

18 June 2004

Regarding revision of stable shareholding ratio in the event of a private placement and change to method of calculating stable shareholding ratio for the RUSSELL/NOMURA Japan Equity Indexes

Dear customer

Frank Russell and the Financial & Economic Research Center of Nomura Securities have changed the rules on the stable shareholding ratio of the RUSSELL/NOMURA Japan Equity Indexes.

#### 1. Changes

##### A. Revision of stable shareholding ratio in the event of a private placement

We will revise the stable shareholding ratio five business days after the date of a private placement issue of new shares, which is when the number of shares outstanding changes.<sup>1</sup>

Stable shareholding ratio after revisions

$$\begin{aligned} &= (\text{stable shareholding ratio before revisions} \times \text{number of shares outstanding used} \\ &\quad \text{in the calculation of indexes prior to the private placement} + \text{change in number} \\ &\quad \text{of shares outstanding resulting from private placement}) \\ &/ (\text{number of shares outstanding used in the calculation of indexes prior to the} \\ &\quad \text{private placement} + \text{change in number of shares outstanding resulting from} \\ &\quad \text{private placement}) \end{aligned}$$

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<sup>1</sup> New shares issued in a private placement can be viewed as stable shareholdings. The new rule ensures that the number of shares included after adjusting indexes for stable shareholdings does not change in the event of a private placement.

## B. Change to method of calculating stable shareholding ratio

We have changed the method of calculating the stable shareholding ratio, which is recalculated for every regular reconfiguration of the indexes.

Before change: Three-year moving average of single-year stable shareholding ratios.

After change: Two-year moving average of single-year stable shareholding ratios.

## 2. Effective date of rule changes

### A. Revision of stable shareholding ratio in the event of a private placement

Following the next regular reconfiguration (scheduled for 1 December 2004), the revision will become effective when a company changes the number of shares listed on the market through a private placement.

### B. Change to method of calculating stable shareholding ratio

The change will become effective when we make our next regular reconfiguration of the indexes (scheduled for 1 December 2004).

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