

**Change in methodology for compiling the
Outlook for Corporate Earnings**

13 January 2012

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Change in methodology for compiling our bottom-up corporate earnings outlook

Thank you for your continued use of our Outlook for Corporate Earnings as an indicator of earnings performance at Japanese companies. Starting from FY12, we will change our methodology for compiling the outlook to provide greater convenience for our clients. We are making two key changes. First, the financial data we use will be in IFRS (International Financial Reporting Standards) format. Second, our universe will change from the NOMURA 400 to the Russell/Nomura Japan Equity Indexes. We believe these changes will yield the following enhancements: (a) expansion of coverage in market cap terms; (b) more-diverse sector classifications; (c) greater objectivity in stock selection; and (d) a focus on investability.

Differences arising from the change in methodology

Ahead of the regular publication of the Outlook for Corporate Earnings in its new format, we have put together a separate report that provides a comparison between earnings data compiled on the basis of the NOMURA 400 universe on the one hand and the Russell/Nomura Large Cap Index on the other. As of end-December, FY11 recurring profits at Japanese companies were projected to decline 7.5% y-y on a NOMURA 400 basis and 9.7% y-y on a Russell/Nomura Large Cap Index basis. Comparison of key earnings-related indicators—sales/profit growth rates, profit margins, and revision indices—highlighted no major differences in performance between the NOMURA 400 or the Russell/Nomura Large Cap Index. Whereas we compile earnings data for 383 companies in the NOMURA 400, we compile data for only 287 companies in the Russell/Nomura Large Cap Index. In addition, while the selection and rebalancing of stocks in the NOMURA 400 takes into consideration industry allocation at the subsector level in order to ensure a breakdown of sector market capitalization that closely matches that of the TOPIX, the approach to selecting and rebalancing stocks in the Russell/Nomura Large Cap Index is more quantitative and automatic. Disparities between the two indexes therefore tend to be wider at the sector and subsector levels. Our change of methodology gives precedence to the abovementioned enhancements that we believe improve convenience for clients over this partial lack of continuity. These differences notwithstanding, we hope that you will continue to make use of our bottom-up corporate earnings outlook.

The Russell/Nomura Japan Equity Indexes

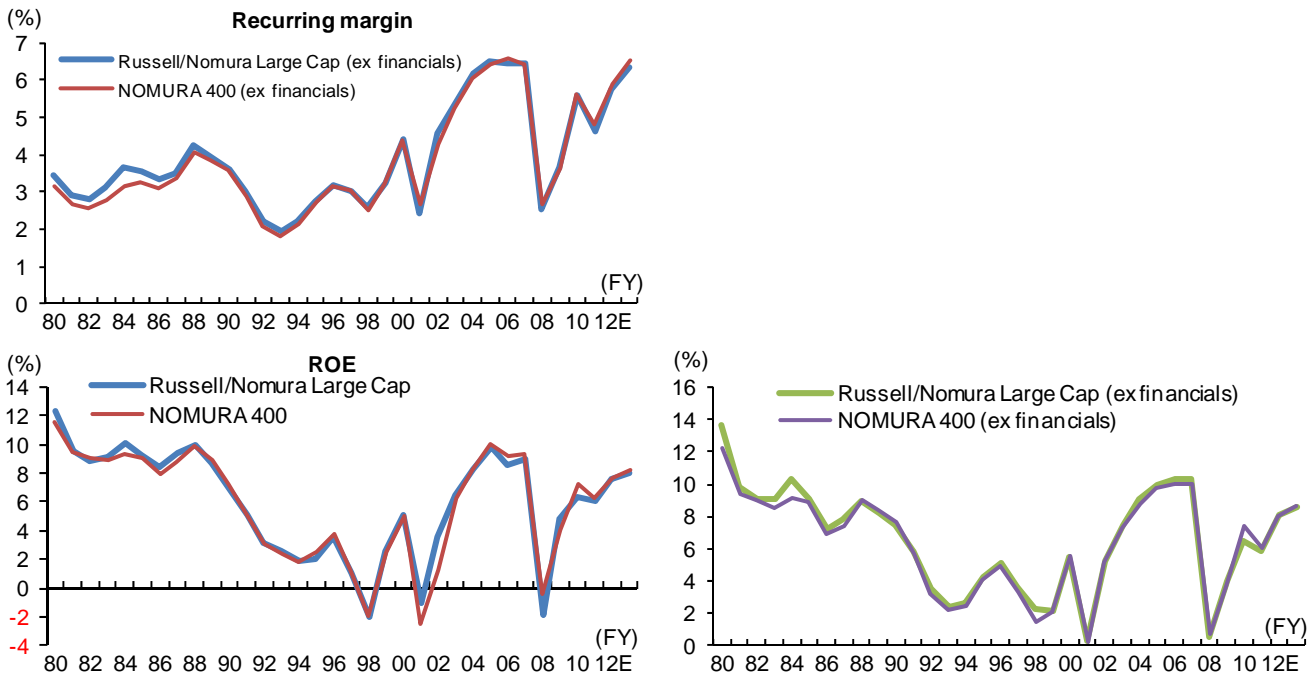
The Russell/Nomura Japan Equity Indexes comprise the top 98% of Japanese stocks in terms of free float-adjusted market cap (ie, excluding stocks that are not traded on the market due to cross-shareholdings and stable shareholdings). In addition to stocks listed on the Tokyo Stock Exchange First Section (TSE-1), they include stocks listed on JASDAQ and other exchanges. Free float adjustment makes the indexes investable. The Russell/Nomura Japan Equity Indexes are composed of both large- and small-cap indices as well as style-based value and growth indices. Constituent stocks are selected using a clearly defined quantitative approach (for details, see our Russell/Nomura Japan Equity Indexes rulebook, published in English on 7 June 2011).

Fig. 1: Summary of corporate earnings outlook

						(% y-y, except where noted)					
	No. of cos	FY10	FY11E	FY12E	FY13E		No. of cos	FY10	FY11E	FY12E	FY13E
Sales											
Russell/Nomura Large Cap (ex financials)	256	6.1	1.6	2.3	2.9	NOMURA 400 (ex financials)	353	5.8	2.4	2.6	3.0
Manufacturing	162	7.0	-0.1	3.8	3.4	Manufacturing	222	6.6	1.3	3.9	3.6
Basic materials	47	13.2	4.8	0.1	1.3	Basic materials	61	12.1	3.8	0.5	1.7
Processing	77	6.3	0.0	5.8	4.8	Processing	103	6.1	0.1	5.8	4.8
Nonmanufacturing (ex financials)	94	4.9	4.0	0.8	2.1	Nonmanufacturing (ex financials)	131	4.6	3.9	0.8	2.2
Russell/Nomura Small Cap (ex financials)	976	6.3	4.1	4.0							
Operating profits											
Russell/Nomura Large Cap (ex financials)	256	49.9	-14.3	21.5	13.2	NOMURA 400 (ex financials)	353	51.4	-11.5	20.5	13.2
Manufacturing	162	74.2	-8.2	21.3	15.8	Manufacturing	222	77.4	-7.6	21.6	16.1
Basic materials	47	101.5	-1.4	-0.3	9.9	Basic materials	61	107.0	-0.6	0.2	10.6
Processing	77	110.2	-13.8	40.3	21.4	Processing	103	114.0	-13.3	40.4	21.5
Nonmanufacturing (ex financials)	94	26.0	-22.8	21.8	8.8	Nonmanufacturing (ex financials)	131	25.0	-17.1	18.7	8.5
Russell/Nomura Small Cap (ex financials)	976	52.7	2.5	15.2							
Recurring profits											
Russell/Nomura Large Cap	287	43.3	-9.7	21.1	12.2	NOMURA 400	383	42.4	-7.5	20.6	12.4
Russell/Nomura Large Cap (ex financials)	256	58.9	-15.8	26.5	13.9	NOMURA 400 (ex financials)	353	60.6	-13.4	25.6	14.0
Manufacturing	162	91.2	-11.6	28.4	16.4	Manufacturing	222	94.4	-11.1	28.9	16.8
Basic materials	47	133.9	-1.0	1.8	11.3	Basic materials	61	135.2	0.3	2.2	12.1
Processing	77	143.9	-20.6	55.9	21.9	Processing	103	149.3	-20.5	56.3	22.1
Nonmanufacturing	125	14.2	-7.7	13.8	7.4	Nonmanufacturing	161	9.8	-3.6	12.3	7.3
Nonmanufacturing (ex financials)	94	27.8	-21.9	23.3	9.5	Nonmanufacturing (ex financials)	131	27.5	-16.8	20.3	9.1
Russell/Nomura Small Cap	1,069	51.7	9.2	14.4							
Russell/Nomura Small Cap (ex financials)	976	52.0	3.3	16.1							
Net profits											
Russell/Nomura Large Cap	287	35.1	-0.9	29.8	12.5	NOMURA 400	383	50.7	3.5	28.8	12.7
Russell/Nomura Large Cap (ex financials)	256	63.9	-7.6	40.6	14.4	NOMURA 400 (ex financials)	353	93.3	-4.3	39.0	14.6
Manufacturing	162	159.1	-12.1	44.4	16.5	Manufacturing	222	177.1	-11.4	45.5	17.0
Basic materials	47	361.6	-7.5	19.9	12.4	Basic materials	61	408.6	-4.8	21.1	13.2
Processing	77	325.7	-18.5	70.9	20.8	Processing	103	360.0	-18.8	72.3	21.2
Nonmanufacturing	125	-13.9	13.2	15.4	7.5	Nonmanufacturing	161	2.0	23.7	12.7	7.4
Nonmanufacturing (ex financials)	94	-4.5	1.4	33.8	10.5	Nonmanufacturing (ex financials)	131	33.8	10.7	28.2	9.9
Russell/Nomura Small Cap	1,069	162.1	30.9	19.8							
Russell/Nomura Small Cap (ex financials)	976	155.6	16.2	23.4							

Note: (1) Figures exclude listed consolidated subsidiaries. (2) As of 30 December 2011.
Source: Nomura

Fig. 2: Recurring margin / ROE

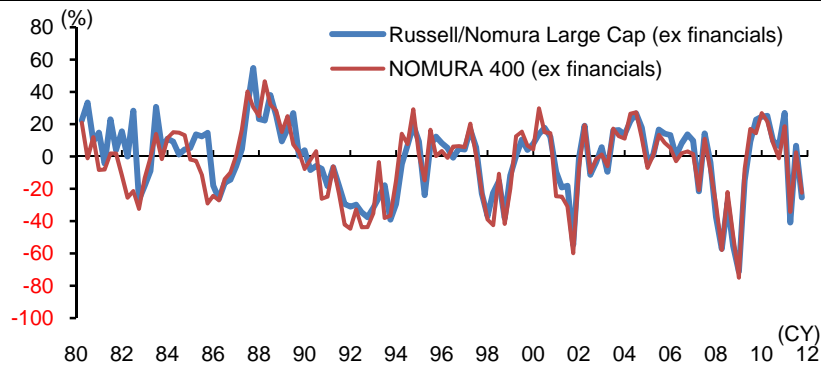


Note: Data for FY11 and thereafter are Nomura estimates.
Source: Nomura

Fig. 3: Revision index

(%)

	CY10	CY11			
	Dec	Mar	Jun	Sep	Dec
Russell/Nomura Large Cap	4.9	21.2	-37.8	4.9	-22.9
Russell/Nomura Large Cap (ex financials)	6.6	27.0	-40.9	6.6	-25.3
Manufacturing	-2.2	27.2	-34.4	-3.7	-53.4
Basic materials	-3.7	19.1	-14.9	-10.6	-48.9
Processing	3.5	49.4	-42.9	2.6	-64.9
Nonmanufacturing (ex financials)	21.7	26.6	-52.1	24.5	23.4
Russell/Nomura Small Cap	6.7	12.0	-31.5	19.7	-1.4
Russell/Nomura Small Cap (ex financials)	6.5	11.0	-29.4	20.6	-4.4
NOMURA 400	-1.0	15.5	-33.7	1.3	-21.7
NOMURA 400 (ex financials)	-1.1	18.7	-34.3	2.6	-22.4
Manufacturing	-1.9	19.9	-32.4	-0.5	-45.5
Basic materials	1.7	15.3	-19.7	0.0	-42.6
Processing	2.0	39.4	-45.6	0.0	-59.2
Nonmanufacturing (ex financials)	0.0	16.8	-37.4	7.7	16.8



Note: Revision index calculated based on revisions to recurring profit forecasts.

