

Womenomics: Japan's Hidden Asset

Japan Portfolio Strategy

The Goldman Sachs Group, Inc.

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Why read this report

- To understand why increased female labor participation can help boost Japan's growth rate and to identify companies related to the womenomics theme.

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Global Strategy Research

Don't underestimate the power of the purse.

Higher female participation in the workforce can help mitigate some of Japan's demographic pressures and raise the long-term trend growth rate. Womenomics is likely to become a secular investment theme, and we identify potential beneficiaries.

Increased female participation is part of the solution

Of the three ways that Japan can improve its demographic profile, increasing its labor participation rate—especially of its females—is likely to prove most effective. Progress is finally being made in eliminating some of the obstacles to higher female participation.

Key to raising Japan's trend growth rate

Increased female participation implies higher income and consumption growth which we estimate could lift trend GDP growth by 0.3 pp to 1.5% from 1.2% and boost per-capita income by 5.8% over the next 20 years.

The power of the purse: Female consumers and investors

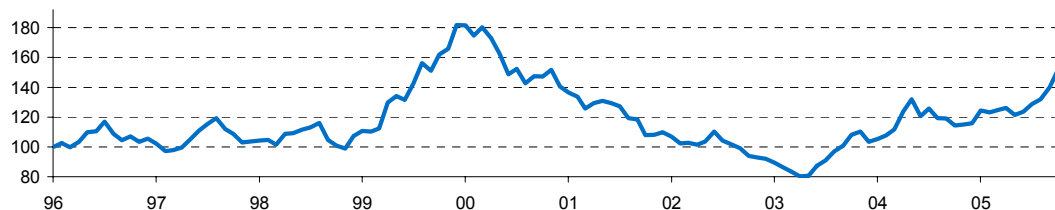
Higher disposable income growth among females could lead to greater consumption of certain services and goods, as well as more investments in real estate and financial products.

Buy the female economy

We present the Womenomics 115—a basket of 115 companies that may benefit from the secular growth of womenomics.

Womenomics power: Womenomics 115 basket performance

Equal weighted, Indexed, Dec. 29, 1995 =100, as of October 14, 2005



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The prices in this report are based on the market close of October 14, 2005.

Womenomics: Part of the solution

We maintain our bullish outlook for the Japanese equity market and based on our expectations of a continued strong macro environment supported by domestic demand and reflation, sustainable earnings growth and supportive valuations, we believe the market remains on a secular uptrend.¹

Our recent analysis of the potential for a valuation rerating concluded that even based on conservative assumptions for profit margins and financial leverage, Japan's ROE could more than double to around 16% by FY2009 from 7.6% in FY2004. This would imply a P/B multiple of 2.2X, which is 30% higher than the current level of 1.7X.² In other words, we believe the stock market has significantly more upside beyond our current TOPIX target of 1,500 over the medium term.

Despite the favorable short- to medium-term market outlook, however, we inevitably come across investors who raise longer-term concerns about Japan such as the fiscal deficit and demographics. While the deficit issue can be resolved through spending cutbacks and increased tax revenues generated by sustained economic growth, the demographic issue is far more complicated.

Based on most projections, Japan's population (currently 127 mn) is estimated to peak in 2006, then decline steadily to approximately 101 mn by 2050.³ Conventional wisdom suggests that a shrinking population is unambiguously negative for economic growth, therefore making Japan an unattractive destination for long-term equity investment. Yet, in our opinion, **not all is necessarily doom and gloom if Japan can make better use of its most underutilized resource: its women.**

We first wrote about "womenomics" back in 1999, and our conclusion has not changed. That is, out of economic necessity or as a result of lifestyle choices, an increasing proportion of Japanese women are actively participating in the workforce and becoming a very important source of income and consumption growth. While much more progress still needs to be made at both the public and private sector levels to foster greater female labor participation, we believe Japan is finally moving in the right direction.

Though increased female participation is by no means the entire solution to Japan's demographic woes, we believe it can help offset the negative impact of a shrinking pool of labor on income and demand growth over the longer term. Indeed, our economic simulation suggests that **if Japanese female participation rates rose to levels currently seen in the US, this would add 2.6 mn people to the workforce, raising Japan's trend GDP growth rate from 1.2% to 1.5% over the next two decades.**

The purpose of this report is to examine **the economic implications of increased female participation in Japan and to highlight 115 companies related to this very important secular market theme.**

¹ See our August 26 strategy report, *Next Stop: Topix 1,500*.

² See our September 21 strategy report, *ROE Breakout: Rerating Catalyst*.

³ Based on results of the medium variant projections from "Population Projections for Japan:2001-2050," National Institute of Population and Social Security Research

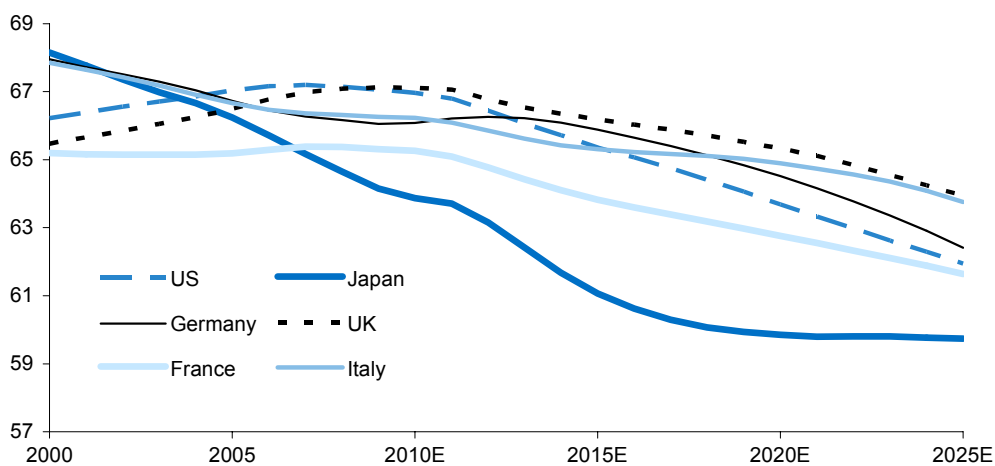
Why increased female participation is imperative

Of the three ways that Japan can improve its demographic profile, increasing its labor participation rate—especially of its females—is likely to prove most effective. Progress is finally being made in eliminating some of the obstacles to higher female participation in the workforce. Contrary to the opinion of some, the female participation rate tends to be positively correlated with the fertility rate in most countries.

While demographics pose a challenge to every developed economy, none is expected to be as hard hit as Japan. Over the next two decades, Japan's population is forecast to shrink by 6% from the current level of 127 mn,⁴ but its workforce population (age 15-64) is already shrinking and forecast to fall by nearly 10% within the next 20 years (see Exhibit 1). As a result, based on current forecasts, Japan will have only two workers for every one retiree within the next 30 years and two retirees for every three workers by 2050.

Exhibit 1: G6 workforce population forecast to shrink after 2010—Japan expected to be hardest hit

% total population



Source: US Census Bureau estimates, Goldman Sachs Research calculations.

Three options

There are three ways that a country can improve its demographic profile:

1. **Raise the birth rate,**
2. **Permit more immigration, or**
3. **Increase the labor participation rate.**

⁴ As of the last Japanese national census conducted in 2000.

1. Higher fertility? Difficult when more are opting to stay single

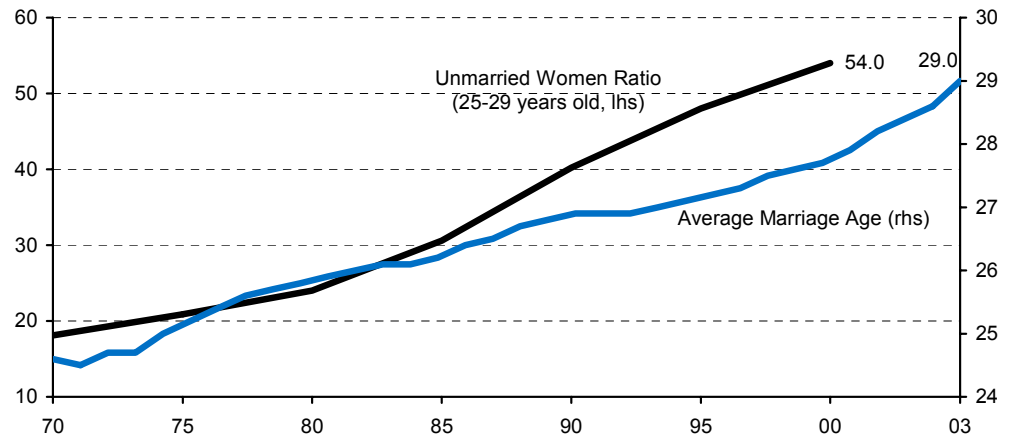
With respect to the first option, Japan's birth rate has fallen to a record low of 1.29 as of 2004, which is the second-lowest of the G6 countries behind Italy's rate of 1.24. The Japanese government has attempted to raise the fertility rate by offering everything from child-rearing subsidies to gifts from local wards upon giving birth, but none of these have proven effective.

One of the key factors driving down Japan's birth rate is the secular rise in the percentage of Japanese women (and men) choosing to remain single.

As seen in Exhibit 2, **the ratio of unmarried women between the ages of 25-29 has more than doubled in the last twenty years to 54% in 2000 from 24% in 1980.**

Similarly, for those who opt for marriage, the average nuptial age has risen to 29 in 2003 from 25 in 1980.

