

June 15, 2020

Nikkei Inc.

## Changes to the Constituents Selection Rules of the Nikkei Stock Average

From May 11 to June 8, Nikkei consulted about the revisions of the extraordinary replacement rules of the Nikkei Stock Average (Nikkei 225). We reviewed the results and concluded that we received affirmative opinions on the changes we proposed. At the same time, however, based on the fact that there were opinions regarding the period between the announcement and its effective date when a constituent designated as “security under supervision” is replaced, we will make some changes to our original proposal and revise the Nikkei Stock Average Constituents Selection Rules as follows.

[Revised points] (modifications as a result of the consultation are in bold)

| Post Revision  | Pre-Revision   |
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| <p>3. Extraordinary Replacement Rules</p> <p>(1) Deletion for special reasons</p> <p>Constituents removed from the Tokyo Stock Exchange First Section due to the reasons below and others are deleted from the index.</p> <p>i) Designated as a “<u>Security to be delisted</u>”</p> <p>ii) Delisted due to corporate restructuring such as merger, share exchange or share transfer</p> <p><u>“iii) in pre-revision” is deleted and the subsequent item is re-numbered</u></p> <p><u>iii) Transfer to the Second Section</u></p> <p>A constituent designated as “a security under supervision” <u>remains to be a constituent at the time of designation. However, Nikkei may replace such a constituent with a pre-announcement when it is highly inappropriate to keep the stock as a constituent, e.g. probability of delisting is extremely high.</u></p> | <p>3. Extraordinary Replacement Rules</p> <p>(1) Deletion for special reasons</p> <p>Constituents removed from the Tokyo Stock Exchange First Section due to the reasons below and others are deleted from the index.</p> <p>i) Designated to <u>“securities to be delisted” or delisted due to bankruptcy, including filing for Corporate Reorganization Act, Civil Rehabilitation Act, or liquidation</u></p> <p>ii) Delisted due to corporate restructuring such as merger, share exchange or share transfer</p> <p><u>iii) Designated to “securities to be delisted” or delisted due to excel debt</u></p> <p><u>iv) Transfer to the Second Section</u></p> <p>The constituents designated to the “securities under supervision” <u>become deletion candidates. However, decision to delete such candidates will be made by examining the sustainability and the probability of delisting of</u></p> |

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|  | <u>the individual case.</u>   |
| <p>3. Extraordinary Replacement Rules<br/> (3) Timing of the constituents change<br/> In principle, <u>for each reason under 3(1), constituents are deleted and added as follows.</u><br/> <u>The effective date is announced for each event.</u><br/> i) <u>Designated as a “Security to be delisted”: five business days after the designation.</u><br/> ii) <u>Delisted due to corporate restructuring such as merger, share exchange or share transfer and</u><br/> iii) <u>Transfer to the Second Section: effective date of the event.</u><br/> <u>In case that a constituent designated as a stock under supervision is deemed as highly inappropriate and will be deleted, the announcement will be made approximately two weeks before its effective date. Even if such a constituent is designated as a stock to be delisted before the pre-announced effective date, the pre-announced effective date survives.</u></p> | <p>3. Extraordinary Replacement Rules<br/> (3) Timing of the constituents change<br/> In principle, <u>constituents are changed on the day when the event to delete the constituents takes place. However, to make the news of the constituents change widely known, time may be taken before the changes become effective, especially when the event such as bankruptcy happens suddenly. Also, additions are made after some period of time in principle.</u></p> |
| <p>4.Special procedures to implement constituents changes<br/> <u>“② In pre-revision” deleted</u></p>  | <p>4.Special procedures to implement constituents changes<br/> <u>②When a constituent is deleted due to sudden announcement of bankruptcy or designation to the “security to be delisted”, and such constituent is promptly deleted but the new constituent is added after a short period of notice.</u></p>  |

[Effective date of the revision]

The above revisions become effective immediately from June 15, 2020

Above table shows revisions in the “Nikkei Stock Average Constituents Selection Rules (Since February 1, 2002), which constitutes a part of the Index Guidebook. Related parts in the Guidebook are also revised in line with the above.

In addition, the same changes will be applied to the Nikkei Stock Index 300 (Nikkei 300), Nikkei 500 Stock Average (Nikkei 500 Average) and the Nikkei China Related Stock 50. Refer to the Index Guidebooks for detail.