Source: Nomura

Russell/Nomura Large Cap Index: earnings indicators

Fig. 4: Russell/Nomura Large Cap percentage change in sales by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
Russell/Nomura Large Cap (ex financials)	256	8.2	9.2	7.4	-7.3	-13.5	6.1	1.6	2.3	2.9
Manufacturing	162	9.5	9.8	7.8	-10.8	-12.2	7.0	-0.1	3.8	3.4
Basic materials	47	14.9	13.2	8.9	-5.3	-20.9	13.2	4.8	0.1	1.3
Processing	77	8.3	9.4	6.9	-15.2	-10.6	6.3	0.0	5.8	4.8
Nonmanufacturing (ex financials)	94	6.6	8.2	6.8	-2.3	-15.2	4.9	4.0	0.8	2.1
Broad sectors										
Materials	47	14.9	13.2	8.9	-5.3	-20.9	13.2	4.8	0.1	1.3
Machinery, autos	42	12.2	12.1	9.3	-17.0	-13.0	7.4	1.7	7.6	5.3
Electronics	35	4.2	6.5	4.2	-13.0	-7.8	5.0	-1.9	3.6	4.2
Consumer, distribution	65	8.0	8.1	9.4	-2.8	-16.0	5.7	1.9	-0.8	2.1
Information	16	3.5	12.2	4.9	-1.9	-3.5	0.4	1.9	3.5	3.2
Utilities, infrastructure	51	4.6	5.6	3.9	0.7	-11.0	2.5	1.5	4.2	1.4
Sectors										
Chemicals	35	15.1	12.7	8.7	-5.3	-20.0	13.0	7.1	0.9	1.1
Steel, nonferrous metals	12	14.5	14.2	9.2	-5.3	-23.1	13.6	-0.6	-2.3	1.8
Machinery	24	12.5	13.4	9.7	-8.4	-16.2	8.3	6.1	5.8	6.6
Autos	18	12.2	11.8	9.2	-19.3	-12.1	7.1	0.4	8.2	4.9
Electrical machinery, precision equipment	35	4.2	6.5	4.2	-13.0	-7.8	5.0	-1.9	3.6	4.2
Pharmaceuticals, healthcare	19	14.4	6.9	5.1	2.7	3.6	1.1	3.4	1.9	1.4
Food products	11	0.5	2.4	16.0	6.5	-6.5	0.7	-25.9	2.8	1.6
Household goods	8	6.4	8.1	5.3	-7.8	-5.8	1.8	3.6	4.3	3.0
Trading companies	7	9.6	9.1	9.9	-4.9	-25.5	10.2	8.9	-3.6	2.2
Retailing	13	5.8	9.9	6.2	-1.6	-1.7	1.8	-1.5	3.3	2.6
Services	7	6.4	3.9	8.6	-0.3	-3.5	0.1	-1.6	1.6	1.3
Software	6	3.1	22.9	24.5	3.7	-14.0	-17.6	-6.6	7.2	16.0
Media	5	5.2	4.6	-0.1	-3.9	-5.7	4.5	0.9	4.0	1.1
Telecommunications	5	3.1	12.2	2.5	-2.5	-0.9	2.4	3.1	3.0	2.1
Construction, engineering	4	4.4	7.0	-0.1	2.5	-16.1	-16.0	7.2	4.2	0.2
Housing, real estate	12	6.9	9.9	2.7	0.0	-3.6	5.4	2.8	5.6	3.4
Transportation	22	5.3	5.5	4.8	-4.0	-12.0	3.4	-0.8	2.9	1.3
Utilities	13	2.7	2.5	4.9	6.1	-11.9	5.9	1.6	4.7	0.7

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 5: Russell/Nomura Large Cap percentage change in operating profits by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
Russell/Nomura Large Cap (ex financials)	256	11.1	9.0	6.0	-53.0	-2.8	49.9	-14.3	21.5	13.2
Manufacturing	162	15.2	9.1	9.4	-71.7	17.4	74.2	-8.2	21.3	15.8
Basic materials	47	22.6	4.3	3.8	-59.1	-33.7	101.5	-1.4	-0.3	9.9
Processing	77	13.8	12.2	12.9	-88.0	115.9	110.2	-13.8	40.3	21.4
Nonmanufacturing (ex financials)	94	4.5	8.8	-0.1	-14.9	-16.5	26.0	-22.8	21.8	8.8
Broad sectors										
Materials	47	22.6	4.3	3.8	-59.1	-33.7	101.5	-1.4	-0.3	9.9
Machinery, autos	42	21.7	11.8	9.9	-87.2	107.5	105.8	-7.7	41.3	23.7
Electronics	35	2.7	12.9	17.8	-89.1	127.4	116.0	-21.3	38.8	18.0
Consumer, distribution	65	16.4	10.1	4.1	-7.6	-19.5	18.0	5.4	3.6	5.8
Information	16	2.3	14.3	18.5	-6.0	-2.6	6.3	-2.1	9.7	7.5
Utilities, infrastructure	51	-2.4	4.1	-9.2	-30.1	-10.3	35.2	-59.8	78.5	13.0
Sectors										
Chemicals	35	19.8	4.7	8.7	-66.2	1.3	94.5	6.4	-2.6	6.3
Steel, nonferrous metals	12	26.7	3.7	-3.2	-47.7	-71.8	125.0	-25.6	10.5	24.8
Machinery	24	34.7	27.7	18.0	-43.0	-42.0	122.3	10.7	14.0	14.7
Autos	18	19.0	8.0	7.5	SL	SP	98.0	-17.5	59.8	28.0
Electrical machinery, precision equipment	35	2.7	12.9	17.8	-89.1	127.4	116.0	-21.3	38.8	18.0
Pharmaceuticals, healthcare	19	18.5	5.3	3.6	-21.6	14.0	-8.9	-3.0	0.5	2.8
Food products	11	-4.6	8.8	11.4	-8.2	-7.8	11.5	-0.9	10.4	9.4
Household goods	8	0.5	4.7	5.9	-29.8	-0.9	12.1	2.5	16.1	4.0
Trading companies	7	52.4	22.8	6.1	13.5	-58.7	73.0	19.4	-6.3	3.6
Retailing	13	13.1	9.7	-5.7	-8.9	-2.8	21.8	9.7	8.5	8.7
Services	7	3.7	-4.8	4.1	-26.6	15.2	4.5	-12.6	15.1	8.0
Software	6	-7.9	34.4	42.7	-11.5	-24.8	-32.8	-41.2	14.1	38.7
Media	5	-4.3	7.6	-13.4	-18.9	-9.8	37.6	0.7	15.1	4.6
Telecommunications	5	6.0	10.5	15.8	-3.5	6.4	14.2	3.5	8.8	4.8
Construction, engineering	4	15.1	-0.2	-30.1	-53.5	SL	10,835.6	27.9	7.3	4.5
Housing, real estate	12	12.5	27.0	4.4	-24.1	-22.3	29.0	0.9	10.3	7.5
Transportation	22	1.3	3.4	17.9	-26.2	-42.0	51.5	-22.4	15.6	11.1
Utilities	13	-12.2	-5.3	-44.5	-41.8	108.7	17.0	SL	SP	32.0

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011. (3) SP = switch to profits, SL = switch to losses.

Source: Nomura

Fig. 6: Russell/Nomura Large Cap percentage change in recurring profits by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
Russell/Nomura Large Cap	287	18.5	5.9	0.3	-79.2	109.2	43.3	-9.7	21.1	12.2
Russell/Nomura Large Cap (ex financials)	256	13.2	10.9	4.5	-63.8	12.7	58.9	-15.8	26.5	13.9
Manufacturing	162	17.7	10.5	7.2	-81.3	49.2	91.2	-11.6	28.4	16.4
Basic materials	47	26.6	9.6	-0.1	-64.3	-36.8	133.9	-1.0	1.8	11.3
Processing	77	15.3	12.0	12.4	SL	8,571.8	143.9	-20.6	55.9	21.9
Nonmanufacturing	125	19.5	1.0	-8.2	-76.1	172.6	14.2	-7.7	13.8	7.4
Nonmanufacturing (ex financials)	94	5.7	11.8	-0.7	-26.7	-8.1	27.8	-21.9	23.3	9.5
Broad sectors										
Materials	47	26.6	9.6	-0.1	-64.3	-36.8	133.9	-1.0	1.8	11.3
Machinery, autos	42	21.1	10.0	10.1	-91.7	225.9	116.1	-10.1	42.4	23.6
Electronics	35	6.3	15.6	16.3	SL	SP	201.1	-35.6	82.2	19.3
Consumer, distribution	65	23.0	13.3	1.9	-23.9	-4.8	17.0	8.2	1.9	5.6
Information	16	-11.3	6.8	15.6	-12.5	1.3	3.3	-0.9	14.3	8.3
Utilities, infrastructure	51	2.0	9.3	-10.9	-39.2	-9.2	48.7	-73.2	142.6	17.4
Financials	31	45.9	-14.3	-22.5	SL	SP	-9.1	27.9	-0.9	3.4
Sectors										
Chemicals	35	22.2	7.3	2.7	-71.6	5.1	116.2	5.2	-0.0	6.7
Steel, nonferrous metals	12	33.5	12.3	-3.9	-53.3	-78.7	201.0	-19.7	9.6	29.0
Machinery	24	26.6	24.3	15.9	-47.3	-38.6	125.8	10.0	15.7	15.1
Autos	18	19.9	6.5	8.4	SL	SP	111.8	-19.8	59.2	27.4
Electrical machinery, precision equipment	35	6.3	15.6	16.3	SL	SP	201.1	-35.6	82.2	19.3
Pharmaceuticals, healthcare	19	21.0	8.5	2.0	-28.2	13.8	-8.6	-5.4	1.9	3.0
Food products	11	0.3	4.3	3.3	-15.3	7.2	10.2	0.8	11.5	10.4
Household goods	8	2.1	4.1	0.6	-27.7	-0.4	9.2	2.4	16.3	4.5
Trading companies	7	78.9	33.6	5.3	-27.2	-30.1	56.7	28.2	-10.3	2.9
Retailing	13	12.8	8.3	-5.4	-10.3	-3.1	22.2	8.1	8.3	8.1
Services	7	5.4	-1.6	0.6	-29.4	17.0	4.9	-11.3	14.8	7.9
Software	6	2.9	26.3	16.2	-23.6	-10.7	-41.9	-44.5	39.9	37.5
Media	5	-0.7	14.2	-10.6	-17.3	-11.5	34.9	2.3	14.3	4.5
Telecommunications	5	-15.7	0.6	19.0	-8.8	6.8	13.4	5.0	12.3	5.9
Construction, engineering	4	16.7	1.3	-30.6	-61.6	SL	1,102.5	45.3	3.3	4.8
Housing, real estate	12	19.2	25.5	-0.7	-29.9	-21.8	35.3	-1.4	13.6	8.4
Transportation	22	3.8	7.9	22.1	-32.5	-54.2	90.6	-27.2	23.7	15.6
Utilities	13	-8.9	2.2	-51.3	-65.2	291.9	20.7	SL	SP	85.2
Financials	31	45.9	-14.3	-22.5	SL	SP	-9.1	27.9	-0.9	3.4

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011. (3) SP = switch to profits, SL = switch to losses.