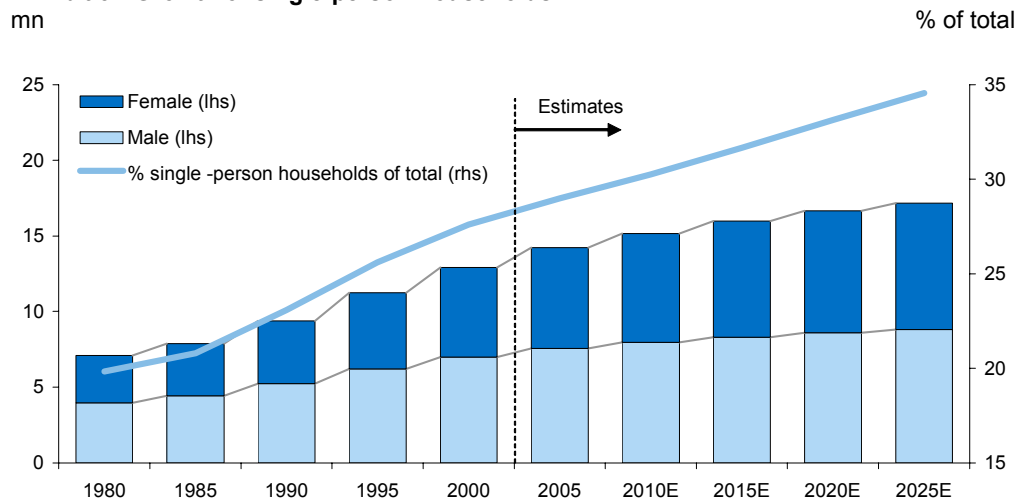
Exhibit 2: Ratio of unmarried Japanese women climbing
%, years



Source: Ministry of Internal Affairs and Communications (MIC).

As a result, there has been a **steady increase in the number of single-person households in Japan from 7.1 mn in 1980 or 20% of all households to 12.9 mn (27%) as of 2000** (see Exhibit 3). According to government estimates, this number is also expected to rise further to 17.2 mn (34%) over the next two decades.

It is difficult to pinpoint the exact causes of this “staying single” phenomenon, but unless this trend reverses, it will be difficult to stem Japan's declining birth rate.

Exhibit 3: Growth of single-person households

Note: Estimates from "Household projections" by the National Institute of Population and Social Security Research.

Source: MIC, National Institute of Population and Social Security Research.

2. Immigration? Helpful, but not a panacea

While boosting immigration would seem to represent one of the easier solutions to Japan's demographic problems, the number of immigrants that would be required to sustain the country's current workforce population is staggering.

For example, our global economists recently conducted an analysis of the potential impact of migration on global demographics. They concluded that **in order for Japan to maintain its current workforce population in 2050, it would have to increase the share of immigrants within the total population from just over 1% today to as much as 20% in 2050. In other words, it would need to boost its annual inflow of immigrants by a whopping seven times.**⁵

As we will explain later, we do believe that some immigration could help alleviate some of the nation's demographic pressures. However, since an increase of this magnitude would require nothing less than a revolutionary shift in Japanese political and social thinking, immigration alone is unlikely to provide the answer.

3. Increased labor participation is the key

Given the difficulty with the first two choices, we believe the third—raising the labor participation rate—is the most practical and effective option.

There are essentially two ways to raise labor participation rates in Japan. **One is to increase the retirement age and the other is to raise the relatively low female participation rate.**

⁵ See Sandra Lawson, Roopa Purushothaman and Sabine Schels' August 6, 2005 Global Economics Paper No: 115, *Making the Most of Global Migration*.

Raising the retirement age

Despite increased life expectancy (the average longevity for a Japanese woman has risen to 85 years, and to 78 years for a Japanese man), the retirement age has essentially remained unchanged and still stands at 60.⁶

According to a recent simulation by our Global Economics Team, if Japan delayed its retirement age (for both men and women) to 70 from 60, **this could reduce the rate of decline in the workforce from 15% to 9%**.

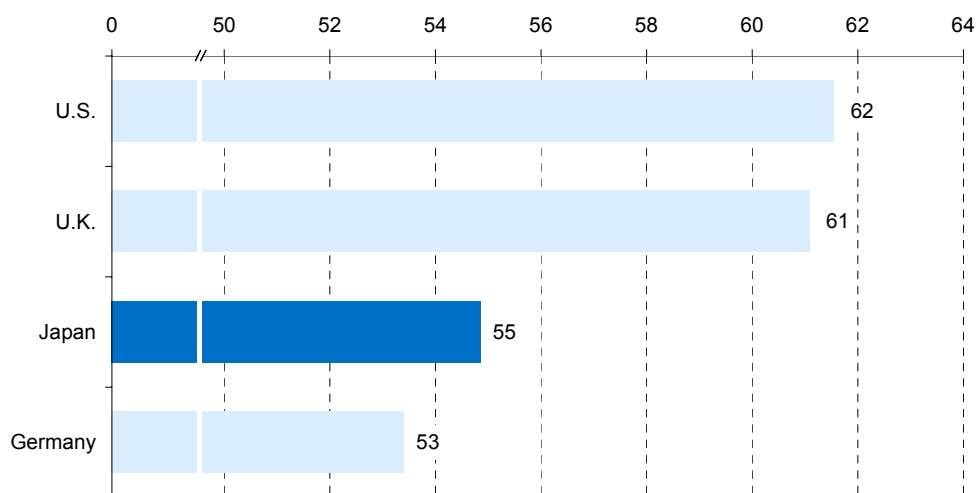
They estimate that this could, in turn, **lift Japan's long-term trend growth from 1.2% to 1.5% over the next two decades, as well as boost per-capita income by 7%**.⁷

Boosting female participation in the workforce

In addition to having older Japanese work for longer, another obvious way to boost labor participation rates is by increasing female participation.

While Japanese female participation has been rising over the past several decades, as of 2004, the **overall participation ratio is still low at 55%, compared to other developed countries, where the comparable ratio stands at 62% in the US and 61% in the UK** (see Exhibit 4).

Exhibit 4: Japan's female labor participation ratio is still relatively low
%



Source: US Census Bureau, Goldman Sachs Research calculations.

⁶ The average retirement age is 60 for 90.5% of all Japanese companies.

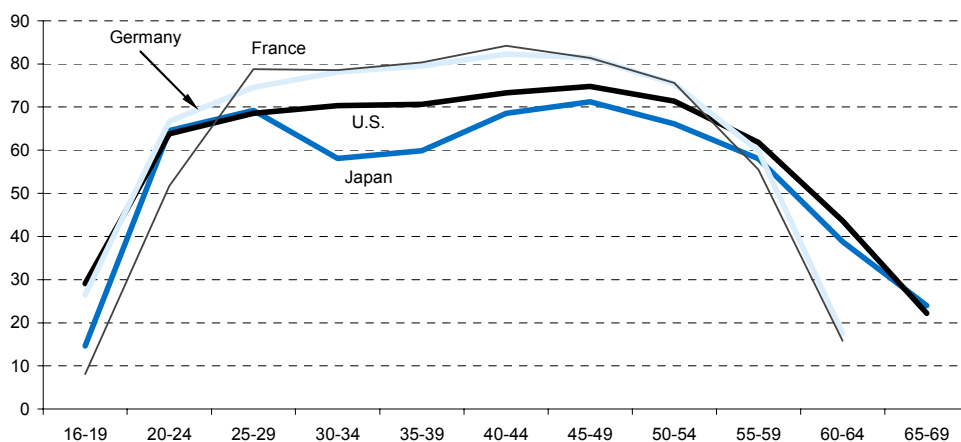
⁷ See Sandra Lawson, Roopa Purushothaman and David Heacock's September 28, 2005 Global Economics Paper No: 132, *60 Is the New 55: How the G6 Can Mitigate the Burden of Aging*.

Japan's "M-curve" phenomenon

One of the reasons behind Japan's low female participation rate is the so-called "M-curve" phenomenon. While in most developed countries, the labor participation rate is relatively high throughout the productive life of a woman, **Japan's rate notably drops between the ages of 30-44 as women exit the workforce in order to raise children** (see Exhibit 5). This phenomenon is unique to Japan; most other developed countries such as the US do not have such an "M-curve" in their female participation rates.

Exhibit 5: Japan's "M-curve"

International comparison of female labor participation rates by age group
%



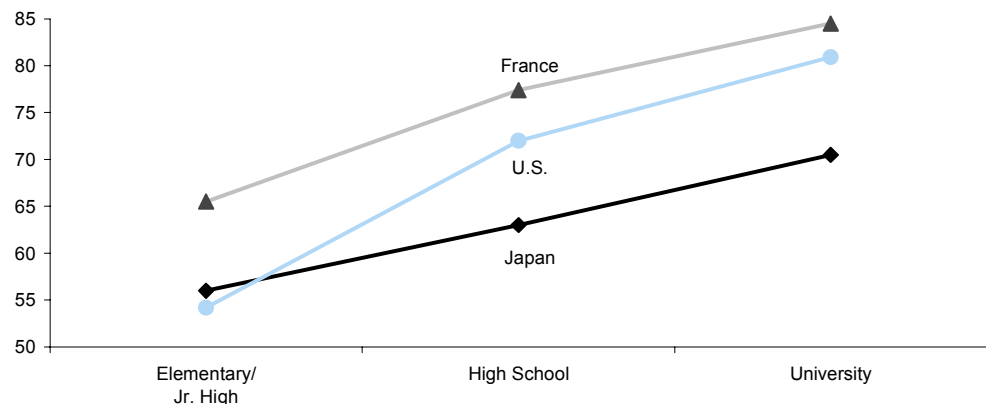
Source: MIC, US Census Bureau, Goldman Sachs Research calculations.

Related to this is the startlingly low labor participation rate of Japanese females with higher levels of education. In most developed economies, the participation rate of women with at least high-school diplomas is 70%-85%, **while the equivalent ratio in Japan stands at just 63%-70%** (see Exhibit 6).

Indeed, whether a Japanese woman is an elementary school/junior high school or a university graduate, **the difference between the labor participation rates is a narrow 15 percentage points (pp), while the "gap" is much wider in the US (27 pp) and in France (19 pp).**

Exhibit 6: Wasted educations: For Japanese females, education level makes little difference to labor participation rates

Labor participation versus education level, %



Source: Ministry of Health, Labor and Welfare (MHLW).

