

News Release

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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>.

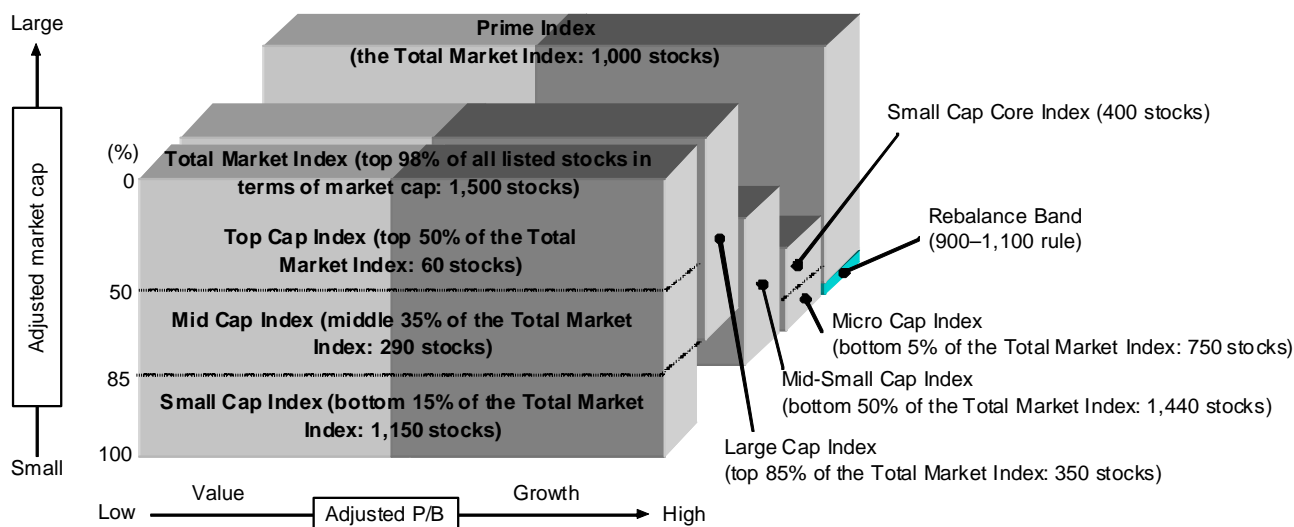
Large turnover seen in Value and Growth Indexes

The total number of firms in the Russell/Nomura Total Market Index became 1,500, an increase of 111. While 32 were eliminated from the Index, there were 143 additions, 14 of which were included in the Index for the first time. The total capitalization of the Index slightly decreased from 197.6 trillion yen to 197.2 trillion yen (as of October 15, 2009, after float-adjusted).

The number of constituents in the Large Cap Index, which contains the top 85% of the Russell/Nomura Total Market Index based on capitalization size – increased by 51 and became 350. The number of stocks in the Small Cap Index, which contains the bottom 15% of the Total Market Index increased by 60 and became 1,150. As the capitalization of the entire market has shrunk regardless of the market capitalization sizes, the number of constituents for both Large and Small Cap Indexes increased (see Chart 1).

The Total Value Index had 119 deletions and 154 additions, while the Total Growth Index had 78 deletions and 232 additions. The capitalization turnover ratios for the Value and Growth Indexes are 26.9% and 27.0% respectively. Although the ratios are lower than the previous year, they are still relatively high compared a historical level (see Chart 2). In terms of sector, while “Transportation Equipment” and “Electric Appliances” marked relatively stable prices, sluggish moves by “Banks”, “Electric Power & Gas” and “Securities & Commodity Futures” resulted in high turnover ratios for the Value and Growth Indexes (see Chart 3).

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks as of December 1, 2009 following annual reconstitution

Chart 2 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover
	Pre	Post	Diff	OUT	IN	Pre	Post	Diff	
Total	1,389	1,500	111	32	143	100.0%	100.0%	–	1.7%
Value	1,104	1,139	35	119	154	51.3%	48.7%	–2.5%	26.9%
Growth	515	669	154	78	232	48.7%	51.3%	2.5%	27.0%
Large	299	350	51	10	61	83.1%	85.9%	2.8%	4.3%
Value	197	224	27	35	62	38.8%	39.0%	0.2%	32.0%
Growth	181	238	57	26	83	44.3%	46.9%	2.6%	28.8%
Small	1,090	1,150	60	93	153	16.9%	14.1%	–2.8%	22.2%
Value	907	915	8	126	134	12.5%	9.7%	–2.8%	27.9%
Growth	334	431	97	83	180	4.5%	4.4%	–0.1%	39.1%
Prime	994	1,000	6	30	36	97.8%	97.6%	–0.2%	1.5%
Value	771	732	–39	97	58	49.6%	47.0%	–2.6%	27.4%
Growth	409	509	100	63	163	48.3%	50.6%	2.4%	27.0%

Note: “% of total market cap” based on share price as of October 15, 2009.