Source: Nomura

Fig. 7: Russell/Nomura Large Cap percentage change in net profits by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
Russell/Nomura Large Cap	287	29.1	-3.4	1.2	SL	SP	35.1	-0.9	29.8	12.5
Russell/Nomura Large Cap (ex financials)	256	23.1	13.0	4.0	-94.9	195.1	63.9	-7.6	40.6	14.4
Manufacturing	162	27.3	16.3	7.0	SL	SP	159.1	-12.1	44.4	16.5
Basic materials	47	43.1	10.1	-2.5	SL	-11.7	361.6	-7.5	19.9	12.4
Processing	77	18.8	22.7	11.6	SL	SP	325.7	-18.5	70.9	20.8
Nonmanufacturing	125	31.1	-22.6	-7.1	SL	SP	-13.9	13.2	15.4	7.5
Nonmanufacturing (ex financials)	94	15.8	7.1	-1.9	-42.2	2.1	-4.5	1.4	33.8	10.5
Broad sectors										
Materials	47	43.1	10.1	-2.5	SL	-11.7	361.6	-7.5	19.9	12.4
Machinery, autos	42	36.3	13.1	8.7	SL	SP	254.0	-6.2	42.6	22.6
Electronics	35	-11.9	48.5	17.2	SL	SP	615.3	-42.6	156.3	18.0
Consumer, distribution	65	38.7	3.9	8.9	-45.4	14.0	23.8	14.8	2.5	5.2
Information	16	-1.0	-3.8	26.1	-33.7	13.4	-0.6	0.7	17.4	9.4
Utilities, infrastructure	51	11.8	16.2	-22.5	-53.6	13.5	-76.7	SL	SP	27.5
Financials	31	54.1	-59.4	-20.7	SL	SP	-25.2	32.7	-7.9	2.1
Sectors										
Chemicals	35	26.9	10.7	4.2	SL	SP	305.9	-1.9	12.0	7.5
Steel, nonferrous metals	12	66.8	9.4	-10.5	-78.4	-94.0	631.7	-26.2	55.3	28.2
Machinery	24	31.3	25.0	18.2	-65.0	-42.6	225.1	15.4	16.6	15.3
Autos	18	37.4	10.4	6.1	SL	SP	268.5	-15.7	57.8	25.7
Electrical machinery, precision equipment	35	-11.9	48.5	17.2	SL	SP	615.3	-42.6	156.3	18.0
Pharmaceuticals, healthcare	19	33.4	4.8	5.2	-70.0	158.6	-13.7	-7.7	5.3	3.1
Food products	11	47.4	4.2	5.1	-35.2	12.1	-3.5	15.2	21.1	11.9
Household goods	8	17.9	8.9	14.3	-46.4	-13.8	31.7	12.8	16.1	4.9
Trading companies	7	79.4	33.3	18.2	-31.6	-23.7	59.2	28.9	-10.6	2.6
Retailing	13	11.7	-35.1	-9.5	-36.2	-20.8	82.3	19.8	14.5	8.2
Services	7	-6.9	6.1	3.6	-87.7	324.3	-0.9	-5.5	26.4	8.6
Software	6	18.4	2.9	-1.3	-45.9	-3.5	-46.5	-49.4	42.9	40.3
Media	5	3.2	19.8	-5.4	-93.6	171.0	15.1	10.0	26.0	4.4
Telecommunications	5	-7.5	-9.5	43.6	-24.9	14.1	15.7	9.1	14.1	6.5
Construction, engineering	4	37.8	8.0	-17.2	SL	LI	SP	-7.9	6.9	6.5
Housing, real estate	12	13.8	54.7	-10.3	-45.5	-18.5	74.0	0.9	25.3	9.6
Transportation	22	-3.3	28.4	18.6	-38.9	-63.5	127.9	-27.5	32.5	18.9
Utilities	13	22.1	-6.7	-72.8	SL	SP	SL	LI	LS	LS
Financials	31	54.1	-59.4	-20.7	SL	SP	-25.2	32.7	-7.9	2.1

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011. SP = switch to profits, SL = switch to losses. LS = losses shrinking, LI = losses increasing.

Source: Nomura

Fig. 8: Russell/Nomura Large Cap sales

		(¥bn)								
	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
Russell/Nomura Large Cap (ex financials)	256	413,179	464,680	487,857	443,820	374,880	407,627	411,512	477,442	452,479
Manufacturing	162	243,663	270,592	285,645	253,235	211,961	232,351	233,808	255,213	264,227
Basic materials	47	58,848	69,116	75,188	73,568	50,128	54,859	62,882	69,425	70,308
Processing	77	156,359	170,129	180,398	151,819	130,318	142,503	140,788	152,266	159,551
Nonmanufacturing (ex financials)	94	169,516	194,088	202,212	190,585	162,919	175,275	177,704	184,403	188,252
Broad sectors										
Materials	47	58,848	69,116	75,188	73,568	50,128	54,859	62,882	69,425	70,308
Machinery, autos	42	81,568	90,775	98,236	81,298	69,230	77,467	76,833	84,377	88,827
Electronics	35	74,792	79,354	82,163	70,521	61,088	65,036	63,955	67,889	70,724
Consumer, distribution	65	114,644	136,213	141,100	131,216	116,740	128,702	127,703	131,102	134,106
Information	16	21,974	23,861	24,738	23,424	23,022	23,977	23,105	25,447	26,261
Utilities, infrastructure	51	61,354	65,362	66,432	63,793	54,672	57,586	57,035	61,376	62,253
Sectors										
Chemicals	35	40,476	47,593	52,303	52,063	35,657	36,722	45,204	52,159	52,728
Steel, nonferrous metals	12	18,373	21,523	22,885	21,506	14,471	18,137	17,678	17,266	17,580
Machinery	24	17,035	19,401	21,256	19,311	15,204	17,952	18,503	19,488	20,769
Autos	18	64,532	71,374	76,980	61,987	54,026	59,516	58,330	64,889	68,058
Electrical machinery, precision equipment	35	74,792	79,354	82,163	70,521	61,088	65,036	63,955	67,889	70,724
Pharmaceuticals, healthcare	19	8,988	12,399	10,416	10,464	13,169	13,723	15,039	15,399	15,889
Food products	11	15,104	13,601	14,894	13,272	14,474	17,027	11,014	13,368	13,582
Household goods	8	4,363	5,347	4,748	4,112	3,872	4,239	4,085	4,754	4,897
Trading companies	7	67,405	78,945	86,729	82,467	61,443	67,698	73,700	71,675	73,225
Retailing	13	13,971	21,335	19,331	16,218	19,199	20,937	18,980	20,944	21,490
Services	7	4,813	4,586	4,982	4,683	4,583	5,078	4,885	4,962	5,024
Software	6	2,585	3,144	3,711	3,227	2,891	2,327	2,056	2,307	2,675
Media	5	4,103	3,762	3,760	3,361	3,446	4,559	3,311	4,508	4,558
Telecommunications	5	15,287	16,955	17,267	16,837	16,685	17,090	17,738	18,632	19,028
Construction, engineering	4	7,519	8,762	6,982	7,160	6,010	5,295	5,340	5,564	5,573
Housing, real estate	12	11,145	12,770	13,497	11,484	9,869	11,372	11,201	13,169	13,620
Transportation	22	23,701	24,364	25,539	23,500	19,711	20,712	19,970	21,145	21,419
Utilities	13	18,988	19,466	20,413	21,649	19,083	20,206	20,524	21,498	21,641

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 9: Russell/Nomura Large Cap operating profits

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
(¥bn)										
Industrial groups										
Russell/Nomura Large Cap (ex financials)	256	27,372	30,108	32,121	14,793	15,035	23,604	20,062	25,877	28,886
Manufacturing	162	17,490	18,985	21,197	5,970	7,321	13,617	12,469	15,874	18,417
Basic materials	47	5,219	5,161	5,884	2,403	1,636	3,646	3,733	4,023	4,422
Processing	77	9,928	11,146	12,654	1,526	3,404	7,524	6,356	9,196	11,160
Nonmanufacturing (ex financials)	94	9,882	11,123	10,925	8,824	7,714	9,987	7,593	9,620	10,469
Broad sectors										
Materials	47	5,219	5,161	5,884	2,403	1,636	3,646	3,733	4,023	4,422
Machinery, autos	42	6,191	6,931	7,590	976	1,893	4,202	3,745	5,435	6,723
Electronics	35	3,737	4,216	5,063	550	1,511	3,322	2,612	3,760	4,437
Consumer, distribution	65	4,678	5,739	5,616	4,861	4,172	5,219	5,365	5,764	6,133
Information	16	2,208	2,474	2,893	2,626	2,793	2,969	2,933	3,349	3,599
Utilities, infrastructure	51	5,338	5,587	5,075	3,378	3,030	4,246	1,675	3,162	3,571
Sectors										
Chemicals	35	2,999	2,820	3,633	1,217	1,303	2,718	3,051	3,247	3,454
Steel, nonferrous metals	12	2,220	2,341	2,251	1,186	333	928	682	776	969
Machinery	24	1,186	1,532	1,835	1,073	594	1,447	1,555	1,768	2,027
Autos	18	5,005	5,399	5,755	-97	1,298	2,754	2,190	3,668	4,696
Electrical machinery, precision equipment	35	3,737	4,216	5,063	550	1,511	3,322	2,612	3,760	4,437
Pharmaceuticals, healthcare	19	1,165	1,429	1,350	1,019	1,246	1,176	1,212	1,232	1,301
Food products	11	789	801	861	720	737	913	825	989	1,082
Household goods	8	390	447	448	301	298	358	343	434	451
Trading companies	7	1,208	1,577	1,673	1,900	785	1,357	1,621	1,534	1,589
Retailing	13	708	1,094	877	678	802	1,058	1,049	1,212	1,318
Services	7	419	390	406	242	305	356	316	363	392
Software	6	386	500	676	549	555	369	212	261	362
Media	5	208	216	187	117	154	220	200	270	282
Telecommunications	5	1,614	1,758	2,029	1,959	2,084	2,380	2,521	2,818	2,955
Construction, engineering	4	248	261	148	69	-12	109	124	133	139
Housing, real estate	12	912	1,238	1,349	895	603	892	858	1,021	1,097
Transportation	22	2,077	2,099	2,475	1,772	1,098	1,677	1,281	1,515	1,684
Utilities	13	2,100	1,989	1,104	642	1,341	1,569	-588	493	651

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 10: Russell/Nomura Large Cap recurring profits

