

Russell/Nomura Indexes Annual Reconstitution

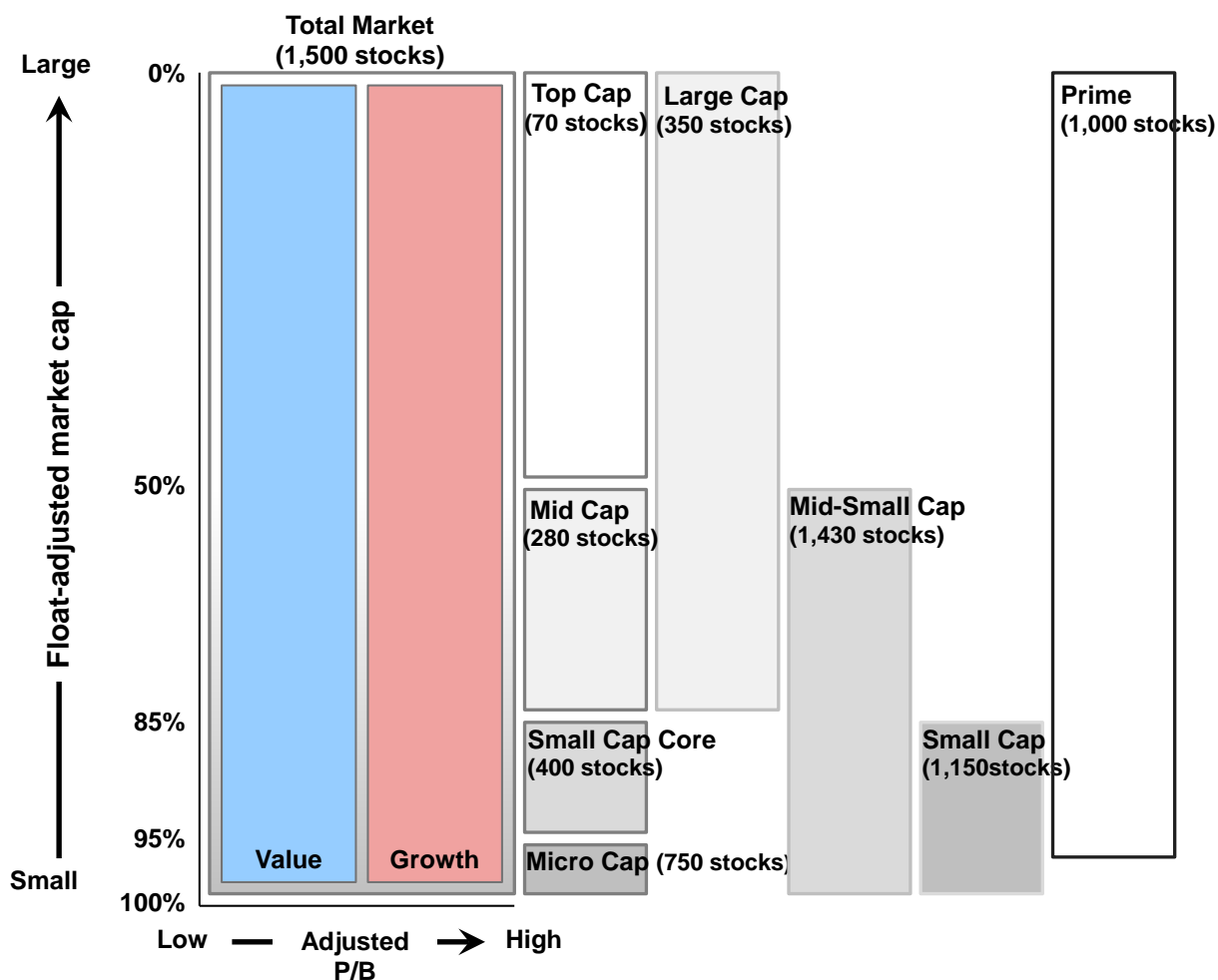
Tokyo, November 21, 2016— Nomura Securities Co., Ltd. and FTSE Russell Indexes today announced that the Russell/Nomura Japan Equity Indexes' annual reconstitution for 2016 has been implemented. The number of firms in the Russell/Nomura Total Market Index, which captures 98% of the float-adjusted market capitalization of the Japanese equity market, came to 1,500. The membership list has been posted on <http://qr.nomuraholdings.com/en/frcnri/index.html>

