Appendix 2

Adjusted earnings and adjusted ROE

1. Adjusted earnings*1

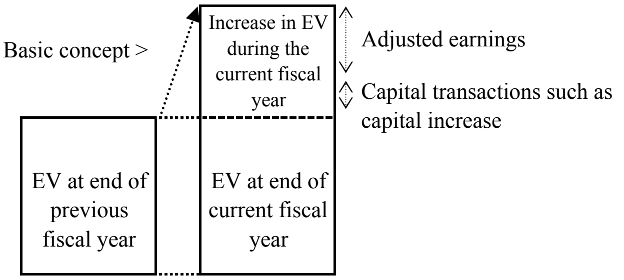
(1) Property and casualty insurance business

Adjusted earnings = Net income + Provision for catastrophe reserves etc.*2 + Provision for reserves for price fluctuations*2 - Gains or losses from sales or valuations of ALM bonds and interest rate swaps*3 - Gains or losses from sales or valuations of stocks and properties - Extraordinary gains/losses, valuation allowances and others

(2) Life insurance business*4

Adjusted earnings = Increase in EV*5 during the current fiscal year - Capital transactions, including capital increase

< Basic concept >



(3) Other businesses … Net income determined following financial accounting principles

2. Adjusted capital*1 (average balance basis)

(1) Property and casualty insurance business

Adjusted capital = Capital + Catastrophe reserves, etc. + Reserves for price fluctuations

(2) Life insurance business*4

Adjusted capital = EV*5

(3) Other businesses … Net assets determined following financial accounting principles

*1 After tax

*2 Reversals are subtracted

*3 ALM: asset liability management
Excluded as compensation for fluctuations in the market value of liabilities of ALM

*4 Calculations are based on (3) criteria for life insurance companies in certain regions

(Overhead costs incurred by the head office are deducted from profits)

*5 EV: embedded value
An indexed value in which the net present value of profits to be gained from premiums written is added to the net asset value

3. Adjusted ROE

Adjusted ROE = Adjusted earnings ÷ Adjusted capital