News Release

NOMURA

Nomura Individual Investor Survey

January 2007

5 January 2007

Investment Strategy Department
Financial & Economic Research Center
Nomura Securities Co., Ltd.

1. Introduction

With the aim of better understanding investing activity by individuals and providing information on those trends, the Financial & Economic Research Center of Nomura Securities conducts a monthly survey—the Nomura Individual Investor Survey. The results of the survey have been published monthly since April 2006.

2. Overview of Nomura Individual Investor Survey

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to e-mail addresses of record for the approximately 11,500 individual investors participating in Nomura Investor Relations' internet monitor questionnaire service.

Number of responses: 1,000 (survey closed when 1,000 responses received)

Survey period: Survey distributed on 19 December with deadline for responses on 21 December

Survey content: Questions included in every survey plus feature questions focusing on various topics that change from month to month. Questions included each month are (1) share price outlook (Nikkei Average), (2) stock trading activity (present and future), (3) factors expected to impact the stock market (domestic economy, corporate earnings, foreign political and economic trends, etc), (4) popular sectors, and (5) popular stocks.

3. Nomura Individual Investor Survey (January 2007) respondents

Gender: Male (75.8%), Female (24.2%)

Age: Less than 30 (5.1%), 30–39 (30.5%), 40–49 (35.7%), 50–59 (18.4%), 60 and above (10.3%)

Financial assets held: Less than ¥2,000,000 (17.7%), ¥2,000,000–¥4,999,999 (21.7%), ¥5,000,000–¥9,999,999 (23.3%), ¥10,000,000–¥29,999,999 (23.4%), ¥30,000,000 or more (13.9%)

Number of different stocks held: One stock (13.0%), Two stocks (13.8%), Three–five stocks (35.8%), Six–10 stocks (21.1%), 11–20 stocks (9.2%), 21 or more stocks (5.6%), None (1.5%)

Average duration stocks are held: Less than one month (3.9%), One month to less than three months (7.5%), Three months to less than six months (12.3%), Six months to less than one year (18.6%), One year to less than two years (18.7%), Two years to less than five years (20.8%), Five years or more (18.2%)

Frequency of trading activity: Once or more per day (2.7%), Once or more per week (13.7%), About once a month (21.4%), About once every two to three months (21.0%), About once every six months (13.6%), About once a year (7.6%), Once every few years or so (8.5%), Not active at present (11.5%)

Area of investment focus: Stock price movements and technical factors (14.0%), Strong earnings growth (12.1%), Stable earnings growth (47.0%), Dividends and shareholder returns (26.9%)

4. Survey overview

(1) The Nomura Individual Investor Market View Index (Nomura I-View Index) falls to 34.6, the lowest since the survey's start

The Nomura I-View Index, based on respondents' three-month outlook on share prices, was 34.6 for January, down 18pt from the record low to date of 52.6 in December. This is the third straight month of decline and marks the lowest level for the index since the survey's inception in April 2006. This month the Nikkei Average was about 1,000 points higher than the level last month, but it appears that individual investors are not fully convinced that the rally will continue. Thus, many respondents indicated a cautious stance on prospects for further share price appreciation.

(2) Investors retain a stop-and-start approach to stock trading

Respondents were asked about the number of different stocks traded, the investment amount, the frequency of trading activity, and the number of stocks held. The proportion of "decreased" responses shrank for all categories this month, while the proportion of "increased" or "no change" responses rose. When asked about plans for the same categories over the coming three months, the proportion of "plan to increase" responses rose across the board, while the proportion of "no change" or "plan to decrease" responses declined. However, intentions for stock trading have alternated between active one month and passive the next since September. Again in this month's survey, investors appear to be taking a stop-and-start approach to stock trading.

(3) Increasingly negative view on domestic politics

Respondents were asked to rate the impact of a set of factors on the stock market in the next three months as positive, negative or neutral. The view on domestic politics deteriorated further from last month. However, we note that the proportion of "positive" and "somewhat positive" responses rose for the domestic economy & corporate earnings, market factors & psychological factors, and domestic interest rates & forex trends while the proportion of "somewhat negative" and "negative" responses for these categories fell.

(4) Most appealing sectors were pharmaceuticals & healthcare, autos & auto parts, and materials

The sectors with the most appeal were pharmaceuticals & healthcare, autos & auto parts, and materials. Those with the least appeal were construction & real estate, financials, and resources.

