanine	—	—	—
Equity	—	—	—
CBO	—	—	—
Senior	—	—	—
Mezzanine	—	—	—
Equity	—	—	—
Synthetic CDOs	—	—	—
Senior	—	—	—
Mezzanine	—	—	—
Equity	—	—	—
Others	—	—	—
Senior	—	—	—
Mezzanine	—	—	—
Equity	—	—	—

*1. The Company held 1.5 billion of CDOs as shown in the table above. The size of issuance as a whole of the CDOs is ¥421.6 billion.

*2. Breakdown of credit ratings of the CDOs held by the Company as of December 31, 2012 is as follows:

(¥ in billion)

Credit rating	Fair value	Percentage
AAA	—	—
AA	1.5	100.0%
A	—	—
BBB	—	—
BB	—	—
B	—	—
no credit ratings	—	—
Total	1.5	100.0%

Table 3. Other Subprime/Alt-A Exposure (as of December 31, 2012)

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 December 31, 2012)

The Company holds no commercial mortgage-backed securities.

(¥ in billion)

	Fair value		Unrealized gains (losses)	Realized gains (losses)
		(ref.) as of September 30, 2012		
CMBS	—	—	—	—
Japan	—	—	—	—
USA	—	—	—	—
Europe	—	—	—	—
UK	—	—	—	—
Others	—	—	—	—

Table 5. Leveraged Finance (as of December 31, 2012)

The Company holds no leveraged finance products.

(¥ in billion)

	Fair value		Unrealized gains (losses)	Realized gains (losses)
		(ref.) as of September 30, 2012		
Leveraged Finance, Total	—	—	—	—
Telecommunication	—	—	—	—
Electronics	—	—	—	—
Entertainment	—	—	—	—
Service	—	—	—	—
Others	—	—	—	—

Table 6. Others (as of December 31, 2012) ^{(*)1}

(¥ in billion)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
Hedge fund ^{(*)2}	226.4	(14.1)	—
CDS	—	—	—
RMBS	^{(*)3} 1,355.8	77.0	7.7
ABS	148.2	2.8	—
Credit-linked note	60.1	(0.8)	—

*1. The Company held no direct investments in subprime-related products as of December 31, 2012.

*2. The Company holds investments in hedge funds, and some of their underlying investments include subprime-related products. As the exposure in the total portfolio is small, the Company believes that they would have a limited impact on its financial condition even under market fluctuations.

*3. RMBS consisted of: (1) approx. ¥1,061.2 billion of US mortgage securities backed by US government agencies or US government-sponsored enterprises, (2) approx. ¥277.5 billion of securities backed by Japanese mortgage loans, and (3) approx. ¥17.0 billion of 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 December 31, 2012.

(¥ in billion)

	Fair value	Unrealized gains (losses)	Realized gains (losses)	Percentage (Fair Value)
Securitized products, total	1,792.2	65.0	7.7	100.0%
CDO	1.5	0.0	—	0.1%
CMBS	—	—	—	—
Hedge fund	226.4	(14.1)	—	12.6%
CDS	—	—	—	—
RMBS	1,355.8	77.0	7.7	75.6%
ABS	148.2	2.8	—	8.3%
Credit-linked note	60.1	(0.8)	—	3.4%

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

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