

# News Release

**Date:** December 1, 2008

**Contacts:** Steve Claiborne, 253-439-1858, Russell Investments  
Index Products Group, Quantitative Research Department, Nomura Securities +813-3274-0924

## Russell/Nomura Japan Equity Indexes adds 14 new firms in annual reconstitution

The family of Russell/Nomura Indexes, which captures 98% of the float-adjusted market capitalization of the Japanese equity market, added 14 new firms as part of the annual reconstitution process on December 1, announced Nomura Securities Co., Ltd. and Russell Investments. The membership list was posted on <http://qr.nomuraholdings.com/en/frcnri/index.html>.

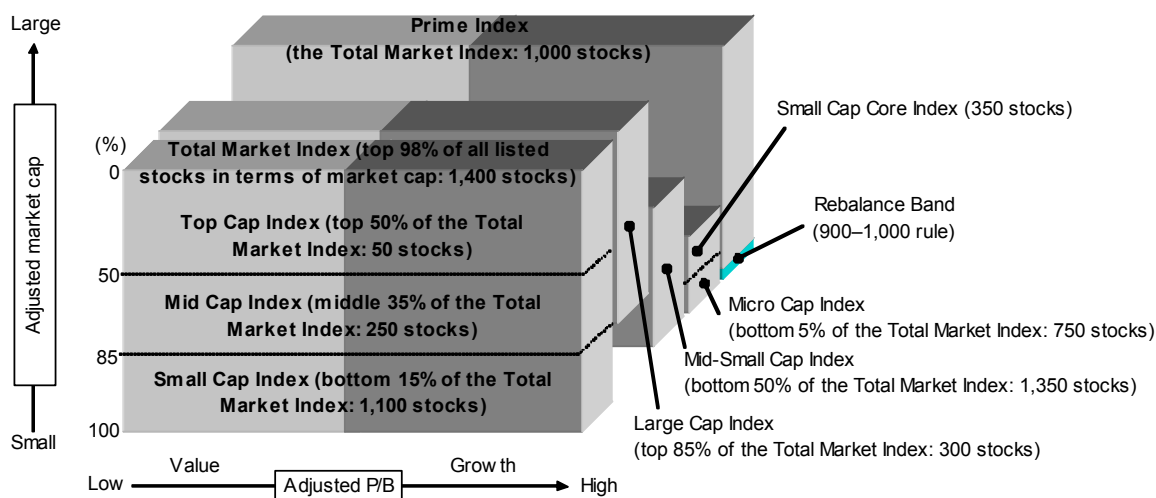
### Large turnover seen in Value and Growth Indexes

The total number of firms in the Russell/Nomura Total Market Index became 1,400, a decrease of 75. While 156 were eliminated from the Index, there were 81 additions, 14 of which were included in the Index for the first time. The total capitalization of the Index decreased from 205 trillion yen to 204 trillion yen (as of October 15, 2008, after float-adjusted).

While the number of constituents in the Russell/Nomura Large Cap Index – a sub-index based on capitalization size – increased by one and became 300, the number of stocks in the Russell/Nomura Small Cap Index became 1,100, which is a decrease of 76. The Russell/Nomura Large Cap Index and Russell/Nomura Small Cap Index are defined to represent the top 85% and bottom 15% of the capitalization of the Russell/Nomura Japan Equity Index respectively. The decrease in number of companies in Russell/Nomura Small Cap Index reflects the larger decline in the capitalization of small-cap companies while the capitalization of the entire market has shrunk (see Chart 1).

The Russell/Nomura Total Value Index had 212 deletions and 176 additions, while the Russell/Nomura Total Growth Index had 270 deletions and 136 additions. The capitalization turnover ratios for the Value and Growth Indexes are 30.9% and 33.3% respectively, marking one of the highest records since January 1981 (see Chart 2). In terms of sector, defensive sectors such as Electric Power & Gas, Foods and Retail Trade, which have maintained stable prices in the sluggish market, increased their ratio among constituents in the Growth Index (see Chart 3).