Factors behind Japan's low female participation rate

Some of the main reasons behind Japan's relatively low female participation rate include:

- Insufficient childcare and nursing care support,
- Tax obstacles,
- Inadequate focus of the private and public sectors on diversity, and
- Rigid immigration laws.

Robots can't raise the kids: Childcare/nursing care support

Perhaps the biggest reason for the "M-curve" in Japanese female labor participation is inadequate childcare and nursing care/convalescent support.

While the pattern has changed somewhat from post-war Japan, the "typical" life cycle for an adult Japanese woman remains:

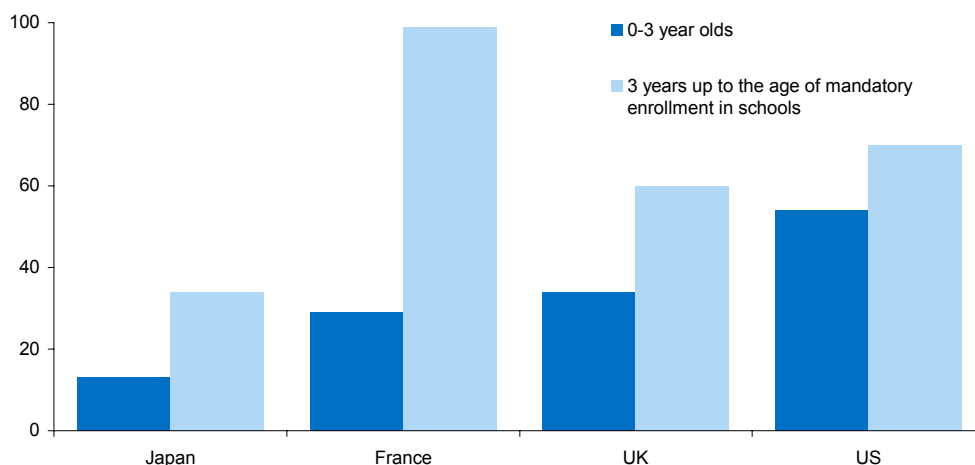
1. Graduate from high school or university and find a job (average age: 18-22 years)
2. Get married (age: 25-29 years)
3. Become pregnant, then drop out of the workforce in order to raise children (age: 30-39 years)
4. Once the children become independent, resume work (approximate age: 45)
5. Yet even if work is resumed after age 45, it is typically limited to part-time work since by this stage, either her husband's or her own parents often begin requiring convalescent support.

Given this typical lifecycle, it is virtually impossible for many Japanese women to participate more meaningfully in the workforce unless they are able to outsource some of these heavy-duty responsibilities such as daycare and nursing care.

In terms of daycare usage, **the proportion of Japanese children at daycare centers stood at just 13% for children under three years of age and 34% for those between three years and the age of mandatory enrollment in school.** This is far lower than the respective ratios of 29% and 99% in France and 54% and 70% in the US (see Exhibit 7).

Exhibit 7: Japanese daycare usage is low

International comparison of percentage of children at daycare centers, %



Note: Data includes both public and private provision. As of 1995 for the US, 1998 for Japan, France and UK.

Source: Organization for Economic Co-operation and Development (OECD).

In order to cope with the shortage of daycare facilities, the Koizumi government rolled out a plan in 2001 aimed at increasing the number of such facilities to accept more children. Based on the plan, **the total capacity of the nation's daycare system is targeted to increase 9% to 2.15 mn by 2009 from 1.97 mn in 2004.**

In addition, as part of local government finance reforms, one major priority is the **privatization of daycare facilities**, which—for many local governments—are a greater financial burden than nursing care. The majority of the roughly 24,000 licensed daycare facilities nationwide are government-subsidized, and local governments need to reduce the costs per facility as well as increase the number of facilities in order to meet the demand.

As our small-cap analyst, Yukihiro Moroe, has recently highlighted, this shift from public to private daycare provision could benefit private-sector daycare operators such as **JP-Holdings (2749), Benesse (9783), Combi (7935), and Pigeon (7956).**⁸

⁸ See Yukihiro Moroe and Yasuo Kono's September 16, 2005 First Impressions note on JP-Holdings (2749).

Tax obstacles

Another factor that has discouraged women from participating in the workforce has been related to tax. In the past, heads of households (usually husbands) were able to claim both a dependent exemption as well as a special dependent exemption for their wives as long as she earned an annual income of less than ¥1.03 mn (US\$9,035). This also represents the level that many companies set for the benefit eligibility of dependents. As a result, despite the fact that many married Japanese women have the desire to work more, tax obstacles made it uneconomical for many to do so.

The good news is that the government finally eliminated the special dependent exemption in April 2004, so the tax code no longer discourages married women from working as much as in the past.⁹

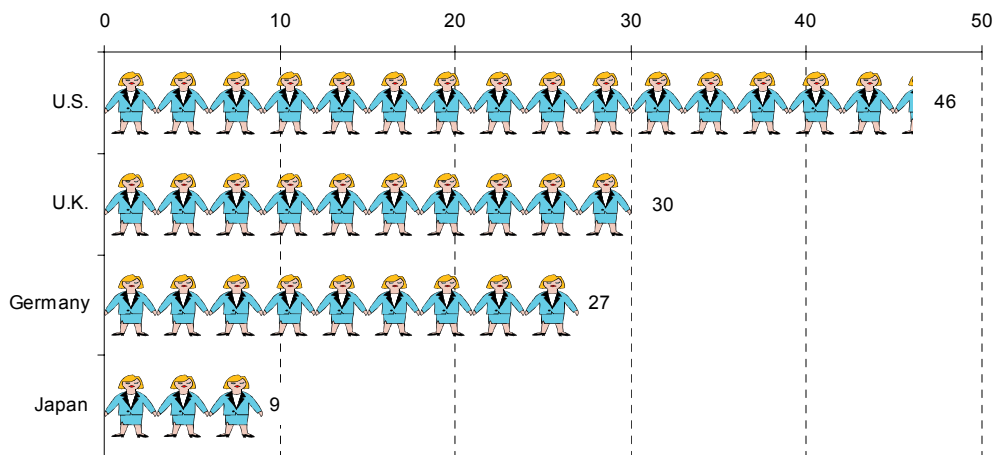
Inadequate focus on diversity issues

Another reason for low female participation has been inadequate attention paid by the private and public sectors on promoting diversity and work/life balance issues in the workplace.

While one could argue that the fault lies more with the female employees themselves not working long enough to develop their careers, we believe that some of the blame also lies with employers who have not been sufficiently proactive in recruiting, training, developing, and retaining their pool of female employees.

As a result, there is a distinct lack of female role models in Japan. According to the International Labor Organization, **the ratio of female managers in Japan stood at just 9% in 2003, compared to 46% in the US, and 27% in Germany** (see Exhibit 8).

⁹ Until April 2004, heads of households were able to claim both a dependent exemption of ¥380,000 for dependents who earned less than ¥1.03 mn, plus an additional “special dependent exemption.” However, with the 2004 tax reform, the special dependent exemption was eliminated.

Exhibit 8: Too few female role models in JapanRatio of female managers
% 2003

Note: Managers defined as the level of assistant manager or above.

Source: International Labour Organization (ILO), *Yearbook of Labor Statistics*.

There are some signs of light, however. Just this year alone, **two females were appointed chief executive officers of two companies listed on the TSE first section:** Fumiko Hayashi, formerly head of BMW Japan, was recruited to become the new CEO of retailer **Daiei**, and Tomoyo Nonaka, a former newscaster, became the CEO of **Sanyo Electric**.

Moreover, in the recent elections, **the ratio of female Diet members in the Lower House rose to a record of nearly 9% (43 out of a total of 480 seats) from less than 7% (33 members) prior to the elections—the highest ratio in nearly five decades.**

Notably, women from non-political backgrounds such as Satsuki Katayama (former Ministry of Finance bureaucrat), Yukari Sato (former economist), and Kuniko Inoguchi (former political science professor) have been newly elected and have been labeled the “Reform Madonnas” in the Diet.

Given the severe labor shortage that the nation is confronting, we hope that more and more Japanese firms as well as the government will come to realize that promoting diversity is just as important a priority as profitability and government efficiency.

Immigration laws

As we previously stated, immigration alone cannot solve Japan’s demographic problems; nevertheless, we believe that one step toward resolving the problem of insufficient daycare, nursing care, and housekeeping services would be to **ease immigration restrictions for foreign workers**.

While the government is working hard to build more daycare centers, the reality is—as many working mothers in Japan like me can attest to—that most of these centers have restricted hours (i.e., 8 am to 5 pm), meaning that unless a woman works on a part-time

basis, it is difficult to pick-up the child from the daycare center or stay at home when the child becomes ill.

Traditionally, most Japanese families have relied on relatives for childcare support, but over time, this has become increasingly difficult as the number of multi-generational households diminishes.

The second-best option is to employ a Japanese domestic helper (e.g., babysitter, caregiver, or housekeeper), but the issue is one of cost.

While there is a wide range, the average cost of a Japanese babysitter is roughly ¥1,500 to ¥2,000 per hour in the Tokyo area. Assuming that a babysitter is employed for 80 hours per month (i.e., four hours per weekday) at a cost of ¥2,000 per hour, the total cost would amount to ¥160,000 per month.

Compared to the average salary of a working woman aged 30-44 of ¥260,000 per month, this means that **use of a Japanese babysitter would account for roughly 62% of a woman's monthly paycheck, significantly reducing her economic incentive to work.**

In contrast, **the average cost of a foreign babysitter is roughly half that of a Japanese one, or around ¥1,000 per hour.** Moreover, the actual cost is often even lower than this if one considers the fact that in contrast to Japanese babysitters, most foreign babysitters will typically do more than baby-sit, including housecleaning and cooking.

For this reason, there is substantial demand for foreign domestic helpers within Japanese society, which the government has failed to recognize.

