

## Exposure to Credit Derivatives, etc.

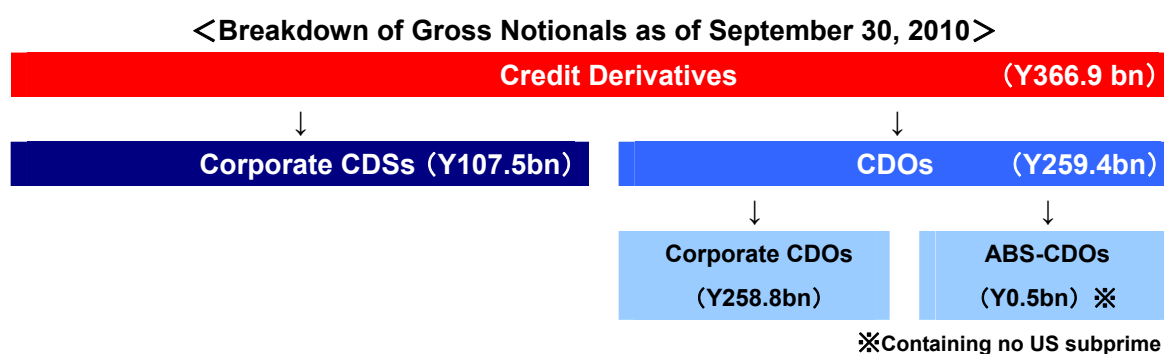
Following please find the exposure breakdown as of September 30, 2010.

(Presented in the order of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Insurance Co., Ltd.)

### **Mitsui Sumitomo Insurance Co., Ltd.**

#### ◆Credit Derivatives

(1) The breakdown of outstanding notional amount as of September 30, 2010.



- The total notional amount is ¥366.9 billion. Of this total, the exposure to CDSs, where credit risks of companies have been individually underwritten, is ¥107.5 billion. The notional amount of CDO tranches underwritten is ¥259.4 billion.
- Of the ¥259.4 billion for CDO tranches, ¥258.8 billion is for corporate CDOs, and ¥0.5 billion is for ABS-CDOs.
- The gross notionals under Credit Derivatives, 99.8% of which are for credit risk of corporations, contain no US-subprime risk.

(2) The outstanding notional amount by ratings

CDSs (Y bn)					CDOs (Y bn)	
Rating	Notional amount (% of total)				Rating	Notional amount (% of total)
	Domestic companies		Overseas companies			
				of which financial institutions		
AAA	4.1 (3.9%)	4.1 (4.1%)	– (–)	–	AAA	229.8 (88.6%)
AA	65.3 (60.8%)	60.8 (60.2%)	4.4 (69.4%)	–	AA	16.4 (6.3%)
A	36.9 (34.4%)	35.0 (34.6%)	1.9 (30.6%)	–	A	0.5 (0.2%)
BBB	1.0 (0.9%)	1.0 (1.0%)	– (–)	–	BBB	4.1 (1.6%)
BB or lower	– (–)	– (–)	– (–)	–	BB or lower	8.3 (3.2%)
<b>Total</b>	<b>107.5 (100%)</b>	<b>101.0 (100%)</b>	<b>6.4 (100%)</b>	<b>–</b>	<b>Total</b>	<b>259.4 (100%)</b>

- As for the CDSs, the exposure to companies of “A” rating or higher accounts for 99% of the portfolio.
- As for the exposure for CDOs, 89% remains at “AAA” rating, and 95% “A” or above.

(3) Diversity of the “corporate CDSs” portfolio

- The number of companies, domestic and overseas, whose corporate risk is individually underwritten is 60 and 5, respectively.
- The average notional amount per company is ¥1.6 billion.

(4) The average subordination ratio for CDO tranches

- The average subordination ratio weighted by guaranteed amount is 17 %.

(5) The mark-to-market unrealized gains/losses booked for credit derivatives for the fiscal 1<sup>st</sup> and 2<sup>nd</sup> quarters ending September 30, 2010