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
(¥bn)										
Industrial groups										
Russell/Nomura Large Cap	287	33,440	35,801	35,828	7,229	17,897	26,599	23,700	29,997	33,711
Russell/Nomura Large Cap (ex financials)	256	26,800	30,011	31,573	11,196	13,646	22,716	19,045	25,224	28,777
Manufacturing	162	17,553	19,312	21,154	3,941	6,559	13,406	11,881	16,035	18,713
Basic materials	47	5,195	5,402	5,939	2,123	1,423	3,638	3,818	4,191	4,666
Processing	77	9,846	11,032	12,470	-145	2,821	7,306	5,686	9,159	11,162
Nonmanufacturing	125	15,887	16,489	14,673	3,288	11,337	13,193	11,819	13,962	14,998
Nonmanufacturing (ex financials)	94	9,247	10,699	10,419	7,255	7,087	9,310	7,164	9,190	10,063
Broad sectors										
Materials	47	5,195	5,402	5,939	2,123	1,423	3,638	3,818	4,191	4,666
Machinery, autos	42	6,312	6,949	7,622	633	1,866	4,354	3,789	5,541	6,846
Electronics	35	3,535	4,083	4,848	-778	955	2,952	1,896	3,618	4,316
Consumer, distribution	65	5,082	6,358	6,117	4,393	4,501	5,568	5,876	6,202	6,589
Information	16	2,373	2,483	2,833	2,396	2,667	2,758	2,758	3,291	3,565
Utilities, infrastructure	51	4,303	4,735	4,214	2,428	2,234	3,447	907	2,381	2,795
Financials	31	6,640	5,790	4,254	-3,967	4,251	3,882	4,655	4,773	4,934
Sectors										
Chemicals	35	3,035	2,933	3,576	1,011	1,183	2,658	3,050	3,325	3,548
Steel, nonferrous metals	12	2,160	2,470	2,364	1,112	240	979	769	867	1,118
Machinery	24	1,208	1,519	1,788	967	564	1,406	1,501	1,737	1,999
Autos	18	5,103	5,430	5,834	-334	1,302	2,948	2,289	3,804	4,847
Electrical machinery, precision equipment	35	3,535	4,083	4,848	-778	955	2,952	1,896	3,618	4,316
Pharmaceuticals, healthcare	19	1,278	1,607	1,501	1,041	1,277	1,207	1,211	1,249	1,327
Food products	11	820	798	796	616	734	901	826	1,001	1,105
Household goods	8	415	474	448	306	305	355	340	434	454
Trading companies	7	1,382	1,952	2,055	1,496	1,046	1,639	2,102	1,900	1,955
Retailing	13	762	1,119	905	693	831	1,105	1,073	1,244	1,345
Services	7	426	409	412	241	309	361	325	373	402
Software	6	471	574	636	443	562	324	177	270	371
Media	5	212	230	206	138	166	235	214	285	298
Telecommunications	5	1,690	1,679	1,991	1,816	1,939	2,199	2,367	2,736	2,896
Construction, engineering	4	253	271	150	58	-5	95	120	124	130
Housing, real estate	12	888	1,180	1,218	750	504	770	733	891	965
Transportation	22	1,610	1,698	2,072	1,352	682	1,313	942	1,194	1,380
Utilities	13	1,552	1,586	773	269	1,053	1,270	-888	172	319
Financials	31	6,640	5,790	4,254	-3,967	4,251	3,882	4,655	4,773	4,934

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 11: Russell/Nomura Large Cap net profits

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
(¥bn)										
Industrial groups										
Russell/Nomura Large Cap	287	19,282	19,310	19,921	-3,758	9,080	12,580	12,439	16,949	19,095
Russell/Nomura Large Cap (ex financials)	256	14,820	17,479	18,177	906	6,001	10,328	9,656	14,270	16,358
Manufacturing	162	9,785	11,489	12,426	-2,272	2,430	6,831	6,153	9,367	10,942
Basic materials	47	2,816	3,079	3,138	-12	276	1,552	1,663	2,187	2,459
Processing	77	5,478	6,740	7,618	-2,952	876	4,001	3,204	5,682	6,866
Nonmanufacturing	125	9,497	7,821	7,495	-1,486	6,650	5,749	6,286	7,582	8,153
Nonmanufacturing (ex financials)	94	5,034	5,989	5,751	3,178	3,571	3,497	3,503	4,903	5,417
Broad sectors										
Materials	47	2,816	3,079	3,138	-12	276	1,552	1,663	2,187	2,459
Machinery, autos	42	3,999	4,542	4,935	-449	688	2,668	2,438	3,562	4,366
Electronics	35	1,479	2,198	2,683	-2,502	188	1,333	766	2,120	2,500
Consumer, distribution	65	2,995	3,781	3,876	2,031	2,473	3,238	3,649	3,848	4,074
Information	16	1,214	1,135	1,413	905	1,283	1,275	1,322	1,634	1,788
Utilities, infrastructure	51	2,316	2,744	2,132	934	1,093	262	-183	918	1,171
Financials	31	4,463	1,832	1,744	-4,664	3,080	2,252	2,783	2,679	2,736
Sectors										
Chemicals	35	1,484	1,599	1,817	-300	251	1,131	1,358	1,673	1,800
Steel, nonferrous metals	12	1,332	1,480	1,322	288	25	421	305	514	659
Machinery	24	735	930	1,138	406	224	818	917	1,073	1,238
Autos	18	3,264	3,611	3,797	-855	465	1,850	1,521	2,489	3,128
Electrical machinery, precision equipment	35	1,479	2,198	2,683	-2,502	188	1,333	766	2,120	2,500
Pharmaceuticals, healthcare	19	799	951	920	267	808	719	706	752	800
Food products	11	457	447	461	276	342	375	385	502	561
Household goods	8	235	273	289	148	128	184	194	243	256
Trading companies	7	976	1,360	1,607	1,098	838	1,333	1,719	1,546	1,586
Retailing	13	337	544	385	220	215	466	491	610	659
Services	7	190	207	214	22	143	161	154	195	212
Software	6	317	317	301	149	336	179	97	151	212
Media	5	106	119	113	6	91	106	112	167	175
Telecommunications	5	792	698	998	750	855	989	1,114	1,316	1,402
Construction, engineering	4	134	152	111	-13	-26	73	58	62	66
Housing, real estate	12	363	640	597	282	178	349	347	467	512
Transportation	22	773	977	1,158	684	284	653	464	634	754
Utilities	13	1,046	976	266	-18	657	-813	-1,052	-244	-160
Financials	31	4,463	1,832	1,744	-4,664	3,080	2,252	2,783	2,679	2,736

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 12: Russell/Nomura share price indicators

	P/E			P/CF			P/B	Dividend yield			ROE			
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11	FY11E	FY12E	FY13E	FY10	FY11E	FY12E	FY13E
	x	x	x	x	x	x	x	%	%	%	%	%	%	%
Industrial groups														
Russell/Nomura Large Cap	15.3	11.7	10.4	-	-	-	0.91	2.59	2.66	2.89	6.3	6.1	7.6	8.0
Russell/Nomura Large Cap (ex financials)	17.3	12.2	10.7	5.7	5.0	4.7	1.00	2.45	2.55	2.81	6.4	5.9	8.0	8.6
Manufacturing	17.2	11.8	10.1	6.4	5.4	4.9	1.03	2.35	2.54	2.86	7.0	6.1	8.5	9.2
Basic materials	12.0	9.8	8.7	4.3	4.0	3.7	0.81	2.42	2.61	2.79	7.6	6.9	8.1	8.5
Processing	19.6	11.3	9.4	6.6	5.2	4.7	1.01	2.12	2.36	2.75	6.6	5.3	8.7	9.7
Nonmanufacturing	13.3	11.6	10.8	-	-	-	0.80	2.89	2.82	2.94	5.6	6.1	6.8	6.9
Nonmanufacturing (ex financials)	17.4	13.0	11.8	4.8	4.4	4.2	0.96	2.65	2.57	2.73	5.5	5.6	7.3	7.6
Broad sectors														
Basic materials	12.0	9.8	8.7	4.3	4.0	3.7	0.81	2.42	2.61	2.79	7.6	6.9	8.1	8.5
Machinery, autos	15.3	10.7	8.7	6.6	5.4	4.7	1.02	2.05	2.38	2.91	7.6	6.8	9.2	10.4
Electronics	33.2	12.4	10.5	6.5	4.9	4.6	1.01	2.23	2.32	2.52	5.2	3.0	8.0	8.8
Consumer, distribution	11.7	11.6	11.0	6.8	6.7	6.5	1.14	3.05	3.02	3.22	9.1	10.1	9.5	9.3
Information	12.6	11.3	10.3	3.9	3.9	3.8	1.03	2.49	2.26	2.54	8.2	8.4	9.5	9.6
Utilities, infrastructure	NM	27.8	21.8	5.3	4.4	4.2	0.92	2.26	2.38	2.47	0.9	-0.7	3.3	4.1
Financials	8.2	9.0	8.8	-	-	-	0.55	3.55	3.47	3.48	5.7	6.9	6.0	5.9
Sectors														
Chemicals	10.7	9.5	8.8	4.4	4.1	3.9	0.87	2.62	2.72	2.84	8.9	8.3	8.8	8.8
Steel, nonferrous metals	17.8	10.8	8.4	3.8	3.6	3.3	0.69	1.91	2.29	2.63	5.2	3.9	6.4	7.7
Machinery	13.9	12.2	10.6	7.5	7.0	6.3	1.26	2.06	2.24	2.52	8.5	9.4	10.0	10.6
Automobiles	16.1	10.1	8.0	6.2	4.9	4.2	0.93	2.04	2.45	3.12	7.3	5.9	8.9	10.3
Electrical machinery, precision equipment	33.2	12.4	10.5	6.5	4.9	4.6	1.01	2.23	2.32	2.52	5.2	3.0	8.0	8.8
Pharmaceuticals, healthcare	16.8	16.0	15.6	10.4	10.4	10.2	1.32	3.48	3.53	3.69	8.9	8.1	8.2	7.8
Food products	20.3	17.0	15.2	8.2	7.4	7.2	1.40	2.10	2.36	2.76	6.2	7.0	7.7	8.2
Household goods	18.9	16.3	15.6	9.4	8.5	8.4	1.57	2.42	2.46	2.57	7.3	8.5	9.3	9.1
Trading companies	5.1	5.7	5.6	3.6	3.9	3.8	0.76	4.53	4.00	4.12	13.5	15.9	12.5	11.6
Retailing	14.8	12.5	11.6	7.3	6.5	6.1	1.21	2.08	2.23	2.41	7.7	8.4	9.4	9.5
Services	21.8	17.2	15.9	7.6	7.0	6.8	1.08	2.56	2.72	2.89	5.1	5.0	6.1	6.4
Software	34.3	22.8	16.2	19.0	14.7	11.6	1.54	3.34	1.89	2.61	7.7	4.5	6.8	9.1
Media	18.1	15.3	14.6	8.1	8.3	8.2	0.98	1.63	1.85	1.89	4.3	5.5	7.0	7.1
Telecommunications	10.2	9.4	8.9	2.9	3.0	2.9	0.95	2.40	2.44	2.65	9.2	9.7	10.4	10.1
Construction	16.8	15.7	14.7	9.3	8.5	8.0	0.81	2.40	2.40	2.40	5.4	4.9	5.1	5.2
Housing, real estate	18.3	14.3	13.1	9.0	7.9	7.5	1.04	2.03	2.14	2.23	5.6	5.8	6.9	7.1
Transportation	22.6	17.0	14.3	4.7	4.4	4.2	1.04	1.64	1.63	1.79	6.6	4.6	6.0	6.8
Utilities	NM	NM	NM	4.3	3.0	2.8	0.75	3.38	3.74	3.74	-7.2	-10.4	-2.6	-1.7
Financials	8.2	9.0	8.8	-	-	-	0.55	3.55	3.47	3.48	5.7	6.9	6.0	5.9
Russell/Nomura Small Cap	13.4	11.0	10.5	-	-	-	0.77	2.18	2.34	2.39	4.5	5.9	6.5	6.5
Russell/Nomura Small Cap (ex financials)	14.1	11.2	10.6	6.0	5.3	5.2	0.82	2.16	2.32	2.37	5.2	6.0	6.7	6.8

Note: Based on 30 December 2011 closing prices.

