



Appendix 1: Definitions & Calculations

1. Definitions

Net Asset Value (NAV) per share:

Shareholder's equity/(shares outstanding-treasury shares)

Shareholder's equity: any of the following measures

1. Japanese GAAP shareholder's equity + after-tax catastrophe and price fluctuation reserves + estimate of deferred policy acquisition costs (10% of net premiums excluding savings and compulsory automotive premiums)
2. IFRS shareholder equity
3. US GAAP shareholder equity

NAV/share example using NipponKoa's March, 2008 balance sheet:

$(536,700 + 170,805 + (586,000 * 10\%)) / (762 \text{m shares}) = 1004 \text{ yen/share}^*$

Growth in net asset value per share:

$((\text{NAV per share Year 2} + \text{dividends paid Year 2}) - ((\text{NAV/share Year 1} + \text{dividends paid year 1})) / (\text{NAV/share year 1} + \text{dividends paid year 1}))$

Target growth rate: based on 6%, Southeastern's hurdle rate for Japanese equities, taking into account Japan's current bond yield and an equity risk premium of approximately 5%

CAGR: "compound annual growth rate" assuming that dividends are reinvested in the shares at the share price on the day dividends are paid.

*Southeastern's appraisal significantly exceeds NipponKoa's March, 2008 net asset value per share, even after taking into account recent declines in Japan's equity market. NipponKoa possesses substantial non-core real estate as well as franchise value over and above liquidation value.

2. Calculations

NipponKoa				
<i>Bln yen, mln shares, yen</i>	NAV	Shares	NAV/share	Stock price
Mar-91	1,462,399	816	1,792	872
Mar-08	777,805			
Add: dividends (17 years @ 7yen)	97,104			
Mar 08 NAV + dividends	874,909	762	1,148	678
Compound annual gain/loss	-3.6%		-2.6%	-1.5%
Listed Japanese non-life sector				
	<u>NAV</u>			
Mar-91	11,571,668			
Mar-08	8,878,161			
Compound annual gain/loss*	-1.5%			
*Estimate using parent NAVs excluding deferred policy acquisition costs				
Berkshire Hathaway				
<i>Dollars</i>	NAV/share	Stock price		
Dec-90	4,612	6,675		
Dec-07	78,011	118,000		
Compound annual gain/loss	18.1%	18.4%		
<i>Source: JP Morgan and company reports. Closing stock prices as of 10 Sep 08</i>				