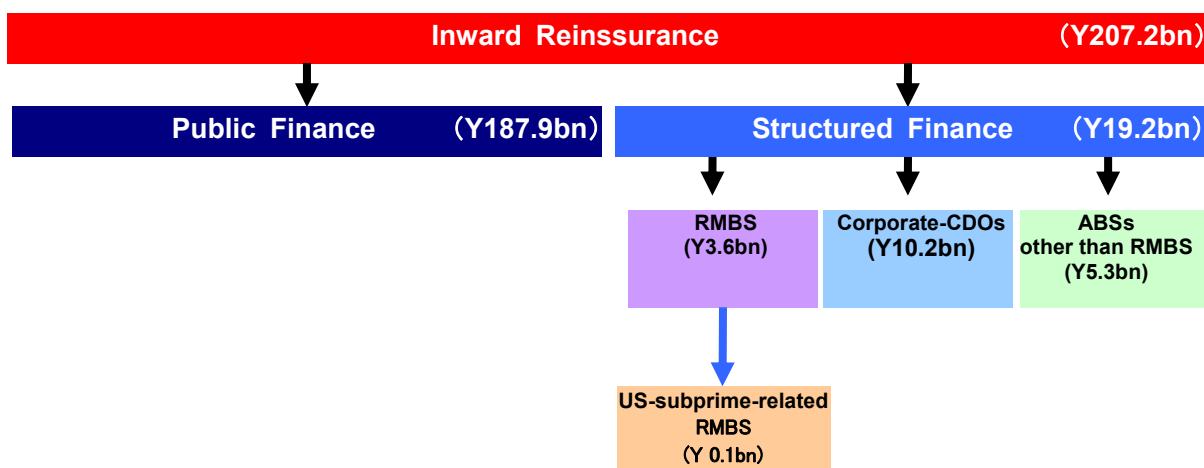
It's ¥2.1 billion in gains: ¥0.2 billion gain for CDSs and ¥1.9 billion gain for CDOs.

**Mitsui Sumitomo Insurance Co., Ltd.**

◆ Reinsurance Ceded from US Monolines

(1) The breakdown of outstanding reinsured par amount as of September 30, 2010

< Breakdown of Outstanding Guaranteed Balance as of September 30, 2010 >



- The total outstanding amount is ¥207.2 billion. Of this total, the exposure to “public finance” is ¥187.9 billion. The exposure to “structured finance” is ¥19.2 billion.
- Of the ¥19.2 billion for “structured finance”, ¥3.6 billion is for RMBSs, ¥10.2 billion is for CDOs, and ¥5.3 billion is for ABSs in general.
- Of the ¥3.6 billion for RMBSs, ¥0.1 billion is for US-subprime related.

(2) The outstanding reinsured par amount by ratings

(Y bn)

Rating	Balance underwritten (% of total)	
AAA	18.8	(9.1%)
AA	70.5	(34.0%)
A	79.6	(38.4%)
BBB	34.1	(16.5%)
BB or lower	4.0	(2.0%)
Total	207.2	(100%)

- As exhibited above, 82% of the portfolio underwritten is rated “A” or higher, and 98% “BBB” or higher, maintaining a strong credit position as a whole.

(3) The amount of the loss incurred during the fiscal 1<sup>st</sup> and 2<sup>nd</sup> quarters ending September 30, 2010 with regard to reinsurance ceded from US monolines

- ¥0.0 billion loss (i.e. total of payout and outstanding claims) was booked for the period.

**Aioi Insurance Co., Ltd.**

◆Credit Derivatives

(1) The breakdown of outstanding notional amount as of September 30, 2010.

(Y bn)

	Notional Amount	Change from previous QT
<b>Credit Derivatives</b>	38.0	-2.0
<b>Corporate CDSs</b>	3.0	-2.0
<b>CDOs</b>	35.0	-
Corporate CDOs	35.0	-
ABS-CDOs	-	-

- The total notional amount is ¥38.0 billion. Of this total, the exposure to CDSs, where credit risks of companies have been individually underwritten, is ¥3.0 billion. The notional amount of CDO tranches underwritten is ¥35.0 billion.
- ¥35.0 billion for CDO tranches is for corporate CDOs.
- The gross notionals under Credit Derivatives are all for credit risk of Japanese corporations and contain no US-subprime risks.

(2) The outstanding notional amount by ratings

CDSs							CDOs		
							(Y bn)		
Rating	Notional amount (% of total)						Rating	Notional amount (% of total)	
			Domestic companies		Overseas companies				
AAA	-	(-)	-	(-)	-	(-)	AAA	35.0	(100%)
AA	-	(-)	-	(-)	-	(-)	AA	-	(-)
A	3.0	(100%)	3.0	(100%)	-	(-)	A	-	(-)
BBB	-	(-)	-	(-)	-	(-)	BBB	-	(-)
BB or lower	-	(-)	-	(-)	-	(-)	BB or lower	-	(-)
Total	3.0	(100%)	3.0	(100%)	-	(-)	Total	35.0	(100%)

- As for the CDSs, the exposure is all for companies of “A” rating.
- The exposure for CDOs is all “AAA” rating.

(3) The mark-to-market unrealized gains/losses booked for credit derivatives for the fiscal 1<sup>st</sup> and 2<sup>nd</sup> quarters ending September 30, 2010

It's ¥0.2 billion in gains: ¥0.0 billion gain for CDSs and ¥0.1 billion gain for CDOs.

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