The problem, however, is that even if a Japanese person wanted to hire a foreign babysitter, current immigration laws prevent Japanese nationals from sponsoring foreign domestic helpers. (Foreign residents, on the other hand, can sponsor foreign domestic helpers as long as the former meet certain visa requirements).¹⁰

In terms of elderly care, some modest progress has been made in recent months. As part of the Japan-Philippines Free Trade Agreement reached in November 2004, the Japanese government is moving toward accepting a small number of Filipino nurses and nursing care workers starting from 2006.¹¹ While this is a step forward, **the quota is currently set at just 100 nurses, representing less than 0.01% of Japan's nursing population.** In contrast, more than 150,000 Filipino nurses are currently employed in the US, Europe, and the Middle East.

¹⁰ The foreign resident must obtain a special three-year "Investor/Business Manager" work visa as opposed to the normal one-year visa in order to be able to sponsor a foreign domestic helper.

¹¹ The candidates must first have nursing or nursing care certification in the Philippines. After they enter on a special visa issued by Japan, they will be required to go through additional training programs, including six months of Japanese language training. Workers will be allowed to stay for four years, but those who obtain national certification in their fields may be able to renew their stay every three years. If they fail the exams, they will have to return home. *Nihon Keizai Shimbun*, September 10, 2005.

Even more shocking is the fact that Japan grants 80,000 “entertainment” visas to Filipino women every year, according to the *Nikkei*.¹²

Encouragingly, a growing number of prominent persons in the private sector are speaking out against Japan’s rigid immigration policies.

In March 2005, two of the nation’s most powerful business lobbies—the Keidanren (Japanese Business Federation) and the Japan Chamber of Commerce—submitted proposals to the Justice Ministry in response to immigration proposals issued by the Ministry.

While both organizations lauded the Ministry’s decision to consider opening the job market to unskilled foreign workers, the Keidanren emphasized the need for the government to move faster by setting a deadline. It also recommended the establishment of cabinet headquarters dedicated to the issue of foreign workers.

In addition, it proposed expanding the quota for Filipino nurses and to make it easier for foreign skilled workers to obtain permanent resident status.¹³

Keidanren’s Chairman Hiroshi Okuda (head of Toyota Motor) was quoted as saying:

*The debate should not be whether to accept (foreigners) or not, but should be what can be done to bring them in smoothly. Not only personnel with specialties, but personnel from such sectors as nursing, caregiving, and manufacturing should be welcomed through a stable and transparent system.*¹⁴

Many of Japan’s current immigration laws were erected during the postwar period. While they made sense during a time when Japan’s economy was in a high-growth phase and labor was abundant, times have clearly changed, and this obviously requires a more flexible immigration system.

¹² *Nihon Keizai Shimbun*, January 7, 2005. Although apparently the government is currently moving to reduce this number.

¹³ *Nihon Keizai Shimbun*, March 2, 2005.

¹⁴ *Nihon Keizai Shimbun*, December 2, 2004.

Higher labor participation = higher birth rate

With demographics having become one of the hottest political topics in Japan recently, there is a wide range of opinions on how to deal with the problem.

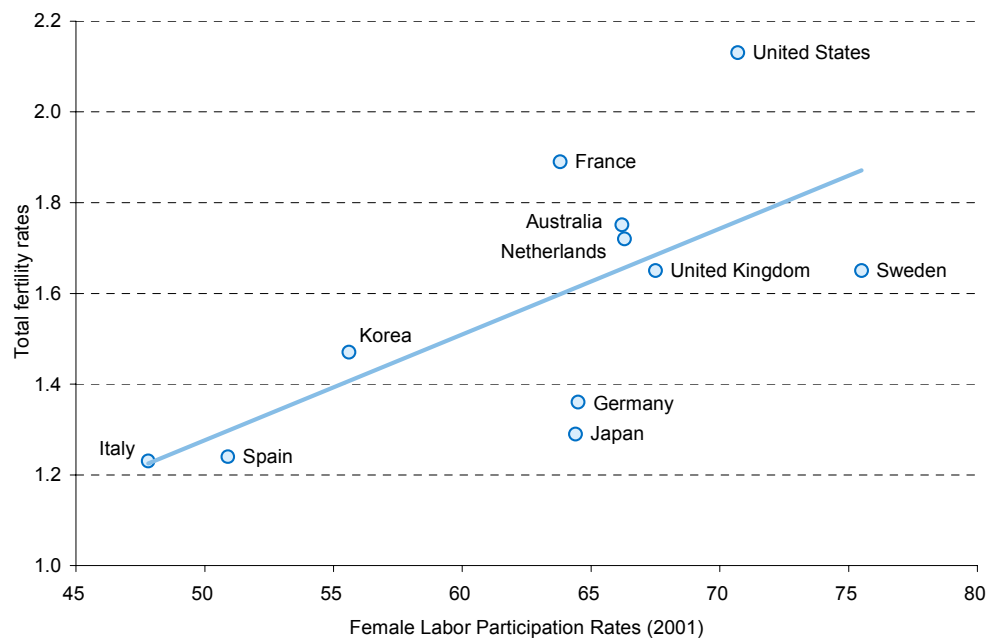
While it is encouraging that the Japanese government is finally beginning to openly debate this critical issue, it is also extremely worrisome to hear comments from certain politicians that the reason for the nation's demographic crisis is the women.

In other words, there are some who believe that women themselves are to blame for the low birth rate because they are participating more in the workforce and remaining single. Their theory suggests that the more Japanese women work, the further the birth rate will decline.

Setting aside this bizarre logic, **the empirical evidence contradicts this theory.**

Indeed, when one plots labor participation rates against birth rates for various countries, there is a distinct positive correlation between the two, meaning that **countries with high labor participation rates such as the United States, France, and Sweden also tend to have higher birth rates** (see Exhibit 9).

Exhibit 9: The correlation between labor participation rates and birth rates is positive
%



Source: MIC.

Increased female participation = higher trend growth

The economic implications of womenomics are very significant. Increased female participation could lift Japan's trend GDP growth to 1.5% from 1.2% over the next 20 years.

In order to estimate the impact of increased female participation in the workforce, our global economists, Sandra Lawson and Roopa Purushothaman, modeled the impact of increased female participation on Japanese trend GDP growth over the next 20 years.

The benefits of increasing female participation are quite significant. To estimate how much additional economic growth can be generated, they used a basic model of growth from their original BRICs analysis.¹⁵ In this model, GDP growth is a function of three components: growth in employment, growth in capital stock, and growth in technical progress or total-factor productivity (TFP).

In their original BRICs analysis, they held growth in the capital stock and in TFP constant for each of the G6 countries. Thus demographics (i.e., growth rates in the 15-60 age group) were entirely responsible for the divergence in trend real GDP growth rates (2.3% in the US, 1.5% in the EU-4, and 1.2% in Japan) over the next 20 years.

To quantify the impact of higher female participation rates in Japan, they re-ran this model assuming that Japanese female participation rates eventually rose to those in the United States.

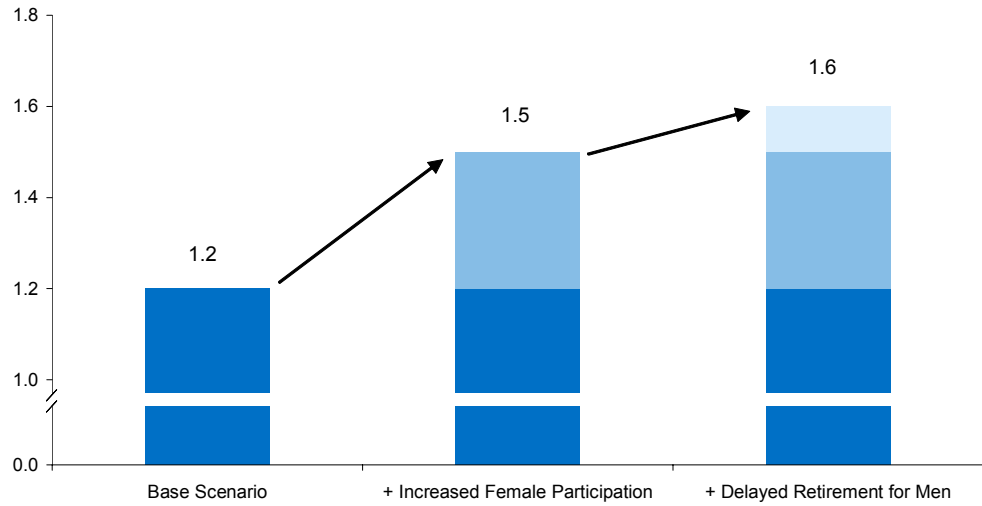
The result of this simulation is that this would add as many as 2.6 mn females to Japan's workforce population, which would, in turn, **lift Japan's long-term trend GDP growth rate from our base case scenario of 1.2% to 1.5%** (see Exhibit 10).

If, in addition to increased female participation, Japan also raises the retirement age for men, this would lift GDP growth even further to 1.6%.

¹⁵ See Global Economics Paper No: 99, *Dreaming With BRICs: The Path to 2050*, October 1, 2003.

Exhibit 10: Higher Japan’s female participation and delayed male retirement could raise Japan’s trend growth rate (2005-2025 estimates)

% yoy



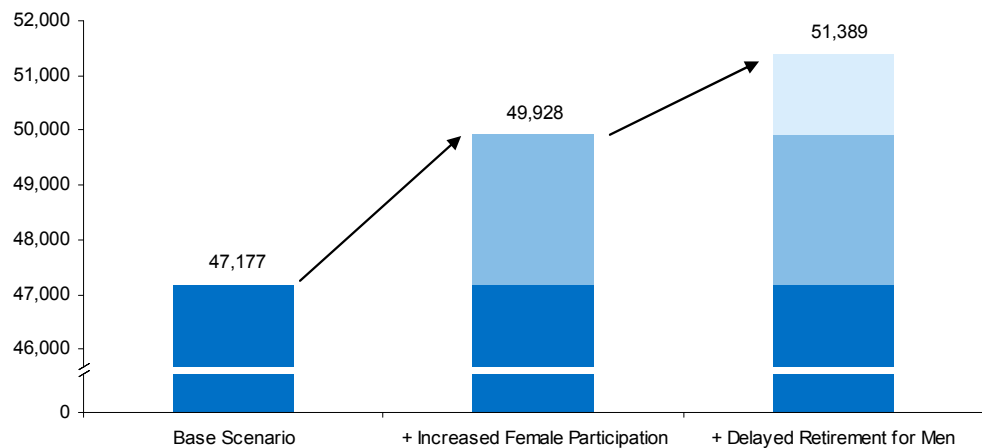
Source: Goldman Sachs Global Economic Research estimates.