Source: Nomura

Ref. NOMURA 400 earnings indicators

Fig. 13: NOMURA 400 percentage change in sales by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
NOMURA 400 (ex financials)	353	7.7	8.4	7.2	-7.3	-13.2	5.8	2.4	2.6	3.0
Manufacturing	222	8.7	9.8	7.4	-10.6	-12.1	6.6	1.3	3.9	3.6
Basic materials	61	14.4	13.4	8.3	-5.7	-20.1	12.1	3.8	0.5	1.7
Processing	103	8.0	9.6	6.9	-14.9	-10.7	6.1	0.1	5.8	4.8
Nonmanufacturing (ex financials)	131	6.3	6.3	7.0	-2.2	-14.7	4.6	3.9	0.8	2.2
Broad sectors										
Materials	61	14.4	13.4	8.3	-5.7	-20.1	12.1	3.8	0.5	1.7
Machinery, autos	57	11.8	12.2	9.1	-16.5	-12.9	7.1	1.9	7.6	5.3
Electronics	46	4.2	6.9	4.3	-13.0	-8.1	4.9	-1.9	3.6	4.2
Consumer, distribution	104	6.8	6.5	9.3	-2.5	-15.0	5.3	4.9	-0.8	2.1
Information	29	2.2	5.3	4.7	-1.0	-5.0	0.8	1.8	3.0	3.0
Utilities, infrastructure	56	5.0	5.4	3.8	0.1	-11.0	2.2	1.6	4.4	1.5
Sectors										
Chemicals	44	14.5	12.6	8.0	-5.8	-19.0	11.3	5.6	1.5	1.7
Steel, nonferrous metals	17	14.2	15.5	9.3	-5.5	-23.1	13.9	-0.1	-1.9	2.0
Machinery	36	11.5	12.2	9.6	-8.4	-17.2	8.9	6.1	5.8	6.3
Autos	21	11.9	12.2	8.9	-18.8	-11.4	6.6	0.5	8.2	5.0
Electrical machinery, precision equipment	46	4.2	6.9	4.3	-13.0	-8.1	4.9	-1.9	3.6	4.2
Pharmaceuticals, healthcare	18	7.0	4.8	4.4	2.6	2.8	0.3	2.6	1.7	1.1
Food products	25	0.7	3.0	12.4	2.5	-5.5	0.6	0.7	2.3	1.3
Household goods	15	4.5	9.2	2.0	-6.5	-6.6	0.5	3.2	3.9	2.6
Trading companies	5	9.1	6.4	10.5	-4.8	-26.1	10.4	9.3	-4.4	2.1
Retailing	26	5.7	10.7	7.3	-1.7	-1.2	2.2	-0.5	3.6	2.9
Services	15	6.6	4.4	6.7	0.8	-4.3	1.1	0.1	2.8	2.3
Software	13	2.8	24.2	23.7	6.1	-13.0	-12.4	-4.8	5.4	11.9
Media	10	4.9	2.1	0.5	-4.0	-7.8	4.3	1.0	3.6	1.2
Telecommunications	6	1.3	2.9	1.7	-2.0	-1.5	2.8	3.2	2.4	2.0
Construction, engineering	15	3.4	5.5	0.7	0.4	-13.0	-11.7	4.6	4.0	0.6
Housing, real estate	15	7.1	6.9	1.8	0.5	-4.5	6.1	3.2	5.1	3.2
Transportation	19	6.2	6.3	5.6	-4.1	-12.7	4.0	-0.8	3.0	1.4
Utilities	7	3.0	2.8	5.3	5.9	-12.4	5.7	1.6	5.8	0.8

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 14: NOMURA 400 percentage change in operating profits by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
NOMURA 400 (ex financials)	353	9.7	9.0	6.6	-51.7	-1.6	51.4	-11.5	20.5	13.2
Manufacturing	222	12.3	10.4	9.3	-70.3	22.0	77.4	-7.6	21.6	16.1
Basic materials	61	17.8	7.5	3.4	-57.3	-24.1	107.0	-0.6	0.2	10.6
Processing	103	12.9	12.9	12.8	-87.6	116.2	114.0	-13.3	40.4	21.5
Nonmanufacturing (ex financials)	131	5.3	6.3	1.4	-12.6	-18.5	25.0	-17.1	18.7	8.5
Broad sectors										
Materials	61	17.8	7.5	3.4	-57.3	-24.1	107.0	-0.6	0.2	10.6
Machinery, autos	57	18.1	11.9	9.9	-86.4	82.5	110.5	-8.4	41.3	23.8
Electronics	46	5.1	14.4	17.4	-89.4	184.4	118.4	-19.4	39.1	18.3
Consumer, distribution	104	12.4	9.1	2.8	-6.1	-18.0	17.7	7.6	3.1	5.9
Information	29	-1.7	6.8	22.5	-7.1	-4.7	6.8	-1.4	8.5	7.2
Utilities, infrastructure	56	-0.5	2.8	-8.5	-27.5	-14.0	35.5	-53.9	69.0	12.2
Sectors										
Chemicals	44	15.1	8.1	6.4	-64.7	14.7	97.7	6.9	-2.6	6.8
Steel, nonferrous metals	17	23.0	6.3	-2.3	-44.0	-69.2	141.4	-23.4	11.8	24.6
Machinery	36	34.0	29.1	17.2	-43.7	-48.6	143.6	10.5	14.1	14.5
Autos	21	14.6	7.3	7.6	SL	SP	96.0	-18.5	61.0	28.5
Electrical machinery, precision equipment	46	5.1	14.4	17.4	-89.4	184.4	118.4	-19.4	39.1	18.3
Pharmaceuticals, healthcare	18	8.3	3.2	3.9	-20.1	15.2	-8.4	-4.1	-0.4	3.0
Food products	25	-6.3	10.0	9.5	-10.0	-3.9	11.1	0.7	9.4	8.9
Household goods	15	-2.0	6.2	0.8	-22.2	-10.8	14.8	5.0	17.0	3.3
Trading companies	5	53.1	23.2	4.3	21.2	-59.4	73.2	28.8	-9.0	3.0
Retailing	26	12.9	8.4	-4.9	-8.4	-3.1	20.3	9.8	8.9	8.7
Services	15	4.1	-8.1	1.4	-25.2	2.2	9.0	-7.8	17.2	9.5
Software	13	-13.9	50.3	65.9	-9.0	-17.2	-34.2	-37.1	18.4	38.2
Media	10	-5.0	4.0	-12.7	-19.7	-19.4	33.0	1.7	14.0	5.2
Telecommunications	6	1.2	-1.2	15.2	-4.8	1.6	15.7	3.8	7.0	4.2
Construction, engineering	15	9.6	-9.1	-26.2	-15.9	-45.4	98.1	18.1	8.5	3.6
Housing, real estate	15	14.3	20.0	3.2	-21.5	-20.5	32.4	5.2	8.5	7.4
Transportation	19	0.1	3.4	20.9	-26.5	-44.5	56.1	-23.1	16.5	12.1
Utilities	7	-9.5	-5.1	-50.3	-42.7	136.1	10.3	SL	SP	33.4

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011. (3) SP = switch to profits, SL = switch to losses.

Source: Nomura

Fig. 15: NOMURA 400 percentage change in recurring profits by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
NOMURA 400	383	20.5	6.6	0.9	-70.1	87.8	42.4	-7.5	20.6	12.4
NOMURA 400 (ex financials)	353	11.3	10.9	4.6	-61.8	14.1	60.6	-13.4	25.6	14.0
Manufacturing	222	14.5	11.5	7.0	-79.9	55.8	94.4	-11.1	28.9	16.8
Basic materials	61	21.6	12.2	-0.5	-61.4	-25.9	135.2	0.3	2.2	12.1
Processing	103	14.1	12.6	12.0	SL	4,262.3	149.3	-20.5	56.3	22.1
Nonmanufacturing	161	28.3	0.9	-6.8	-54.8	119.7	9.8	-3.6	12.3	7.3
Nonmanufacturing (ex financials)	131	5.7	9.8	-0.1	-22.9	-10.3	27.5	-16.8	20.3	9.1
Broad sectors										
Materials	61	21.6	12.2	-0.5	-61.4	-25.9	135.2	0.3	2.2	12.1
Machinery, autos	57	16.8	10.1	9.7	-90.8	165.2	121.0	-10.3	42.4	23.6
Electronics	46	9.4	17.3	15.7	SL	SP	205.2	-35.2	84.2	19.7
Consumer, distribution	104	18.8	12.3	0.6	-21.3	-4.0	18.5	8.3	2.1	5.8
Information	29	-14.2	3.0	16.4	-10.9	-0.8	3.9	-0.1	13.1	8.1
Utilities, infrastructure	56	3.4	7.7	-10.4	-35.4	-14.1	48.1	-64.4	107.6	15.7
Financials	30	83.5	-11.5	-19.1	SL	SP	-21.7	30.4	-0.8	3.7
Sectors										
Chemicals	44	17.1	11.8	0.4	-69.2	21.9	114.6	6.5	-0.1	7.1
Steel, nonferrous metals	17	30.4	13.0	-2.1	-48.6	-74.4	225.4	-17.6	10.8	29.0
Machinery	36	25.4	26.4	14.6	-47.4	-44.7	148.1	10.3	16.0	15.0
Autos	21	14.8	5.8	8.2	SL	SP	109.7	-20.3	60.1	27.8
Electrical machinery, precision equipment	46	9.4	17.3	15.7	SL	SP	205.2	-35.2	84.2	19.7
Pharmaceuticals, healthcare	18	11.2	6.5	1.8	-27.1	15.6	-8.6	-6.8	0.9	3.2
Food products	25	-1.5	5.4	2.2	-16.5	10.4	9.9	1.9	10.6	9.9
Household goods	15	0.4	5.3	-4.0	-26.0	-6.2	11.7	6.2	17.8	3.9
Trading companies	5	82.1	35.0	3.5	-24.7	-29.3	63.4	29.9	-11.7	2.3
Retailing	26	13.3	6.8	-4.7	-7.8	-3.1	20.3	8.2	8.7	8.2
Services	15	5.9	-3.8	-0.9	-27.6	-0.3	13.4	-6.2	16.8	9.4
Software	13	-0.7	36.9	35.8	-19.1	-0.5	-42.8	-38.7	43.3	36.4
Media	10	-2.1	8.3	-9.8	-18.6	-19.5	32.2	2.2	13.2	5.1
Telecommunications	6	-17.8	-5.6	14.2	-6.6	1.1	15.0	5.3	10.4	5.2
Construction, engineering	15	11.8	-8.3	-26.2	-22.4	-36.1	68.2	23.8	6.7	3.6
Housing, real estate	15	20.7	18.1	-1.6	-27.8	-19.2	38.4	3.4	11.1	8.1
Transportation	19	2.2	8.1	25.5	-32.8	-56.8	97.1	-27.8	24.7	16.7
Utilities	7	-7.2	4.3	-58.1	-65.8	361.7	13.5	SL	SP	85.9
Financials	30	83.5	-11.5	-19.1	SL	SP	-21.7	30.4	-0.8	3.7

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011. (3) SP = switch to profits, SL = switch to losses.