(5) Investors are most interested in domestic stocks, CDs, and investment trusts (Japanese equities)

For this month's spot question, we asked investors which financial products they were interested in, and why. The most common answer was domestic stocks, and the most common reason cited was the high returns that can be expected. After domestic stocks, the next most common response was CDs, followed by investment trusts (Japanese equities). The top of the ranking was unchanged from our previous survey on this topic (issued in April 2006).

(6) Nomura Individual Investor Investment Climate Index (Nomura I-NIC Index) up m-m for first time in four months, to 6.9

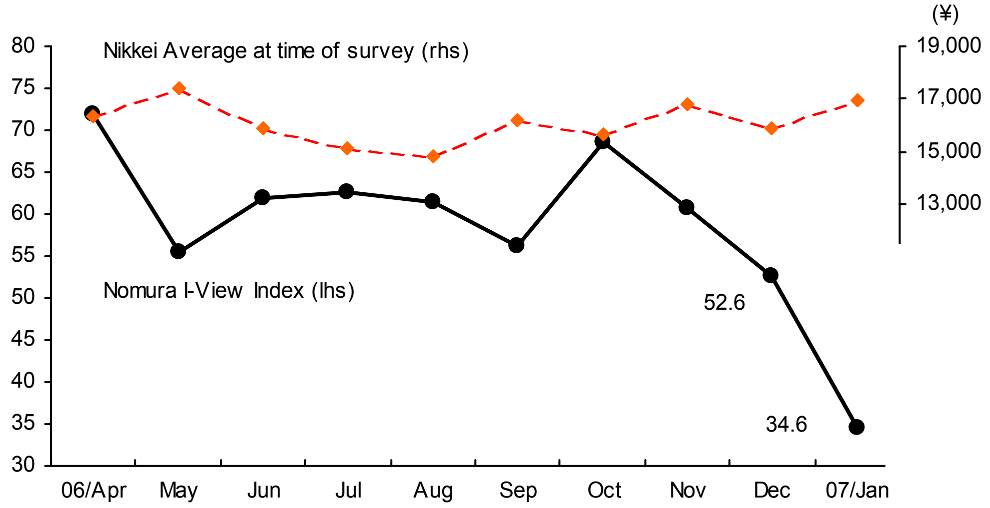
The Nomura I-NIC Index, which factors in statistics directly and indirectly related to the investment environment for individual investors and indicators that individual investors are thought to follow, was 6.9, up from the final November figure of –13.8. This result was the first rise in four months.

5. Survey results

(1) The Nomura Individual Investor Market View Index (Nomura I-View Index) falls to 34.6, the lowest since the survey's start

The Nomura I-View Index, based on respondents' three-month outlook on share prices (see section (2) below), was 34.6 for January, down 18pt from the record low to date of 52.6 in December. This is the third straight month of decline and marks the lowest level for the index since the survey's inception in April 2006 (Exhibit 1).

1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: The Nomura I-View Index is based on data collected by this survey and calculated using a diffusion index. The calculation method is as follows:

[(Number of responses indicating expected rise in share prices in the next three months minus number of responses indicating expected fall in share prices in the next three months) divided by number of respondents] X 100

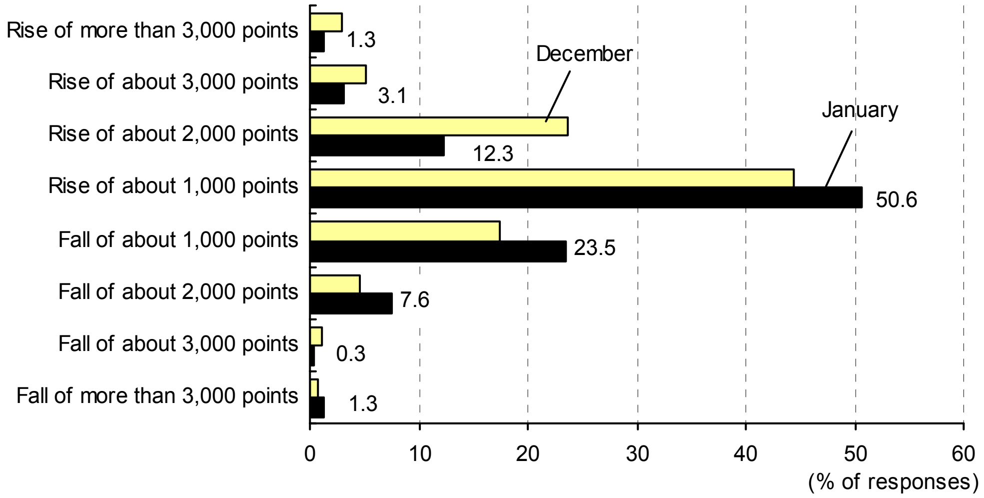
The Nomura I-View Index ranges from –100 to +100. The closer to +100 the figure is, the more bullish the outlook held by individual investors. The closer to –100 the figure is, the more bearish the outlook held by individual investors.