The total number of firms in the Russell/Nomura Total Market Index came to 1,500 as a result of 140 additions and 35 deletions. The total capitalization of the Index was approximately 334.8 trillion yen, representing an increase of around 0.9% (as of October 14, 2016, 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 market capitalization, included the same 350 stocks as in the annual reconstitution held in 2015. The number of stocks in the Small Cap Index, which represents the bottom 15% of the Total Market Index, increased to 1,150.

The Total Value Index had 173 additions and 65 deletions, while the Total Growth Index had 155 additions and 111 deletions. The capitalization turnover ratios for the Value and Growth Indexes are 14.7% and 13.2% respectively (see Chart 2). Though the turnover ratio of the Total Value Index is higher than that of last year, the degree of this increase is within the last five year's average standard. In terms of sector concentration, "Land Transportation", "Transportation Equipment" and "Real Estate" are now tilted toward Value, while "Electric Appliances", "Pharmaceutical" and "Information & Communication" are tilted toward Growth (see Chart 3). With regard to the Small Cap Index, "Retail Trade" and "Banks" are tilted toward Value, while "Services" is tilted toward Growth.

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks as of November 21, 2016 following annual reconstitution

Chart 2 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1,395	1,500	105	35	140	100.00%	100.00%	-	1.3%
Value	996	1,104	108	65	173	46.23%	49.34%	3.11%	14.7%
Growth	757	801	44	111	155	53.77%	50.66%	-3.11%	13.2%
Large	352	350	-2	28	26	85.56%	85.22%	-0.34%	2.4%
Value	221	219	-2	38	36	37.39%	39.89%	2.50%	16.5%
Growth	240	242	2	35	37	48.18%	45.33%	-2.85%	13.7%
Small	1,043	1,150	107	60	167	14.44%	14.78%	0.34%	13.0%
Value	775	885	110	61	171	8.84%	9.45%	0.61%	20.2%
Growth	517	559	42	102	144	5.59%	5.33%	-0.26%	26.8%
Prime	996	1,000	4	28	32	97.95%	97.63%	-0.32%	1.1%
Value	709	733	24	54	78	45.00%	47.90%	2.90%	14.7%
Growth	566	563	-3	84	81	52.95%	49.73%	-3.22%	13.2%

Note: "% of total market cap" based on share price as of October 14, 2016.