Source: Nomura

Fig. 16: NOMURA 400 percentage change in net profits by sector

(% y-y, except where noted)

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
NOMURA 400	383	32.8	4.3	2.9	SL	SP	50.7	3.5	28.8	12.7
NOMURA 400 (ex financials)	353	18.7	15.5	4.6	-92.9	301.5	93.3	-4.3	39.0	14.6
Manufacturing	222	19.5	15.8	6.9	SL	SP	177.1	-11.4	45.5	17.0
Basic materials	61	39.0	11.2	-2.0	-95.8	128.5	408.6	-4.8	21.1	13.2
Processing	103	11.3	20.8	10.8	SL	SP	360.0	-18.8	72.3	21.2
Nonmanufacturing	161	51.0	-8.3	-2.4	-82.2	SP	2.0	23.7	12.7	7.4
Nonmanufacturing (ex financials)	131	17.1	14.9	-0.2	-38.8	1.3	33.8	10.7	28.2	9.9
Broad sectors										
Materials	61	39.0	11.2	-2.0	-95.8	128.5	408.6	-4.8	21.1	13.2
Machinery, autos	57	19.8	11.0	8.7	SL	SP	291.0	-6.3	43.0	22.7
Electronics	46	-6.9	47.2	15.0	SL	SP	594.3	-42.7	164.4	18.6
Consumer, distribution	104	36.3	15.6	8.4	-44.7	18.0	23.7	14.6	3.1	5.5
Information	29	-11.6	0.1	28.2	-29.3	19.5	-0.5	4.1	16.3	9.1
Utilities, infrastructure	56	18.3	14.4	-23.4	-51.7	5.9	52.6	-82.8	3,066.3	24.4
Financials	30	122.0	-33.8	-6.8	SL	SP	-35.8	47.4	-8.5	2.4
Sectors										
Chemicals	44	25.1	13.4	1.7	SL	SP	337.1	0.9	12.0	7.9
Steel, nonferrous metals	17	65.5	8.0	-7.8	-70.3	-92.9	951.1	-22.9	58.9	28.7
Machinery	36	32.7	25.9	16.6	-66.6	-55.7	343.7	16.0	17.3	15.2
Autos	21	17.1	7.3	6.4	SL	SP	270.9	-16.4	59.1	26.2
Electrical machinery, precision equipment	46	-6.9	47.2	15.0	SL	SP	594.3	-42.7	164.4	18.6
Pharmaceuticals, healthcare	18	23.4	2.8	5.3	-67.4	174.2	-14.3	-8.8	4.1	3.4
Food products	25	30.1	4.8	5.3	-38.1	22.8	-2.6	13.3	20.7	11.3
Household goods	15	17.0	12.4	5.6	-66.7	23.9	37.1	23.8	16.7	4.3
Trading companies	5	83.5	31.5	20.6	-29.6	-22.9	58.5	28.7	-11.2	2.3
Retailing	26	32.2	27.3	-8.9	-31.1	-14.1	65.8	18.2	14.8	8.4
Services	15	-3.3	2.0	2.6	-75.0	126.3	15.4	-0.8	29.4	10.3
Software	13	17.0	6.7	32.4	-40.3	27.6	-48.8	-37.3	50.8	38.5
Media	10	-6.5	14.5	-0.1	-85.8	956.0	10.1	18.0	24.4	4.9
Telecommunications	6	-19.0	-4.4	31.3	-17.4	7.8	17.8	9.6	11.8	5.8
Construction, engineering	15	42.8	-5.4	-47.0	-65.2	-11.3	246.4	1.9	9.6	3.3
Housing, real estate	15	32.0	41.8	-6.9	-50.0	-14.7	76.6	27.1	4.3	9.3
Transportation	19	-5.9	27.5	24.4	-40.0	-67.8	144.9	-28.3	33.5	20.1
Utilities	7	36.1	-5.6	-84.4	SL	SP	SL	LI	LS	LS
Financials	30	122.0	-33.8	-6.8	SL	SP	-35.8	47.4	-8.5	2.4

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011. (3) SP = switch to profits, SL = switch to losses. LS = losses shrinking, LI = losses increasing.

Source: Nomura

Fig. 17: NOMURA 400 sales

		(¥bn)								
	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
NOMURA 400 (ex financials)	353	402,472	439,835	472,161	439,632	378,721	406,587	415,382	426,229	439,097
Manufacturing	222	237,339	264,083	282,981	254,748	222,857	238,746	241,462	250,878	259,909
Basic materials	61	53,323	61,823	67,157	65,375	52,422	60,360	63,516	63,808	64,919
Processing	103	152,424	169,318	180,486	153,396	135,481	143,272	145,109	153,469	160,903
Nonmanufacturing (ex financials)	131	165,133	175,752	189,180	184,885	155,864	167,841	173,920	175,351	179,189
Broad sectors										
Materials	61	53,323	61,823	67,157	65,375	52,422	60,360	63,516	63,808	64,919
Machinery, autos	57	79,485	90,500	98,441	81,990	71,338	76,303	79,165	85,152	89,701
Electronics	46	72,939	78,818	82,045	71,406	64,143	66,969	65,945	68,317	71,202
Consumer, distribution	104	119,906	126,501	138,317	135,068	115,313	122,608	125,150	124,104	126,731
Information	29	20,489	22,994	24,300	24,087	22,876	25,739	26,113	26,902	27,715
Utilities, infrastructure	56	56,330	59,199	61,901	61,706	52,628	54,607	55,494	57,947	58,830
Sectors										
Chemicals	44	38,822	45,073	48,852	46,433	37,849	41,710	44,784	45,438	46,190
Steel, nonferrous metals	17	14,500	16,750	18,305	18,942	14,574	18,650	18,732	18,370	18,729
Machinery	36	17,064	20,734	22,699	20,525	16,994	18,638	19,809	20,948	22,276
Autos	21	62,421	69,766	75,741	61,465	54,345	57,665	59,356	64,204	67,426
Electrical machinery, precision equipment	46	72,939	78,818	82,045	71,406	64,143	66,969	65,945	68,317	71,202
Pharmaceuticals, healthcare	18	9,046	9,542	9,568	9,636	9,795	9,806	11,183	11,368	11,490
Food products	25	17,880	18,253	20,520	21,434	20,472	20,600	16,793	17,185	17,417
Household goods	15	4,666	5,147	5,250	4,906	4,687	4,708	4,861	5,049	5,181
Trading companies	5	63,450	67,536	74,641	71,014	52,496	57,939	63,300	60,500	61,800
Retailing	26	19,324	20,626	22,582	21,937	21,810	23,197	22,711	23,522	24,214
Services	15	5,540	5,397	5,757	6,141	6,053	6,358	6,302	6,480	6,630
Software	13	2,228	3,283	4,267	4,526	3,946	3,307	3,126	3,296	3,689
Media	10	4,049	5,090	5,168	4,962	4,557	5,098	5,097	5,279	5,341
Telecommunications	6	14,213	14,621	14,865	14,598	14,374	17,334	17,890	18,327	18,685
Construction, engineering	15	10,696	11,279	11,363	11,148	9,334	8,238	8,536	8,879	8,932
Housing, real estate	15	10,978	11,730	11,939	11,994	11,273	11,962	12,401	13,033	13,454
Transportation	19	20,680	21,817	23,029	22,073	17,573	19,132	18,982	19,555	19,831
Utilities	7	13,978	14,373	15,571	16,492	14,449	15,275	15,575	16,481	16,612

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 18: NOMURA 400 operating profits

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
(¥bn)										
Industrial groups										
NOMURA 400 (ex financials)	353	26,051	28,761	30,718	15,023	14,933	23,505	21,117	25,453	28,824
Manufacturing	222	16,913	18,953	20,739	6,261	7,727	13,885	13,084	15,915	18,479
Basic materials	61	4,479	4,970	5,171	2,353	1,811	3,857	3,901	3,907	4,321
Processing	103	9,924	11,318	12,792	1,579	3,489	7,554	6,625	9,302	11,305
Nonmanufacturing (ex financials)	131	9,137	9,808	9,979	8,762	7,206	9,620	8,033	9,538	10,344
Broad sectors										
Materials	61	4,479	4,970	5,171	2,353	1,811	3,857	3,901	3,907	4,321
Machinery, autos	57	6,242	7,044	7,705	1,042	1,971	4,165	3,880	5,484	6,788
Electronics	46	3,682	4,274	5,087	537	1,518	3,390	2,745	3,819	4,517
Consumer, distribution	104	5,038	5,512	5,648	5,338	4,436	5,295	5,803	5,986	6,341
Information	29	2,090	2,299	2,822	2,635	2,505	3,081	3,030	3,288	3,524
Utilities, infrastructure	56	4,520	4,662	4,285	3,119	2,693	3,718	1,758	2,970	3,333
Sectors										
Chemicals	44	2,847	3,235	3,476	1,249	1,471	2,898	3,158	3,076	3,285
Steel, nonferrous metals	17	1,632	1,735	1,695	1,103	340	959	743	831	1,036
Machinery	36	1,260	1,714	1,979	1,119	584	1,468	1,630	1,861	2,132
Autos	21	4,981	5,330	5,726	-77	1,387	2,697	2,250	3,623	4,656
Electrical machinery, precision equipment	46	3,682	4,274	5,087	537	1,518	3,390	2,745	3,819	4,517
Pharmaceuticals, healthcare	18	1,313	1,360	1,378	1,082	1,234	1,138	1,206	1,201	1,237
Food products	25	850	929	1,019	953	920	1,022	1,023	1,119	1,218
Household goods	15	348	376	379	295	273	314	329	385	398
Trading companies	5	1,128	1,390	1,451	1,757	713	1,235	1,590	1,448	1,491
Retailing	26	967	1,074	1,033	940	962	1,187	1,286	1,401	1,523
Services	15	432	383	389	312	334	399	369	432	473
Software	13	283	468	774	704	583	381	237	280	387
Media	10	195	238	213	171	133	258	258	294	310
Telecommunications	6	1,612	1,593	1,835	1,759	1,788	2,442	2,535	2,713	2,827
Construction, engineering	15	324	294	217	195	102	202	235	256	265
Housing, real estate	15	866	1,039	1,072	841	646	855	902	978	1,051
Transportation	19	1,792	1,870	2,260	1,661	949	1,563	1,203	1,401	1,570
Utilities	7	1,538	1,459	736	422	996	1,098	-582	336	448

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 19: NOMURA 400 recurring profits

	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
(¥bn)										
Industrial groups										
NOMURA 400	383	32,108	34,605	34,772	10,379	16,821	26,071	24,709	29,803	33,500
NOMURA 400 (ex financials)	353	25,859	29,051	30,456	11,782	13,817	22,894	20,052	25,186	28,710
Manufacturing	222	17,105	19,338	20,717	4,241	6,959	13,692	12,412	15,993	18,685
Basic materials	61	4,553	5,248	5,257	2,172	1,632	3,922	3,996	4,085	4,578
Processing	103	9,870	11,240	12,616	-124	2,895	7,315	5,887	9,202	11,236
Nonmanufacturing	161	15,003	15,267	14,055	6,138	9,862	12,379	12,297	13,810	14,816
Nonmanufacturing (ex financials)	131	8,754	9,713	9,739	7,541	6,858	9,202	7,640	9,193	10,025
Broad sectors										
Materials	61	4,553	5,248	5,257	2,172	1,632	3,922	3,996	4,085	4,578
Machinery, autos	57	6,386	7,091	7,741	711	1,949	4,308	3,929	5,595	6,917
Electronics	46	3,484	4,149	4,874	-835	945	3,007	1,958	3,608	4,319
Consumer, distribution	104	5,426	6,118	6,130	4,849	4,722	5,674	6,164	6,293	6,657
Information	29	2,299	2,434	2,840	2,543	2,516	2,878	2,866	3,240	3,501
Utilities, infrastructure	56	3,712	4,011	3,614	2,343	2,052	3,106	1,140	2,366	2,737
Financials	30	6,249	5,554	4,316	-1,403	3,004	3,177	4,657	4,618	4,791
Sectors										
Chemicals	44	2,898	3,377	3,424	1,077	1,351	2,913	3,157	3,155	3,379
Steel, nonferrous metals	17	1,656	1,871	1,833	1,095	281	1,009	840	930	1,200
Machinery	36	1,284	1,709	1,924	1,019	563	1,421	1,576	1,828	2,101
Autos	21	5,102	5,382	5,818	-307	1,386	2,888	2,353	3,767	4,815
Electrical machinery, precision equipment	46	3,484	4,149	4,874	-835	945	3,007	1,958	3,608	4,319
Pharmaceuticals, healthcare	18	1,419	1,518	1,509	1,083	1,238	1,138	1,180	1,191	1,229
Food products	25	889	932	952	827	917	1,008	1,020	1,128	1,239
Household goods	15	374	400	384	284	277	310	329	387	402
Trading companies	5	1,298	1,752	1,813	1,364	965	1,577	1,935	1,708	1,748
Retailing	26	1,007	1,109	1,068	979	999	1,238	1,322	1,437	1,555
Services	15	439	408	405	312	326	403	378	442	483
Software	13	369	547	742	600	597	340	206	295	402
Media	10	207	259	239	195	151	277	278	315	330
Telecommunications	6	1,723	1,628	1,859	1,748	1,768	2,261	2,382	2,631	2,769
Construction, engineering	15	336	308	227	186	114	192	234	249	259
Housing, real estate	15	842	994	978	706	548	758	787	874	945
Transportation	19	1,387	1,513	1,899	1,276	586	1,243	897	1,119	1,306
Utilities	7	1,147	1,196	510	174	805	913	-778	123	228
Financials	30	6,249	5,554	4,316	-1,403	3,004	3,177	4,657	4,618	4,791