Higher trend growth would naturally make Japanese richer.

Under our scenario whereby Japanese female participation rate rises to that of the US, **per capita income would be 5.8% higher than our original projections, and 8.9% higher if—in addition to higher female participation rates—Japanese men also worked longer** (see Exhibit 11).

Exhibit 11: Higher Japanese female participation and delayed male retirement could also raise Japan’s per capita income (2005-2025 estimates)

US\$



Source: Goldman Sachs Global Economic Research estimates.

The power of the purse: Female consumers and investors

Increased disposable income growth among Japanese females could lead to increased consumption of certain services and goods, as well as growing investments in real estate and financial products.

Consumption trends

As Japanese females become an increasingly powerful force for income growth and consumption within the Japanese economy, we can examine the possible implications on different areas of consumption.

According to a Ministry of Coordination Agency survey in 2004, **the average level of disposable income for single-females below the age of 34 is as high as ¥235,000, which is roughly 86% of the disposable income of equivalent single-males.** (In the global marketing world, Japanese females between the ages of 20-34 are apparently one of the most closely-watched consumer segments and they have even been labeled the “F-1 Class”).

By comparing the growth rates of different consumption sectors by single-female households, we can identify some interesting trends.

Areas of significant growth between 2000 and 2004 include (see Exhibit 12):

- Housing-related (1.6-pp increase)
- Food (0.4-pp increase),
- Medical-related (0.3-pp increase). and
- Other consumption (2.2-pp increase).

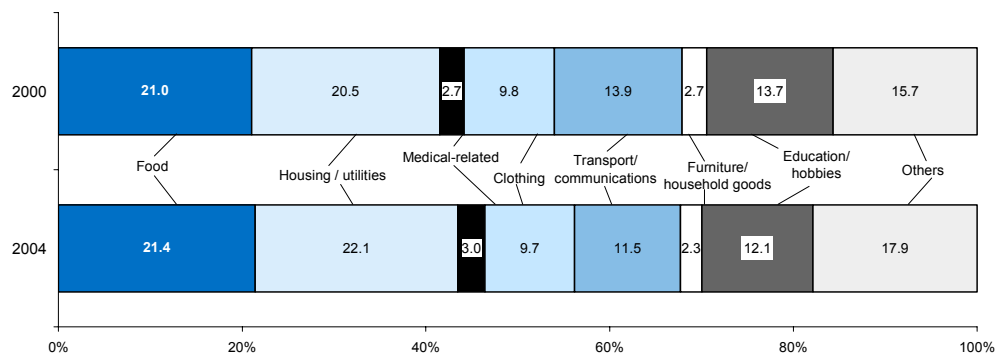
Within “other consumption,” the largest growing segments include:

- Beauty-related services (0.4-pp increase) and goods (0.8-pp increase),
- Accessories (0.3-pp increase),
- Housing-related expenses (0.7-pp increase), and
- Nonlife insurance (0.6-pp increase).

Notably, with some exceptions, **the largest growth is dominated by services rather than goods**, where items such as apparel (-0.1 pp) and handbags (0.0 pp) and watches (-0.1 pp) have not grown in the past four years.

Exhibit 12: Changes in the share of consumption segments by single-female households (2004 vs. 2000)

% total



| | 2004 | 2000 | 2004 vs. 2000 pp chg |
|---------------------------|------|------|-------------------------|
| Food | 21.4 | 21.0 | 0.4 |
| Housing/utilities | 22.1 | 20.5 | 1.6 |
| Medical-related | 3.0 | 2.7 | 0.3 |
| Clothing | 9.7 | 9.8 | -0.1 |
| Transport/communications | 11.5 | 13.9 | -2.4 |
| Furniture/household goods | 2.3 | 2.7 | -0.4 |
| Education/hobbies | 12.1 | 13.7 | -1.6 |
| Other consumption | 17.9 | 15.7 | 2.2 |

Source: MIC.

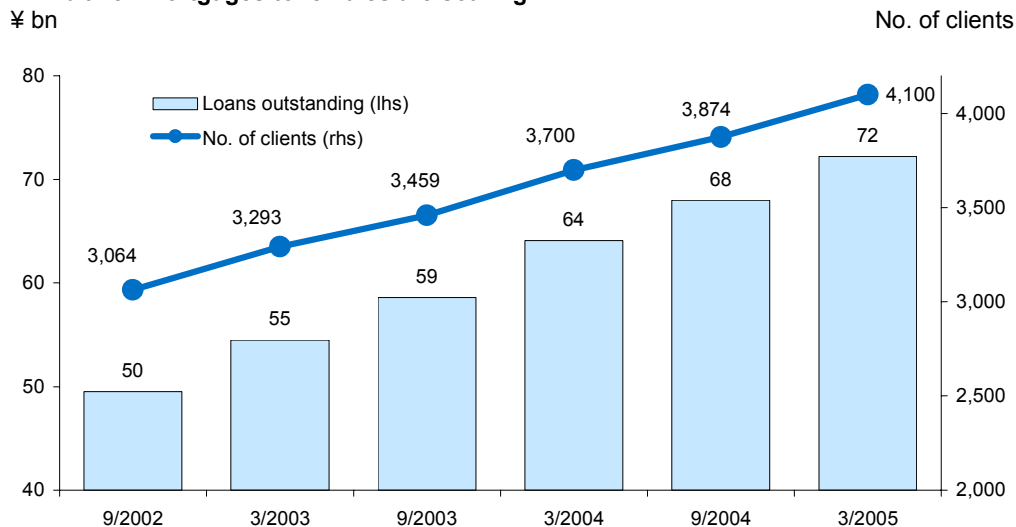
Real estate investors

Though hard to believe, it was not too long ago that it was virtually impossible for a single female to obtain a mortgage at a Japanese bank given concerns about their credit risk.

However, given their increased labor participation, growing income levels and lower default rates compared to their male counterparts, financial institutions are now crawling over one another to sell mortgages and loans to females.

Within Japan's mortgage market, pioneer financial institutions that have targeted female customers include regional banks such as Tokyo-based **Suruga Bank (8358)**.

According to Suruga Bank, **the outstanding amount of mortgages to females has soared 44% to ¥72 bn in March 2005 from ¥50 bn in September 2002** (see Exhibit 13).

Exhibit 13: Mortgages to females are soaring

Source: Suruga Bank.

With real estate prices having collapsed and interest rates having fallen to historic lows, it now makes more economic sense for many women to buy rather than to rent a condominium.

Real estate firms that are poised to benefit include one-room condo developers such as **FJ Next Co. (8935)** and **Joint Corporation (8874)**.

Financial investors: “Love Me!”

As more women remain single, there is a natural tendency to become worried about securing one’s financial future, so there has also been a growing interest among women in money management.

In November 2004, Nomura Securities established a “Women Financial Planning” section, and from January 2005, they started investment education courses for females. As of April 2005, the number of participants had already reached 3,400.

In order to attract female customers, Japanese banks have been creating unique financial products aimed at women.

As one example, on February 2005, **Resona Holdings (8308)** began selling an investment trust product aimed at women called “**Love Me!**”.

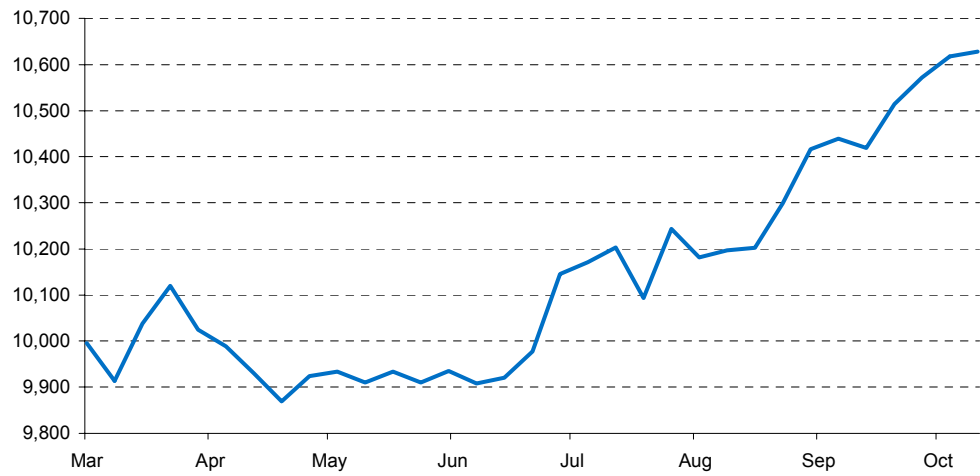
Resona’s female employees began by conducting surveys of prospective female investors and discovered that compared to males, females had a lower risk tolerance and they also preferred a regular, fixed return such as “monthly dividend-type” funds. As a result, 75% of the “Love Me” fund is comprised of overseas bonds, and the remaining 25% is invested in Japanese stocks that have high brand recognition among females.

As an added perk, on Christmas Day each year, the company will give customers coupons for beauty treatments, hot spring resorts, and correspondence courses in finance, depending on the amount each woman has invested.

Within just a few months, the size of the fund has already reached **¥11.5 bn (US\$100 mn)** as of **October 14**, and the fund has risen **6.3%** since **March 2005** (see Exhibit 14).

Exhibit 14: “Love Me!” fund performance

¥



Note: As of October 14, 2005.

Source: Nikkei.

Investing in womenomics: Introducing “Womenomics 115”

We identify 115 companies that may benefit from the secular growth of womenomics.