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%	0.0%	—	—	0.0%	0.3%
Mining	0.1%	–0.1%	0.2%	–0.1%	–0.4%	0.0%
Construction	0.3%	–0.1%	0.3%	–0.1%	0.9%	–0.8%
Foods	0.0%	–0.1%	–0.3%	0.4%	1.6%	–4.8%
Textiles & apparels	–0.5%	0.5%	–0.2%	0.5%	–1.0%	0.3%
Pulp & paper	0.1%	–0.1%	0.2%	–0.1%	0.0%	–0.2%
Chemicals	–1.1%	1.2%	–0.7%	1.5%	–1.8%	–1.5%
Pharmaceutical	0.1%	–0.5%	0.2%	–0.7%	–0.3%	0.9%
Oil & coal products	–0.1%	0.1%	–0.1%	0.1%	–0.4%	0.1%
Rubber products	–0.3%	0.3%	–0.4%	0.4%	0.2%	0.0%
Glass & ceramics products	–1.0%	1.0%	–1.4%	1.2%	0.7%	–0.5%
Iron & steel	–1.6%	1.3%	–1.8%	1.5%	–0.6%	–1.2%
Nonferrous metals	–1.3%	1.3%	–1.1%	1.3%	–1.8%	0.7%
Metal products	–0.4%	0.4%	–0.3%	0.5%	–0.4%	–0.7%
Machinery	–1.8%	1.7%	–1.9%	1.7%	–0.9%	2.0%
Electric appliances	–6.1%	5.8%	–7.1%	6.1%	–3.5%	2.0%
Transportation equipment	–8.0%	8.2%	–10.5%	8.6%	–0.9%	3.6%
Precision instruments	0.0%	–0.1%	0.1%	–0.2%	0.1%	1.0%
Other products	0.0%	–0.1%	–0.1%	0.0%	0.5%	–1.0%
Electric power & gas	3.3%	–3.2%	3.9%	–3.6%	0.1%	0.1%
Land transportation	1.2%	–1.4%	1.5%	–1.5%	0.3%	–0.9%
Marine transportation	0.2%	–0.2%	0.2%	–0.2%	0.1%	0.0%
Air transportation	0.3%	–0.3%	0.3%	–0.3%	—	—
Warehousing & harbor transportation services	0.0%	0.0%	0.0%	—	0.2%	0.1%
Information & communication	1.5%	–1.8%	1.8%	–2.3%	0.3%	3.1%
Wholesale trade	–0.3%	0.8%	–0.8%	0.9%	1.3%	–0.2%
Retail trade	1.3%	–1.4%	1.6%	–1.2%	0.9%	–2.8%
Banks	9.6%	–8.8%	11.2%	–9.7%	3.6%	–0.4%
Securities & commodity futures	2.3%	–2.3%	2.9%	–2.5%	0.2%	0.1%
Insurance	2.1%	–1.9%	2.5%	–2.1%	0.1%	—
Other financing business	0.0%	0.0%	–0.2%	0.1%	1.0%	–1.0%
Real estate	0.2%	–0.1%	0.4%	–0.4%	–0.3%	2.0%
Services	–0.3%	0.2%	–0.2%	0.3%	0.0%	–0.4%

Note: Based on the share price as of October 15, 2009. 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 19 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, 19 companies came into the Index for the first time. Its total market capitalization slightly decreased from 193 trillion yen to 192 trillion yen (as of October 15, 2009, after float-adjusted). The turnover ratio of the Index was low at 1.5%, following the same trend seen in the previous year.

Among the 19 additions overall, the Retail Trade sector ranked first with five newly added constituents, followed by "Information & Communication" (3), and "Electric Appliances" (2).

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 \$174 billion in assets under management as of September 30, 2009, and serves individual, institutional and advisor clients in more than 40 countries. Founded in 1936, Russell is a subsidiary of The Northwestern Mutual Life Insurance Company. For further information about Russell, please visit www.russell.com.

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 over 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: retail, global markets, investment banking, merchant banking, and asset management. For further information about Nomura, please visit www.nomura.com.

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