**Chart 1. Russell/Nomura Japan Equity Indexes**



Note: Number of stocks as of December 1, 2008 following annual reconstitution

**Chart 2. Rebalancing Summary**

	No. of stocks					% of total market cap			Turnover
	Pre	Post	Diff	OUT	IN	Pre	Post	Diff	
Total	1,475	1,400	-75	156	81	100.0%	100.0%	-	1.5%
Value	1,147	1,111	-36	212	176	54.9%	48.3%	-6.6%	30.9%
Growth	653	519	-134	270	136	45.1%	51.7%	6.6%	33.3%
Large	299	300	1	35	36	84.2%	85.1%	1.0%	3.6%
Value	203	197	-6	54	48	43.8%	37.5%	-6.3%	35.4%
Growth	193	182	-11	65	54	40.4%	47.7%	7.3%	34.9%
Small	1,176	1,100	-76	191	115	15.8%	14.9%	-1.0%	18.3%
Value	944	914	-30	202	172	11.1%	10.8%	-0.3%	28.7%
Growth	460	337	-123	228	105	4.7%	4.0%	-0.7%	48.6%
Prime	983	1,000	17	58	75	97.7%	98.2%	0.5%	1.6%
Value	736	773	37	107	144	53.2%	46.9%	-6.3%	31.3%
Growth	487	412	-75	192	117	44.5%	51.3%	6.7%	33.5%

Note: “% of total market cap” based on share price as of October 15, 2008.

Turnover ratio is calculated:  $[\Sigma | \text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution} | / 2]$

**Chart 3. Change in Weighting by Sector in Russell/Nomura Style Indexes**

	Total Value	Total Growth	Large Value	Large Growth	Small Value	Small Growth
Fishery, agriculture & forestry	0.0%	0.1%	—	—	-0.3%	0.9%
Mining	0.0%	-0.3%	—	-0.3%	0.1%	0.0%
Construction	0.3%	0.0%	0.1%	-0.1%	0.3%	1.9%
Foods	-1.8%	1.9%	-0.7%	1.5%	-6.3%	7.3%
Textiles & apparels	0.4%	-0.4%	0.3%	-0.5%	0.7%	0.6%
Pulp & paper	0.0%	0.1%	0.0%	0.1%	0.0%	0.3%
Chemicals	2.3%	-2.6%	2.5%	-3.2%	1.2%	4.4%
Pharmaceutical	-0.5%	-0.8%	-0.3%	-0.5%	-1.2%	-4.0%
Oil & coal products	0.2%	-0.1%	0.2%	-0.1%	0.4%	0.0%
Rubber products	-0.1%	0.2%	-0.1%	0.2%	0.1%	-0.1%
Glass & ceramics products	0.8%	-0.8%	1.1%	-0.9%	0.0%	0.8%
Iron & steel	1.9%	-2.6%	2.0%	-2.8%	1.5%	-1.3%
Nonferrous metals	0.9%	-0.8%	0.7%	-0.8%	1.6%	-0.3%
Metal products	0.2%	-0.1%	0.3%	-0.2%	-0.1%	0.5%
Machinery	1.7%	-1.8%	1.1%	-1.5%	3.3%	-4.8%
Electric appliances	3.3%	-3.5%	3.5%	-3.7%	3.8%	-2.5%
Transportation equipment	5.5%	-5.0%	7.1%	-5.4%	0.7%	-2.1%
Precision instruments	0.1%	-0.4%	0.0%	-0.5%	0.3%	-0.7%
Other products	0.1%	-0.5%	0.3%	-0.7%	-0.4%	1.5%
Electric power & gas	-4.3%	5.2%	-5.3%	5.5%	-0.1%	0.5%
Land transportation	-1.0%	0.4%	-0.9%	0.3%	-1.5%	0.1%
Marine transportation	0.9%	-1.0%	1.1%	-1.0%	0.3%	-0.6%
Air transportation	-0.3%	0.3%	-0.4%	0.3%	—	—
Warehousing & harbor transportation services	0.1%	0.0%	0.2%	—	-0.4%	0.0%
Information & communication	-0.9%	0.6%	-1.2%	1.2%	0.3%	-3.9%
Wholesale trade	4.3%	-4.2%	5.4%	-4.6%	0.0%	-0.3%
Retail trade	-1.6%	1.6%	-1.5%	2.0%	-2.1%	0.9%
Banks	-9.2%	11.3%	-11.0%	12.1%	-2.3%	0.6%
Securities & commodity futures	-1.8%	1.9%	-2.3%	2.0%	-0.3%	1.2%
Insurance	-2.7%	3.2%	-3.3%	3.4%	0.0%	—
Other financing business	0.9%	-0.8%	1.3%	-0.8%	-1.0%	0.1%
Real estate	0.4%	-1.1%	0.1%	-1.1%	1.3%	-1.7%
Services	-0.2%	0.0%	-0.3%	0.3%	0.2%	0.6%