In order to help identify Japanese companies that may benefit from the growing womenomics theme, we searched for companies related to the following areas:

- Daycare-related
- Nursing care-related
- One-room condominiums
- Financial services
- Mail-order/online retailers
- Prepared food/health foods
- Beauty-related
- Apparel/accessories
- Interior goods/furniture
- Wedding/matchmaking-related services
- Delivery services
- Labor outsourcing/placement agencies
- Internet/entertainment

We limited our screen to companies with market capitalizations in excess of ¥3 bn, and we compiled a basket of Womenomics 115 stocks (see Exhibit 16).

Exhibit 15 illustrates the performance of these stocks on an equal-weighted basis. **Since 1995, the basket has risen 51% in absolute terms.**

While the basket is comprised of many small-cap stocks, we believe that **if we are correct in assuming that womenomics is becoming secular trend in Japan, many of these companies could enjoy secular growth over the long term.**

Exhibit 15: Womenomics 115 basket performance

Equal weighted, Indexed, Dec. 29, 1995 = 100



Note: As of October 14, 2005.

Source: Goldman Sachs Research calculations.

Exhibit 16: Womenomics 115 basket

| Code | Company | Ex-change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|-----------------------------|--------------------------------|-------------------|--------------|------------------|------------------------|-------------|---|
| Daycare-related | | | | | | | |
| 2749 | JP-Holdings | OTC | 10/02 | 6,048 | 402,000 | -7.6 | Rapidly expanding its private daycare facility management business. Currently one of the largest providers of refreshment services to pachinko parlors. |
| 7935 | Combi | TSE1 | 10/91 | 13,829 | 770 | 5.0 | Major producer of baby/children's goods (e.g., baby buggies, car seats, apparel, educational toys, etc.), and also operates a babysitting service. |
| 7956 | Pigeon | TSE1 | 9/88 | 31,001 | 1,529 | -13.6 | Top producer of children's products as well as maternity/nursing products that is also developing a nursery school management business. In addition, the firm is in the process of strengthening its elderly care services. |
| 9030 | Art Corp (Japan) | TSE1 | 10/04 | 27,500 | 2,525 | 51.6 | Top moving company that is expanding into daycare and babysitting services. Plans to open 100 daycare centers within city centers over the next three years. |
| 9783 | Benesse | TSE1 | 10/95 | 420,096 | 3,950 | 10.0 | Major provider of correspondence educational services. Benesse is expanding its child-support services and its existing nursing home business. |
| Nursing care-related | | | | | | | |
| 2373 | Care 21 Corp | Hercules Growth. | 10/03 | 3,131 | 144,000 | -2.0 | Specialist in home nursing based in the Kansai region, developing business in Kanto region. Aiming to develop a day-service as well as other home nursing-related businesses. |
| 2374 | Saint-Care | OTC | 10/03 | 8,625 | 123,000 | 75.7 | Specialist in visiting nursing care services focused on the Tokyo, Kanagawa, and Chiba areas. Also developing nursing facility business |
| 2393 | Nippon Care Supply | Mothers | 2/04 | 29,364 | 326,000 | -6.9 | Wholesale medical equipment supplier which rents equipment to the elderly; has also entered the home nursing business. |
| 2398 | Tsukui Corp | OTCf | 4/04 | 6,376 | 999 | -13.6 | Home nursing operator based in Kanagawa prefecture that operates in 40 prefectures. Aiming for nationwide development of day-nursing and multi-facility services |
| 2400 | Message Co | OTC | 4/04 | 30,374 | 168,000 | -22.1 | Nursing home operator based in Okayama prefecture; developing its "Amille" brand in three major urban areas; operates franchise as well as directly-managed facilities |
| 2435 | Cedar | OTC | 3/05 | 4,441 | 774 | NA | Nursing care provider; nursing visits centered on day services, and also operates nursing facilities. Based in Kyushu, but is expanding into the Kanto (Tokyo) region. |
| 4315 | Nissin Healthcare Food Service | OTC | 10/01 | 125,442 | 1,751 | -5.3 | Major contract supplier of meals for medical/welfare facilities; subsidiary of Watakyu, a major supplier of leased bedding for medical/nursing facilities. |
| 4355 | Japan Longlife | Hercules Standard | 4/02 | 3,634 | 130,000 | -42.7 | Home nursing and homes for the elderly with nursing services are two mainstays; based in Kansai region, aiming to expand into Tokyo area |
| 4723 | Goodwill Group | TSE1 | 07/99 | 120,848 | 184,000 | -27.3 | Leading player in nursing care services (Comsn) and light work contracting. Visiting nursing care and nursing home businesses are expanding. |
| 7221 | Toyota Auto Body | TSE1 | 5/49 | 235,651 | 2,075 | 18.4 | Toyota group auto assembling firm that is involved in assembly of special-needs vehicles for the elderly. |
| 7311 | Kawamura Cycle | Mothers | 10/04 | 7,918 | 229,000 | -33.0 | Leading manufacturer of wheelchairs; entire production is done in China; also expanding into walkers and other nursing care-related equipment. |
| 7476 | As One | TSE1 | 11/95 | 44,197 | 2,350 | -4.7 | Top wholesaler of scientific equipment/medical products. Stands out for its unique catalog system. Moving into the nursing care sector. |
| 7522 | Watami Food Service | TSE1 | 10/96 | 70,385 | 1,698 | 93.8 | Major "izakaya" pub-eatery restaurant chain that has been diversifying into catering for nursing homes. |
| 7566 | Japan Care Service | OTC | 10/97 | 3,140 | 380 | 31.0 | Established player in the home nursing care business based in Hokkaido, but operates in the Kanto and Tohoku areas as well. Also operates an emergency call service for the elderly in 10 locations nationwide. |

Source: Toyo Keizai Financial Data, Goldman Sachs Research.

Exhibit 16 cont'd: Womenomics 115 basket

| Code | Company | Ex-change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|--------------------------------------|--------------------|-----------|--------------|------------------|------------------------|-------------|--|
| Nursing care-related (cont'd) | | | | | | | |
| 7586 | Terashima | OTC | 7/98 | 8,619 | 1,431 | 19.3 | Drug store chain based mainly in the Ibaraki and Nagano areas that has entered the nursing business. |
| 7840 | France Bed Hldings | TSE1 | 03/04 | 65,380 | 264 | -4.7 | Major manufacturer of nursing care and welfare equipment such as beds and other furniture. Has also entered the day service and home visit nursing-care business. |
| 7882 | Aronkasei | TSE1 | 09/95 | 21,720 | 544 | 8.6 | Fostering medical-care products and environmental conservation products. Pioneer in PVC pipes, involved in production of wide range of products, including joints, manholes and daily sundry goods. Affiliate of Toagosei. |
| 7960 | Paramount Bed | TSE1 | 12/87 | 88,869 | 2,790 | -1.9 | Leading maker of medical beds (70% market share); also supplies hospital-use furniture to medical institutions nationwide. Home-use medical beds becoming a major growth product. |
| 8921 | C's Create | TSE2 | 2/04 | 18,119 | 71,000 | 63.6 | Developer of "C's condos" based in Tokyo and Kanagawa prefectures that is also entering the elderly housing market. |
| 9707 | Medca Japan | OTC | 2/90 | 28,265 | 603 | 48.9 | Operator of nationwide multi-functional nursing care services called "Care Center Soyo Kaze." |
| 9735 | Secom | TSE1 | 6/74 | 1,332,079 | 5,710 | 39.3 | Top-ranking security services firm that is expanding into the home medical care business. |
| 9792 | Nichii Gakkan | TSE1 | 7/95 | 96,931 | 2,655 | -20.0 | Largest player in the medical administration outsourcing field that offers everything from staff training to personnel appointments. Its nursing care business has the number-one share of the private sector market and is rapidly expanding. |
| One-room condominiums | | | | | | | |
| 4781 | Nihon Housing | TSE2 | 8/00 | 12,478 | 850 | 54.0 | Independent condominium management firm; other mainstay is construction and sale of studio-type condominiums. |
| 8848 | Leopalace21 | TSE1 | 2/89 | 453,903 | 2,845 | 57.7 | Constructs and subleases "Leopalace21" brand of apartments for singles. |
| 8850 | Starts | OTC | 5/89 | 32,382 | 1,460 | 28.1 | Profits mainly derived from commissions on real estate management operations. Developing the "Ozarea"-brand leased apartments specifically designed for women. |
| 8874 | Joint Corp. | TSE1 | 11/98 | 116,581 | 6,150 | 120.8 | A medium-sized condominium developer based in Jonan that has marketed condominiums aggressively to female customers. |
| 8896 | Ryowa Life Create | TSE2 | 11/01 | 31,638 | 885 | 47.0 | Top-ranked one-room condominium seller in the Tokyo area to individuals for investment purposes. Also moving into family residences. |
| 8901 | Dynacity | OTC | 12/01 | 27,644 | 30,000 | -22.6 | Develops condominiums in urban centers for singles and DINK (double income no kids) couples. |
| 8907 | Hoosiers | TSE1 | 10/02 | 50,744 | 467,000 | 92.2 | Condominium developer based in the Saitama/Chiba area. The firm employs a large number of female staff and is developing the "With" brand. |
| 8935 | FJ Next | OTC | 12/04 | 23,629 | 1,586 | 28.2 | Specialist builder of compact, one-room condominiums in the Tokyo area with a focus on female customers. Also involved in leasing and management. |
| 8937 | Human21 Corp | OTC | 2/05 | 5,467 | 804 | NA | Tokyo-based detached home and condo builder. Specializes in one-room condominium buildings and three-story wooden houses near railway stations. |

Source: Toyo Keizai Financial Data, Goldman Sachs Research.