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 20: NOMURA 400 net profits

		(¥bn)								
	No. of cos	FY05	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Industrial groups										
NOMURA 400	383	18,561	19,509	20,201	-856	7,709	13,883	13,066	16,831	18,971
NOMURA 400 (ex financials)	353	14,321	16,687	17,536	1,263	5,906	11,928	10,262	14,265	16,343
Manufacturing	222	9,646	11,294	12,134	-2,074	2,465	7,100	6,421	9,340	10,929
Basic materials	61	2,482	2,790	2,754	124	340	1,840	1,780	2,155	2,440
Processing	103	5,623	6,888	7,684	-2,918	803	4,020	3,302	5,691	6,898
Nonmanufacturing	161	8,915	8,214	8,067	1,219	5,244	6,783	6,645	7,491	8,042
Nonmanufacturing (ex financials)	131	4,675	5,393	5,403	3,337	3,441	4,828	3,841	4,925	5,414
Broad sectors										
Materials	61	2,482	2,790	2,754	124	340	1,840	1,780	2,155	2,440
Machinery, autos	57	4,134	4,617	4,993	-353	674	2,638	2,505	3,582	4,396
Electronics	46	1,489	2,271	2,691	-2,566	129	1,381	798	2,109	2,502
Consumer, distribution	104	3,077	3,548	3,845	2,134	2,564	3,223	3,772	3,889	4,103
Information	29	1,117	1,150	1,474	1,047	1,234	1,330	1,378	1,603	1,748
Utilities, infrastructure	56	2,022	2,312	1,780	875	965	1,515	29	928	1,154
Financials	30	4,240	2,821	2,664	-2,118	1,803	1,956	2,804	2,566	2,628
Sectors										
Chemicals	44	1,470	1,696	1,745	-229	315	1,397	1,434	1,606	1,733
Steel, nonferrous metals	17	1,013	1,093	1,008	354	25	443	346	549	707
Machinery	36	795	1,043	1,193	410	182	825	963	1,129	1,301
Autos	21	3,339	3,574	3,801	-763	492	1,813	1,541	2,453	3,095
Electrical machinery, precision equipment	46	1,489	2,271	2,691	-2,566	129	1,381	798	2,109	2,502
Pharmaceuticals, healthcare	18	868	897	923	294	790	680	691	719	744
Food products	25	477	496	538	347	428	417	470	567	631
Household goods	15	196	223	236	78	105	144	178	207	216
Trading companies	5	932	1,225	1,478	1,039	802	1,270	1,634	1,451	1,485
Retailing	26	406	509	468	321	302	533	623	715	775
Services	15	199	198	203	55	138	180	177	229	252
Software	13	265	302	395	236	295	181	111	167	232
Media	10	91	121	124	18	83	125	145	181	189
Telecommunications	6	761	727	955	794	856	1,024	1,122	1,255	1,328
Construction, engineering	15	176	166	88	41	34	119	121	132	137
Housing, real estate	15	382	542	504	252	196	346	441	460	503
Transportation	19	676	860	1,070	642	227	622	446	596	716
Utilities	7	788	743	118	-61	508	428	-979	-260	-201
Financials	30	4,240	2,821	2,664	-2,118	1,803	1,956	2,804	2,566	2,628

Note: (1) To avoid double counting, data for consolidated subsidiaries have been excluded. (2) Estimates as of 30 December 2011.

Source: Nomura

Fig. 21: NOMURA 400 share price indicators

	P/E			P/CF			P/B	Dividend yield			ROE			
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11	FY11E	FY12E	FY13E	FY10	FY11E	FY12E	FY13E
	x	x	x	x	x	x	x	%	%	%	%	%	%	%
Industrial groups														
NOMURA 400	14.9	11.6	10.3	-	-	-	0.92	2.56	2.68	2.91	7.2	6.3	7.7	8.2
NOMURA 400 (ex financials)	16.8	12.1	10.5	5.7	5.0	4.7	0.99	2.43	2.55	2.82	7.4	6.0	8.0	8.6
Manufacturing	17.3	11.9	10.2	6.3	5.4	4.9	1.01	2.35	2.55	2.87	7.0	6.0	8.2	9.1
Basic materials	12.2	10.1	8.9	4.3	4.0	3.8	0.81	2.41	2.60	2.77	7.6	6.9	7.8	8.3
Processing	19.5	11.3	9.3	6.6	5.2	4.6	1.00	2.14	2.39	2.78	6.7	5.3	8.6	9.7
Nonmanufacturing	12.6	11.2	10.4	-	-	-	0.82	2.85	2.84	2.96	7.4	6.6	7.2	7.3
Nonmanufacturing (ex financials)	16.0	12.4	11.3	4.9	4.5	4.3	0.96	2.58	2.56	2.72	8.1	6.1	7.5	7.8
Broad sectors														
Basic materials	12.2	10.1	8.9	4.3	4.0	3.8	0.81	2.41	2.60	2.77	7.6	6.9	7.8	8.3
Machinery, autos	15.3	10.7	8.7	6.6	5.4	4.7	1.01	2.08	2.42	2.96	7.6	6.8	9.1	10.3
Electronics	32.9	12.4	10.5	6.5	4.9	4.6	1.00	2.22	2.34	2.53	5.4	3.1	7.8	8.7
Consumer, distribution	12.1	11.8	11.1	6.8	6.7	6.4	1.14	2.97	2.97	3.18	9.2	9.8	9.4	9.3
Information	13.0	11.2	10.3	4.0	3.8	3.7	1.01	2.45	2.36	2.62	8.3	8.0	8.7	8.9
Utilities, infrastructure	768.6	24.3	19.5	5.6	4.6	4.3	0.90	2.18	2.30	2.39	5.9	0.1	3.7	4.5
Financials	8.1	8.8	8.6	-	-	-	0.60	3.57	3.60	3.63	6.2	7.5	6.6	6.5
Sectors														
Chemicals	10.8	9.7	9.0	4.4	4.2	4.0	0.87	2.61	2.74	2.85	8.8	8.3	8.7	8.8
Steel, nonferrous metals	17.8	11.2	8.7	4.1	3.7	3.4	0.70	1.88	2.24	2.57	5.4	4.0	6.1	7.4
Machinery	14.2	12.1	10.5	7.7	6.9	6.3	1.23	2.07	2.27	2.55	8.2	9.0	9.8	10.4
Automobiles	15.9	10.0	7.9	6.1	4.8	4.1	0.92	2.08	2.51	3.18	7.4	5.9	8.8	10.3
Electrical machinery, precision equipment	32.9	12.4	10.5	6.5	4.9	4.6	1.00	2.22	2.34	2.53	5.4	3.1	7.8	8.7
Pharmaceuticals, healthcare	16.8	16.1	15.6	10.3	10.3	10.2	1.30	3.57	3.65	3.82	9.3	8.5	8.0	8.0
Food products	20.0	16.6	14.9	7.6	7.0	6.8	1.27	2.13	2.38	2.75	5.9	6.5	7.4	7.9
Household goods	21.8	18.7	17.9	9.7	9.3	8.8	1.45	2.33	2.15	2.41	5.5	6.8	7.6	7.6
Trading companies	5.0	5.6	5.5	3.6	3.9	3.8	0.77	4.66	4.11	4.23	15.6	16.6	13.1	12.2
Retailing	14.3	12.5	11.5	7.5	6.7	6.3	1.26	2.00	2.17	2.34	8.1	9.0	9.7	9.8
Services	21.5	16.6	15.1	7.4	6.7	6.5	1.10	2.48	2.63	2.80	5.3	5.1	6.5	6.9
Software	33.6	22.3	16.1	16.8	13.3	10.8	1.40	3.21	1.92	2.54	6.9	4.1	6.2	8.3
Media	18.6	15.0	14.3	8.0	7.4	7.3	0.86	1.65	2.01	2.05	4.2	4.7	5.6	5.7
Telecommunications	10.2	9.2	8.7	2.9	2.8	2.7	0.96	2.39	2.58	2.77	9.8	9.7	10.0	9.8
Construction	15.3	14.0	13.5	9.0	8.3	8.1	0.69	2.42	2.43	2.43	4.6	4.5	4.8	4.8
Housing, real estate	14.8	14.2	13.0	8.1	7.9	7.5	1.04	2.09	2.17	2.25	5.8	7.2	7.1	7.4
Transportation	21.2	15.9	13.2	4.5	4.2	4.0	0.97	1.72	1.70	1.85	6.9	4.7	6.0	6.9
Utilities	NM	NM	NM	4.9	2.9	2.7	0.73	3.12	3.66	3.66	5.4	-14.0	-4.2	-3.5
Financials	8.1	8.8	8.6	-	-	-	0.60	3.57	3.60	3.63	6.2	7.5	6.6	6.5

Note: Based on 30 December 2011 closing prices.

Source: Nomura

Change in methodology for compiling the Outlook for Corporate Earnings

Published every quarter by Nomura Securities, the Outlook for Corporate Earnings has provided a quarterly snapshot of earnings trends at Japanese companies to a wide range of clients over four decades since the former Equity Research Department of Nomura Research Institute began compiling earnings forecasts.

As capital markets have become increasingly globalized, however, there is now a greater need for investors to compare earnings trends not only at Japanese companies but also in overseas markets on both a country and sector basis. Preparing for the adoption of International Financial Reporting Standards (IFRS), which are gradually being introduced across the world, is another key theme. Accordingly, the environment in which we publish our Outlook for Corporate Earnings report has changed markedly.

Against this backdrop, we decided to change our methodology for compiling forecasts in the Outlook for Corporate Earnings from FY12.

First, we will compile our forecasts based on Nikkei NEEDS Corporate Financial Data, recorded in IFRS format. To date, we have used financial data from NRI Integrated Data Services. This change will make it possible to use IFRS-based valuation indicators to compare stocks both by country and by sector.

Second, whereas until now we have used the NOMURA 400 index of large-cap stocks as the universe for compiling our Outlook for Corporate Earnings, from FY12 we will use the Russell/Nomura Japan Equity Indexes. Developed by Nomura and Russell Investments, the Russell/Nomura Japan Equity Indexes offer coverage of a wider range of Japanese equities, including small-cap stocks. In future, we also plan to widen the scope to overseas companies by adopting as our universe the Russell Global Equity Indexes, which are calculated under the same concept as the Russell/Nomura Japan Equity Indexes.

We believe the above changes will yield the following enhancements.

Expansion of coverage: Our coverage of Japanese equities will expand in market cap terms.

More-diverse sector classifications: Our clients will be able to compare earnings trends among both large and small caps and use a wider range of sector classifications to suit their needs, including the Tokyo Stock Exchange's 33 sectors and GICS¹.

Greater objectivity in stock selection: The stocks included in our earnings compilation will be selected via a non-arbitrary, more objective process².

Focus on investability: The Russell/Nomura Japan Equity Indexes are based on an investable universe of stocks. We believe this will make it easier for our clients to draw on our compiled earnings forecasts in their execution of investment strategies.

We aim to make ongoing improvements to our Outlook for Corporate Earnings while reflecting the needs of our clients. Thank you for your continued support, and please do not hesitate to contact your Nomura representative if you have any queries.

¹ GICS stands for the Global Industry Classification Standard co-developed by Standard & Poor's and MSCI Barra.