Note: Based on the share price as of October 15, 2008. Highlighted in blue are sectors whose weightings in Growth Index increased over 1%, while highlighted in green are sectors whose weightings in Value Index increased over 1%.

## **Russell/Nomura Prime Index added 32 new companies**

The Russell/Nomura Prime Index, which is a sub-index of the Russell/Nomura Japan Equity Index, was designed as a benchmark for passive management strategies for institutional investors. It represents all Japanese equity markets and measures the performance of Japan's top 1,000 float-adjusted stocks. As a result of this year's reconstitution, 26 companies came into the Index for the first time and its total market capitalization decreased from 201 trillion yen to 200 trillion yen. (as of October 15, 2008, after float-adjusted). The turnover ratio of the Index was 1.6%, which is relatively low compared to previous years.

Among the 32 additions overall, the Electric Appliances sector ranked first with five newly added constituents, followed by Services (4), and Retail Trade (4). In terms of weighting, the Banks sector had the highest ratio, followed by Services, Other Products and Electric Appliances.

## About Russell/Nomura Japan Equity Indexes

In 1995, Russell Investments and Nomura Securities Co., Ltd. jointly developed Russell/Nomura Japan Equity Indexes that serve to measure performance based on various investment policies. The indexes are value weighted and include only common stocks domiciled in Japan. All indexes are subsets of the Russell/Nomura Total Market Index, which represents approximately 98% of the investable Japan equity market.

The Indexes are reconstituted annually on the first business day of December, in order to accurately reflect changes in the Japanese marketplace. The membership list is determined based on the float-adjusted market capitalization as of October 15.

Securities that leave the Russell/Nomura indexes between reconstitution dates due to mergers, acquisitions or other similar corporate activity are not replaced. Thus, the number of securities in the indexes over the year fluctuates according to corporate activity. The only additions between reconstitution dates are as a result of spin-offs and initial public offerings falling in the large segment (as determined by the latest reconstitution).

## About Russell Investments

Russell Investments provides strategic advice, world-class implementation, state-of-the-art performance benchmarks and a range of institutional-quality investment products. Russell has more than \$180 billion in assets under management as of Sept. 30, 2008, and serves individual, institutional and advisor clients in more than 40 countries. Russell's industry-leading indexes have more than \$4.3 trillion in assets benchmarked to them as of June 30, 2008. Founded in 1936, Russell is a subsidiary of The Northwestern Mutual Life Insurance Company.

## About Nomura Group

Nomura is a leading financial services group and the preeminent Asian-based investment bank with worldwide reach. Nomura provides a broad range of innovative solutions tailored to the specific requirements of individual, institutional, corporate and government clients through an international network in 30 countries. Based in Tokyo and with regional headquarters in Hong Kong, London, and New York, Nomura employs about 26,000 staff worldwide. Nomura's unique understanding of Asia enables the company to make a difference for clients through five business divisions: domestic retail, global markets, global investment banking, global merchant banking, and asset management. For further information about Nomura, please visit [www.nomura.com](http://www.nomura.com).

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