Exhibit 16 cont'd: Womenomics 115 basket

| Code | Company | Ex- change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|------------------------------------|-----------------|---------------|-----------------|------------------------|------------------------------|-------------------|---|
| Financial services | | | | | | | |
| 8308 | Resona Holdings | TSE1 | 12/01 | 3,230,532 | 288,000 | 38.5 | One of the nation's major commercial banks. Has loan products specifically aimed at female customers such as mortgages. |
| 8336 | Musashino Bank | TSE1 | 10/69 | 218,795 | 6,890 | 56.6 | Operates branches throughout the Saitama region with a particular concentration on Saitama City. Has loan products specifically designed for women. |
| 8355 | Shizuoka Bank | TSE1 | 10/61 | 816,626 | 1,134 | 16.8 | One of the top-ranked regional banks that has special mortgages aimed at women. Top-ranked in terms of international capital adequacy ratio with high credit rating. The bank has a 20% share of the Shizuoka prefecture's deposit base and just under 30% for lending. |
| 8356 | Juroku Bank | TSE1 | 10/69 | 264,136 | 720 | 48.5 | Gifu prefecture's top-ranked financial institution that has special mortgages for women. Also developing business in Aichi prefecture and taking steps to strengthen its corporate branding. |
| 8358 | Suruga Bank | TSE1 | 6/63 | 328,790 | 1,241 | 51.7 | Tokyo-based regional bank that was one of the earliest banks to lend mortgages to females. Currently focusing on individual customer services, and maintains a special on-line service for women. |
| 8375 | Bank Of Ikeda | TSE1 | 8/63 | 129,606 | 6,260 | 14.9 | The only independent regional bank between Osaka and Kobe that has a special mortgage service for women. Has a very large base of wealthy customers. |
| 8537 | Taiko Bank | OTC | 2/90 | 35,885 | 345 | 23.2 | Regional bank that operates in Niigata prefecture and along the Joetsu railway line in Kanto. Offers loans designed specifically for women. |
| 8545 | Bank Of Kansai | TSE1 | 10/73 | 184,199 | 401 | 111.1 | Formed through the merger of Kansai Bank and Kansai Sawayaka Bank in February 2002 that distributes mortgages specifically aimed at women. Ranks No. 2 in Osaka in terms of capital and has become a virtual subsidiary of Sumitomo Mitsui Financial Group. |
| Mail-order/online retailers | | | | | | | |
| 2729 | Jalux | TSE1 | 2/02 | 25,026 | 1,959 | 8.0 | JAL-affiliated trading company whose main businesses are consumer mail-order and duty-free sales. |
| 4755 | Rakuten | OTC | 4/00 | 1,037,051 | 87,800 | -25.0 | No. 1-ranked internet retailer that is expanding into financial, travel, and other services through M&A. Owns a professional baseball team. |
| 8005 | Mutow | TSE1 | 10/71 | 14,427 | 545 | 5.0 | Second-tier catalog sales company ("Rapyt" being the main catalog title). Recruits customers independently at food cooperatives and housewives' groups around the country. |
| 8165 | Senshukai | TSE1 | 5/84 | 56,442 | 1,185 | 36.5 | Major mail order retailer operating mainly through catalog sales. Client base consists mainly of women in their late-20s and 30s and stands out for its "Buyer's Club." Beefing up its internet sales. |
| 8248 | Nissen | TSE1 | 10/88 | 79,124 | 1,457 | 5.0 | Major catalog sales company specializing in an integrated catalog for 25-50 year-old women. |
| 9838 | Traveler | OTC | 7/89 | 3,016 | 455 | -15.4 | Specializes in sales of overseas souvenirs and travel trinkets via its catalog. Currently developing Japanese souvenirs into second major business. |
| 9937 | Cecile | TSE1 | 4/93 | 36,517 | 905 | -36.7 | Major mail-order retailer dealing in apparel and everyday products. Top management reshuffle has led to radical reforms. Catalog business being restructured. |
| 9947 | Image Co. | TSE1 | 7/93 | 8,652 | 751 | 74.7 | Second-tier player in the mail order business specializing in the "Image" catalog for women in their 20s. Has acquired Trans-Continent, the apparel retailer. |
| 9997 | Belluna | TSE1 | 9/94 | 93,323 | 3,550 | 2.2 | Major catalog-based mail order company set apart by its recruitment of customers using flyers inserted into periodicals, etc. Diversifying into buyers' clubs and a financial business. |

Source: Toyo Keizai Financial Data, Goldman Sachs Research.

Exhibit 16 cont'd: Womenomics 115 basket

| Code | Company | Ex-change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|-----------------------------------|-----------------------|-----------|--------------|------------------|------------------------|-------------|---|
| Prepared food/health foods | | | | | | | |
| 2281 | Prima Meat Packers | TSE1 | 10/61 | 36,251 | 162 | 11.0 | Itochu group meat company that is a leader in vacuum-packed products and the third-ranked industry leader in the processed-food business; also developing a delicatessen business. |
| 2289 | Sagami Ham | OTC | 9/84 | 3,952 | 413 | 0.2 | Long-established meat processor known for its gourmet sirloin and ham products; emphasis on home-use processed meat and delicatessen products. |
| 2291 | Fukutome Meat Packers | TSE2 | 9/87 | 5,066 | 298 | 25.2 | Mid-ranked meat/ham maker based in Hiroshima, developing business in Chugoku, Shikoku, Kyushu; developing its delicatessen business on a group basis. |
| 2294 | Kakiyasu Honten | OTC | 6/97 | 19,722 | 1,593 | 11.0 | Operator of high-end Japanese restaurants specializing in Matsuzaka beef; involved in retail sales of fresh meat and developing a department-store delicatessen business |
| 2366 | Leoc Japan | OTC | 8/03 | 5,718 | 409 | 45.0 | Contract food service management company for hospitals, and other welfare facilities. Entering the nursing home business as well. |
| 2669 | Kanemi | OTC | 10/00 | 32,060 | 3,120 | -2.2 | Chubu-based food service company specializing in delicatessen sales to supermarkets, lunch boxes and rice balls for convenience stores; has a close relationship with Uny. |
| 2879 | Nichiro Sunfoods | OTC | 2/00 | 3,320 | 415 | 3.2 | Mid-size Nichiro-affiliated frozen food producer; supplies prepared foods to Seven-Eleven Japan through its subsidiary, Niigata Fresh Delica. |
| 2910 | Rock Field | TSE1 | 3/91 | 24,605 | 1,837 | 14.1 | Major delicatessen food supplier; mainstays are "RF1" and "Kobe Croquette" brands sold in department stores; also operates "Chikyu Kenko Kazoku" roadside stores |
| 2913 | Fuji Foods | OTC | 12/93 | 5,953 | 375 | 4.2 | Vendor of cooked rice, delicatessen, and bread products to convenience stores; strengthening its relationship with Seven-Eleven Japan; operates mainly in the Tokyo metropolitan area. |
| 2918 | Warabeya Nichiyo | TSE1 | 7/95 | 28,363 | 1,752 | -14.1 | Leader in the lunch food market; focusing on supplying Seven-Eleven Japan; strong in rice balls, boxed lunches and other cooked-rice products. |
| 7579 | Origin Toshu | TSE2 | 12/97 | 32,583 | 1,845 | -0.3 | Operates "Origin Bento," a sell-by-weight delicatessen-type store in the Tokyo area. Business has grown sharply thanks to its reputation for low prices. Pushing forward with measures to diversify store formats. |
| 8279 | Yaoko | TSE1 | 2/88 | 45,316 | 2,265 | 6.3 | A local food supermarket operator based mainly in Saitama prefecture. Specializes in high value-added products like prepared delicatessen foods. Also operates large shopping centers. |
| 9689 | Green House | OTC | 11/90 | 17,392 | 2,600 | 20.9 | Deals mainly in catering services for businesses, but is also strengthening its hospital catering business. Also developing its restaurant and hotel subcontracting businesses. |
| 9969 | Shokubun | TSE2 | 4/94 | 8,992 | 950 | 5.6 | A major home-deliverer of delicatessen items based in the Chukyo area. Has expanded from prepared food items to seasonings. Also expanding its health food business. |
| 2267 | Yakult Honsha | TSE1 | 1/80 | 494,308 | 2,810 | 54.1 | Top-ranked producer of fermented lactic ("probiotic") drinks; strong sales network based on visiting sales ladies; expanding its lactic product business overseas. Working with the Kirin group to develop health and functional food products. |
| Beauty-related | | | | | | | |
| 2406 | ArteJapan | OTC | 8/04 | 4,332 | 182,000 | 10.3 | Operates "Ash" beauty salons in Kanagawa prefecture. Encourages independence among beauticians and aggressively moving toward a franchise-based system. |

Source: Toyo Keizai, Goldman Sachs Research.