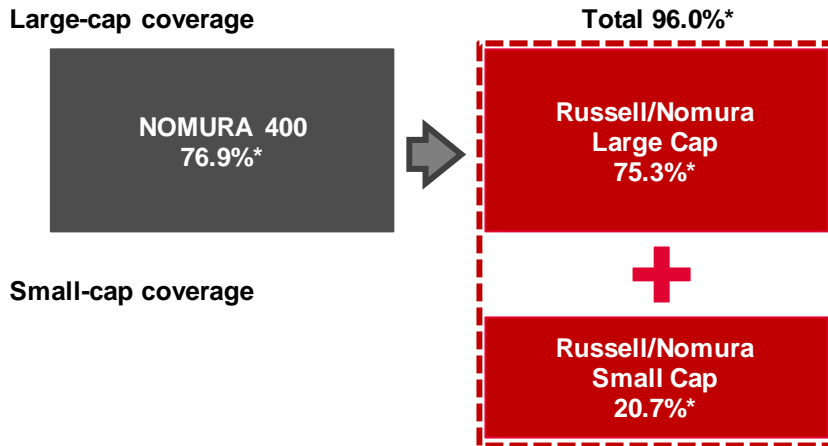
² The Russell/Nomura Japan Equity Indexes are a group of market capitalization-based indices composed of the top 98% of stocks listed in Japan in terms of free float-adjusted market cap (roughly 96% based on non-adjusted market cap).

(a) Expansion of coverage

Our coverage of Japanese equities will expand in market cap terms.

The Russell/Nomura Large Cap Index covers roughly the top 75% of Japanese companies on a market cap basis, broadly equivalent to the coverage of the NOMURA 400, which is composed primarily of large-cap stocks. Adding the Russell/Nomura Small Cap Index to our data sample will extend our coverage to small-cap stocks, which have not been included in our compilation to date. As a result, our market cap coverage will increase from 77% to 96% of listed Japanese companies as a whole.

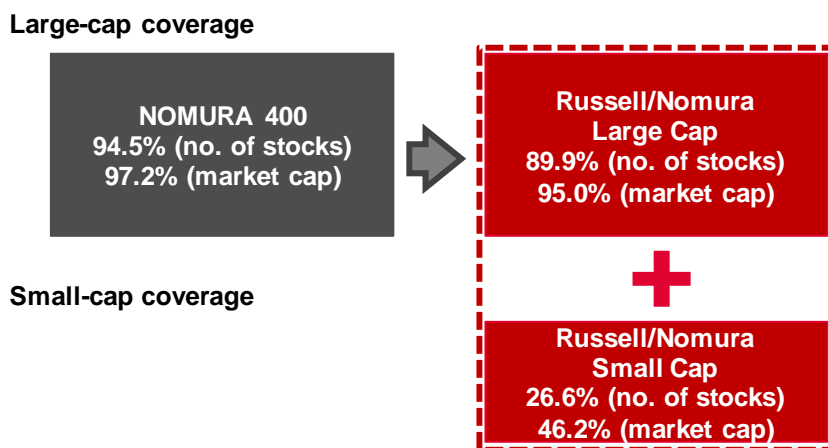
Fig. 22: Japanese equity market coverage (market cap basis, as of end-September 2011, not adjusted for free float)



We will also provide earnings data based on bottom-up forecasts for small caps.

The Russell/Nomura Large Cap Index and the NOMURA 400 are broadly the same in terms of stocks covered by Nomura analysts. Meanwhile, Nomura analysts cover almost 30% of stocks in the Russell/Nomura Small Cap Index based on the number of stocks and nearly 50% based on market cap. Toyo Keizai forecasts will continue to be used for stocks that are outside Nomura's coverage universe.

Fig. 23: Weighting of stocks covered by Nomura analysts (as of end-September 2011)



(b) More-diverse sector classifications

Our new approach allows for comparison of large- and small-cap stocks and will provide data for various sector classifications, including the TSE's 33 sectors and GICS.

Comparison of large- and small-cap stocks

Shifting from the NOMURA 400, an index centered on large caps, to the Russell/Nomura Japan Equity Indexes, which include both large and small caps, will make it possible for us to compile earnings forecasts based on size. It will also be possible to compare large- and small-cap stocks in terms of earnings momentum (profit growth rates, revision indices) and key valuation metrics.

Increase in sector classifications

We will also be able to provide earnings forecast data based not only on Nomura's existing sector classifications but also on the Tokyo Stock Exchange's 33 sectors, GICS, and other formats.

Comparison between Japan and overseas markets

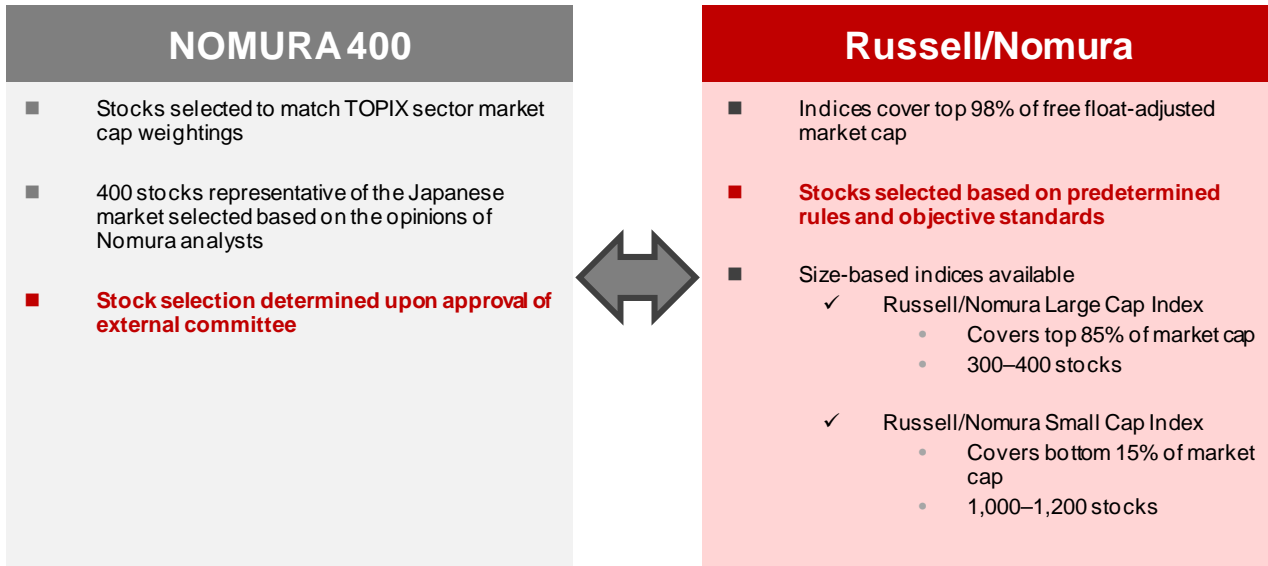
In future, we will be able to compile Nomura earnings forecast data for overseas markets, with the Russell Global Equity Indexes as our universe.

(c) Greater objectivity in stock selection

As a result of using constituent stocks in the Russell/Nomura Japan Equity Indexes, the universe of stocks for our compilation of earnings forecasts will be selected objectively.

Since stocks in the Russell/Nomura Japan Equity Indexes are selected based on pre-determined rules using fundamental market data (ie, market cap and trading value), there is no room for arbitrary stock selection.

Fig. 24: Comparison of universe



(d) Focus on investability

We believe the use of investable indices will enable our clients to use our compiled earnings forecasts in their execution of investment strategies.

Considerations for investability

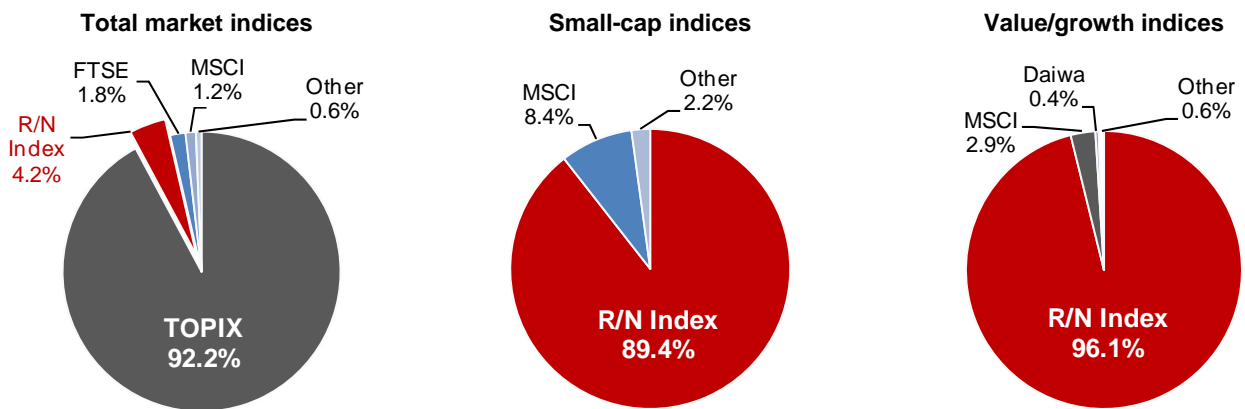
The Russell/Nomura Japan Equity Indexes are free-float adjusted, unlike the NOMURA 400, and are designed to avoid the supply-demand pressures that can often occur with owner-operated companies and companies part-owned by the government. Capital movements are reflected in the indices based on predetermined rules to avoid as far as possible any unnecessary trading caused by such daily movements among constituent stocks.

Proven benchmark for funds

According to Russell Investments' equity benchmark survey of Japanese institutional investors, the Russell/Nomura Japan Small Cap Index is the benchmark for 89% of assets tracking small-cap indices and the Russell/Nomura Total Market Growth Index and Russell/Nomura Total Market Value Index are the benchmark for a combined 96% of assets tracking value/growth indices, making them the de facto standard for style indices.

Fig. 25: Share of indices benchmarked by Japanese institutional investors

(Net asset basis, as of end-March 2008)



Source: Russell Research 2008 Russell Equity Benchmark Survey (June 2008).

Transition schedule

We will continue to issue the Outlook for Corporate Earnings report on a quarterly basis.

The transition schedule is as follows.

Early-Mar 2012: Final issue of Outlook for Corporate Earnings in its old format (with data under the new methodology to be included for reference).

Early-Jun 2012: Inaugural issue of Outlook for Corporate Earnings in its new format (with data under the old methodology to be included for reference)

Early-Sep 2012: Issue of new Outlook for Corporate Earnings (without reference data for old format)

Inquiries

For inquiries regarding the Outlook for Corporate Earnings:

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What are the Russell/Nomura Japan Equity Indexes?

The Russell/Nomura Japan Equity Indexes are Japanese equity indexes developed jointly by US-based Russell Investments and the Quantitative Research Center, Nomura Securities Co., Ltd.

Russell/Nomura Japan Equity Indexes have the following characteristics:

- They represent the entire Japanese equity market in that component stocks are selected from among all listed stocks.
- They reflect the stocks that are actually available for investment, as stable shareholdings are excluded from market capitalization figures.
- There are sub-indexes for different sizes of company based on market capitalization.
- There are sub-indexes for growth and value stocks. Sub-indexes for growth and value stocks are based on P/B ratios adjusted for unrealized gains/losses on marketable securities and unrecognized retirement benefit obligations.
- The Prime Index consists of the top 1,000 stocks in the Total Market Index by market cap excluding stable shareholdings.
- Clear definitions mean that there is no arbitrariness in stock-selection methods.
- The composition of each index is reviewed once a year.

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STOCKS

A rating of '**Buy**', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral**', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce**', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended**', indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.

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SECTORS

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Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published from 30 October 2008 and in Japan from 6 January 2009

STOCKS

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A '**Buy**' recommendation indicates that potential upside is 15% or more. A '**Neutral**' recommendation indicates that potential upside is less than 15% or downside is less than 5%. A '**Reduce**' recommendation indicates that potential downside is 5% or more. A rating of '**Suspended**'

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Explanation of Nomura's equity research rating system in Japan published prior to 6 January 2009

STOCKS

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A Target Price, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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