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

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	-0.1%	0.1%	-	-	-0.5%	0.8%
MINING	0.0%	-	-0.1%	-	0.0%	-
CONSTRUCTION	0.7%	-0.6%	0.9%	-0.7%	-0.1%	-0.3%
FOODS	-0.5%	0.8%	0.0%	0.8%	-2.9%	0.8%
TEXTILES & APPARELS	0.0%	0.0%	0.0%	0.0%	-0.2%	0.0%
PULP & PAPER	0.0%	0.0%	-0.1%	-	0.4%	0.0%
CHEMICALS	-0.8%	0.8%	-1.1%	0.7%	0.3%	0.8%
PHARMACEUTICAL	-1.3%	1.5%	-1.3%	1.8%	-1.2%	-0.2%
OIL & COAL PRODUCTS	0.0%	0.0%	0.1%	0.0%	-0.5%	-
RUBBER PRODUCTS	0.2%	-0.2%	0.2%	-0.2%	0.3%	0.2%
GLASS & CERAMICS PRODUCTS	0.2%	-0.2%	0.4%	-0.3%	-0.4%	0.5%
IRON & STEEL	-0.1%	0.0%	0.0%	0.0%	-0.3%	0.2%
NONFERROUS METALS	0.0%	-0.1%	0.0%	-0.1%	-0.1%	-0.2%
METAL PRODUCTS	0.1%	-0.1%	0.0%	0.1%	0.4%	-1.0%
MACHINERY	-1.1%	1.0%	-1.3%	1.1%	-0.3%	0.8%
ELECTRIC APPLIANCES	-2.6%	2.8%	-2.9%	3.3%	-1.3%	-0.9%
TRANSPORTATION EQUIPMENT	2.5%	-3.0%	3.1%	-3.3%	0.2%	0.1%
PRECISION INSTRUMENTS	-0.1%	0.2%	-0.1%	0.3%	0.2%	-0.6%
OTHER PRODUCTS	-0.2%	0.3%	-0.1%	0.3%	-0.4%	0.7%
ELECTRIC POWER & GAS	0.1%	-0.3%	-0.1%	-0.3%	0.9%	0.1%
LAND TRANSPORTATION	2.8%	-2.4%	3.4%	-2.6%	0.3%	-0.7%
MARINE TRANSPORTATION	0.0%	-	0.0%	-	0.0%	-
AIR TRANSPORTATION	0.7%	-0.6%	0.8%	-0.7%	-	-
WAREHOUSING & HARBOR TRANSPORTATION SERVICES	0.0%	0.0%	-0.1%	-	0.5%	0.0%
INFORMATION & COMMUNICATION	-0.9%	1.2%	-1.3%	1.4%	0.5%	-0.9%
WHOLESALE TRADE	-0.6%	0.1%	-0.7%	0.1%	-0.2%	0.3%
RETAIL TRADE	0.4%	-0.1%	0.1%	0.2%	1.8%	-2.1%
BANKS	-0.8%	-0.2%	-1.3%	-0.2%	1.2%	-
SECURITIES & COMMODITY FUTURES	-0.1%	0.0%	-0.2%	-	0.1%	-0.3%
INSURANCE	-0.2%	-0.1%	-0.3%	-	-	0.0%
OTHER FINANCING BUSINESS	0.0%	-0.1%	0.0%	-0.1%	0.1%	0.4%
REAL ESTATE	1.7%	-1.5%	1.9%	-1.7%	0.9%	0.2%
SERVICES	0.1%	0.5%	0.2%	0.4%	-0.2%	1.3%

Note: Based on the share price as of October 14, 2016. Highlighted in red are sectors whose weightings in Growth Index increased over 1%, while highlighted in blue are sectors whose weightings in Value Index increased over 1%. Strong highlighted indicates sectors whose weightings increased over 2% respectively.

Russell/Nomura Prime Index adds 22 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. The Index 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, 22 companies, including a firm that performed its IPO this year, entered the Index for the first time. Among the 22 additions, 5 Services sector stocks, 3 Chemicals sector stocks, 3 Electric Appliances sector stocks and 2 Information & Communication sector stocks have

been newly added as constituents. The total market capitalization is 326.9 trillion yen (as of October 14, 2016, float-adjusted). The turnover ratio of the Index is 1.1%, 0.5% lower than last year, maintaining a low level.

About Russell/Nomura Japan Equity Indexes:

In 1995, FTSE Russell Indexes and Nomura Securities Co., Ltd. jointly developed the 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 in order to accurately reflect changes in the Japanese marketplace. (The annual reconstitution of 2016 was implemented on Nov 21, 2016, after closing on Nov 18) Membership is determined based on the float-adjusted market capitalization as of October 15 (last business day if October 15 is a holiday).

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).

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For further information please contact:

Name	Company	Telephone
Index Operations Dept.	Nomura Securities Co., Ltd.	81-3-6703-3986

Nomura

Nomura is an Asia-headquartered financial services group with an integrated global network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its three business divisions: Retail, Asset Management, and Wholesale (Global Markets and Investment Banking). Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit www.nomura.com.