Exhibit 16 cont'd: Womenomics 115 basket

| Code | Company | Ex-change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|--------------------------------|--------------------------------|-----------|--------------|------------------|------------------------|-------------|---|
| Beauty-related (cont'd) | | | | | | | |
| 3310 | Jimos | OTC | 3/04 | 19,625 | 319,000 | 47.0 | Mail order company dealing mainly in cosmetics, health foods, and daily products under the brands "Macchialabel" and "Machiabio." |
| 4452 | Kao | TSE1 | 5/49 | 1,478,004 | 2,690 | 2.7 | Leading maker of cosmetic and toiletry products. Strengths include vertically-integrated production and a unique distribution system. Moving to strengthen its chemical operations. |
| 4679 | Taya | TSE1 | 9/97 | 4,493 | 881 | 2.9 | Operates a nationwide chain of directly run beauty salons. Also operates a lower-priced chain of outlets called "Shampoo." |
| 4911 | Shiseido | TSE1 | 5/49 | 682,696 | 1,608 | 8.4 | No. 1 producer of cosmetics in Japan and No. 4 in the world. Developing a global brand strategy. Toiletry division has been spun off. |
| 4915 | Avon Products | OTC | 12/87 | 29,361 | 500 | -9.9 | Subsidiary of US cosmetics company, Avon, focusing on house-to-house sales by representatives and mail-order sales. Also deals with jewelry and health foods. |
| 4916 | Noevir | OTC | 5/88 | 49,444 | 1,386 | -3.4 | Cosmetics manufacturer that relies on outsourced sales of products via door-to-door. Also developing drink products aimed at females as well as its medical product business. Group includes other cosmetic companies with different brand names, and Tokiwa Pharmaceutical, a maker of drugs for home delivery purposes. |
| 4918 | Ivy Cosmetics | OTC | 4/96 | 11,969 | 469 | 6.3 | Medium-sized player in door-to-door cosmetics market that is moving into food supplements. Maintains its own unique training program for sales people. |
| 4919 | Milbon | TSE1 | 6/96 | 42,024 | 4,020 | 42.3 | Top specialist maker of hair-care products for salons; mainstay lines are hair-coloring, permanent wave, and hair-care products. |
| 4921 | Fancl | TSE1 | 11/98 | 128,189 | 5,480 | 39.1 | Additive-free cosmetics maker; shifting from mail-order to sales through directly managed stores, expanding into health foods and products for the elderly |
| 4922 | Kose | TSE1 | 12/99 | 217,032 | 3,940 | -3.7 | Third-ranked cosmetics maker; primarily through sales in stores, strong in lipstick and other makeup products; expanding self-service products and moving into the Chinese market. |
| 4924 | Dr.Ci:Labo | TSE1 | 3/03 | 47,194 | 171,000 | -26.6 | Produces and sells skincare products based on marine collagen; mainly mail-order, but strengthening its directly managed store network. |
| 4925 | Haba Laboratories | OTC | 6/03 | 8,111 | 2,745 | 11.1 | Develops, produces, and sells "natural" cosmetics; mainly mail order but developing sales through department store and corporate wholesale channels |
| 6752 | Matsushita Electric Industrial | TSE1 | 5/49 | 4,869,312 | 1,985 | 22.1 | Leading consumer electronics maker with high market shares in AV equipment and white goods. Matsushita Electric Works (which became a wholly-owned subsidiary in 2004) manufacturers many popular beauty and health related products and equipment. |
| 7932 | Nippi | OTC | 6/63 | 10,500 | 875 | 28.7 | Top-ranked company in the leather industry that is diversifying into gelatin, collagen, and cosmetics products. |
| 8170 | Aderans | TSE1 | 9/85 | 122,429 | 2,935 | 23.8 | Largest producer of hair pieces for both men and women developing business though its integrated hair operations and services (including hair tonic products, etc.). |
| Apparel/accessories | | | | | | | |
| 9980 | Maruko | OSE2 | 7/94 | 36,398 | 890 | -8.7 | Sells tailor-made women's underwear, bodycare cosmetics; is pursuing nationwide development of its mini-store channel and all of its production is outsourced. |
| 2671 | F.D.C.Products | TSE1 | 10/00 | 23,655 | 1,836 | 65.5 | Designs, produces and sells jewelry, bags and women's apparel. "4°C" brand jewelry is its mainstay; developing its customer base from young women through career women. |

Source: Toyo Keizai Financial Data, Goldman Sachs Research.

Exhibit 16 cont'd: Womenomics 115 basket

| Code | Company | Ex-change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|---|-----------------------|-----------|--------------|------------------|------------------------|-------------|---|
| Apparel/accessories (cont'd) | | | | | | | |
| 2685 | Point | TSE1 | 12/00 | 175,697 | 6,760 | 99.4 | Nationwide casual wear and sundries retailer; multiple SPA brands aimed mainly at women in their 20s; also developing business in Taiwan. |
| 3373 | Link Theory Hldgs | Mothers | 6/05 | 81,599 | 560,000 | NA | Sells the popular "Theory" brand of clothing for working women; acquired its US license in 2003 in conjunction with Fast Retailing. |
| 3591 | Wacoal | TSE1 | 9/64 | 215,449 | 1,496 | 21.7 | Top maker of women's underwear has a direct sales network in Japan and is aggressively developing its Asian/US business. |
| 7478 | Blue Grass | OTC | 11/95 | 14,113 | 1,458 | 55.1 | Operates specialty stores selling casual clothing and household sundry goods for young women under a variety of brand names. Part of the Aeon group. |
| 7598 | Nice Claup | OTC | 12/98 | 8,906 | 822 | 156.9 | Develops and markets casual wear for women in their 20s from the design stages. Also concentrating on household sundries as it expands its stores. |
| Interior goods/furniture | | | | | | | |
| 2698 | Can Do | TSE1 | 6/01 | 20,502 | 133,000 | 2.3 | No.2 operator of ¥100 shops in Japan with a concentration on tenant-operated outlets. Popular among housewives for interior-related products and everyday household goods. Stands out for its focus on business at the individual shop level. |
| 2738 | Bals | TSE2 | 7/02 | 16,883 | 321,000 | 95.7 | Specialty store operator of the "Franc Franc" brand of furniture and household sundries aimed mainly at women in their 20s and 30s; proactively developing new business lines. |
| 9843 | Nitori | TSE1 | 9/89 | 267,563 | 9,450 | 41.3 | Top nationwide furniture/interior retail chain; pursuing a develop-and-import furniture strategy; strengthening its store network in Honshu. |
| Wedding/matchmaking-related services | | | | | | | |
| 2363 | MOC | Mothers | 4/03 | 19,654 | 339,000 | -39.5 | Sales agency for banquets, specializing in wedding ceremony production. |
| 2417 | Zwei | OTC | 10/04 | 8,912 | 2,285 | -24.6 | Leading computer-based matchmaking service company that is affiliated with Aeon, the major supermarket chain. |
| 2418 | Best Bridal | Mothers | 10/04 | 26,384 | 1,940,000 | 6.6 | Wedding service company focused on weddings held at US/European mansion-style venues; also operates in Hawaii. |
| 2438 | Asukanet | Mothers | 4/05 | 8,547 | 201,000 | NA | Produces photo albums for individual clients, including wedding photos. Also specializes in the production of photographs of the deceased for funerals with its "memorial design service". |
| 3607 | Kuraudia | TSE2 | 5/04 | 6,540 | 1,350 | -16.1 | Manufacturers, sells and rents wedding attire. Wedding-dress production base located in China; businesses in Guam and other overseas locations; also operates wedding ceremony venues. |
| Delivery services | | | | | | | |
| 1380 | Akikawa Foods & Farms | OTC | 11/97 | 3,698 | 885 | 20.4 | Pioneer in the production and sales of organic meat, eggs, and milk products. Strong in distribution through consumer co-ops; door-to-door parcel delivery subsidiary expanding. |
| 2261 | Meiji Dairies | TSE1 | 5/49 | 183,626 | 619 | 1.8 | Leading producer and distributor of dairy products, is strong in the development of profitable businesses such as door-to-door delivery and its yoghurt products. |
| 9064 | Yamato Transport | TSE1 | 5/49 | 868,536 | 1,850 | 21.7 | No. 1 in the door-to-door parcel delivery business with just under a 40% share of the market. Developing mail services as a second business pillar, as well as corporate logistics. |

Source: Toyo Keizai Financial Data, Goldman Sachs Research.

Exhibit 16 cont'd: Womenomics 115 basket

| Code | Company | Ex-change | Listing date | Market cap. ¥ mn | Share price, ¥ (10/14) | Perf. YTD % | Description |
|---|---------------------------|-------------------|--------------|------------------|------------------------|-------------|---|
| Labor outsourcing/placement agencies | | | | | | | |
| 2341 | Arbeit-Times | OTC | 12/02 | 23,254 | 680 | -38.2 | Publisher of "DOMO!" free recruitment magazine in Tokyo/Nagoya/Osaka areas; also involved in staffing services. |
| 2379 | Dip Corporation | Mothers | 5/04 | 23,371 | 177,000 | -9.7 | Provider of recruitment information via the Internet. |
| 2408 | Kg Intelligence Co | OTC | 8/04 | 4,734 | 641 | -45.9 | Publishes regional recruitment information magazines in the Chugoku and Shikoku areas; expanding its free "i-no" eating/drinking lifestyle magazine. |
| 3595 | Yagi | OTC | 7/93 | 7,173 | 590 | 12.4 | Maker of women's office uniforms; high-value-added in-house brands. |
| 4318 | Quick | OTC | 10/01 | 6,315 | 331 | 35.1 | Rapid growth through handling recruiting magazine advertising; main customer is Recruit; diversifying into personnel placement and business service contracting. |
| 4766 | PA | Mothers | 7/00 | 3,402 | 305 | 38.6 | Recruitment information magazine based in Niigata, Fukushima, and Nagano Prefectures; geared toward online recruitment and skill enhancement support services. |
| 4778 | Hu-Management Japan | OTC | 8/00 | 9,476 | 149,000 | 0.7 | Major outplacement firm aiming for differentiation by gathering recruitment information; has started placement services for older workers. |
| 4849 | En-Japan | Hercules Standard | 6/01 | 122,149 | 510,000 | 54.5 | Industry leader specializing in online recruitment; advertising fees from clients are earnings mainstay; known for independent research, writing. |
| 9610 | Wilson Learning Worldwide | OTC | 3/95 | 3,390 | 720 | 9.9 | Global pursuit of human resource development (HRD) and recruitment assistance. Originated in the US, but US parent was acquired by the Japanese subsidiary in 1991. |
| Internet/entertainment | | | | | | | |
| 2387 | Valic | OTC | 12/03 | 8,376 | 701,000 | 34.8 | Operates karaoke rooms aimed at women and families; started as a means of using idle land owned by parent company Aoki International. |
| 3754 | Excite Japan Co | OTC | 11/04 | 34,125 | 630,000 | 6.8 | Itochu-affiliated Internet portal with a high ratio of female users; advertising and content are its mainstays. |
| 3770 | Zappallas | Mothers | 5/05 | 19,858 | 1,780,000 | NA | Cell-phone content provider; strong in fortune-telling services aimed at women in 20-34 age group; developing product sales via cell phones. |
| 4837 | Shidax | OTC | 4/01 | 26,898 | 75,300 | -16.8 | Holding company for catering firm and restaurant/karaoke room operator; top share in the karaoke room market |

Source: Toyo Keizai Financial Data, Goldman Sachs Research.

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Healthcare / Services / Ports / Gaming
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