(2) Individual investors not convinced rally will continue and take cautious stance on share price trend

When asked about the outlook for the Nikkei Average during the next three months, the data that form the basis for the Nomura I-View Index, the percentage of respondents expecting a “rise of about 1,000 points” rose to 50.6%, from 44.6%. However, the proportion in the three categories expecting a rise of 2,000 points or more declined. However, the percentage expecting “a fall of about 1,000 points” rose to 23.5%, from 17.4%, and that looking for “a fall of about 2,000 points” rose to 7.6%, from 4.5%. It would thus appear that the proportion of individual investors expecting a drop in share prices has risen. This month’s reference level for the Nikkei Average (16,962, 18 December close) was 1,000 points higher than the level last month, but it appears that individual investors are not fully convinced that the rally will continue. Thus, many respondents indicated a cautious stance on prospects for further share price appreciation (Exhibit 2).

Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on an 18 December closing figure of 16,962. Respondents could choose one answer from a possible eight responses—ranging from a “rise of more than 3,000 points” to a “fall of more than 3,000 points” with 1,000-point increments in between. For example, one possible response was the range of 17,001 to 18,000 (a rise of about 1,000 points).

2. Outlook for Nikkei Average during the next three months



(3) Investors retain a stop-and-start approach to stock trading

Respondents were asked about the number of different stocks traded, the investment amount, the frequency of trading activity, and the number of stocks held. The proportion of “decreased” responses shrank for all categories this month, while the proportion of “increased” or “no change” responses rose. When asked about plans for the same categories over the coming three months, the proportion of “plan to increase” responses rose across the board, while the proportion of “no change” or “plan to decrease” responses declined. However, intentions for stock trading have alternated between active one month and passive the next since September. Again in this month’s survey, investors appear to be taking a stop-and-start approach to stock trading (Exhibit 3).

Note: Respondents were asked about the number of different stocks traded, the investment amount, the frequency of trading activity, and the number of stocks held for the past three months and desired levels in these categories for three months hence. The possible responses were increased (plan to increase), no change, or decreased (plan to decrease).

3. Number of different stocks traded, investment amount, frequency of trading activity, and number of stocks held (%)

(1) Past three months

	Increased		No change		Decreased	
	Jan	Dec	Jan	Dec	Jan	Dec
Number of different stocks traded	15.6	*13.8*	67.5	*65.5*	16.9	*20.7*
Investment amount	15.7	*11.2*	68.0	*67.5*	16.3	*21.3*
Frequency of trading activity	13.1	*11.3*	65.3	*61.6*	21.6	*27.1*
Number of stocks held	13.2	*12.3*	70.9	*70.5*	15.9	*17.2*

(2) Next three months

	Plan to increase		No change		Plan to decrease	
	Jan	Dec	Jan	Dec	Jan	Dec
Number of different stocks traded	36.1	*30.7*	53.6	*56.9*	10.3	*12.4*
Investment amount	32.8	*28.4*	57.1	*60.4*	10.1	*11.2*
Frequency of trading activity	36.2	*33.8*	55.1	*55.8*	8.7	*10.4*
Number of stocks held	31.9	*25.6*	52.9	*57.7*	15.2	*16.7*

(4) Increasingly negative view on domestic politics

Respondents were asked to rate the impact of a set of factors on the stock market in the next three months as positive, negative or neutral. The view on domestic politics deteriorated further from last month, with “somewhat positive” responses falling to 12.6%, from 17.1%, and “somewhat negative” responses rising to 37.7%, from 30.9%. However, we note that the proportion of “positive” and “somewhat positive” responses rose for the domestic economy & corporate earnings, market factors & psychological factors, and domestic interest rates & forex trends while the proportion of “somewhat negative” and “negative” responses for these categories fell. As a result, the second most common response for the two categories market factors & psychological factors and domestic interest rates & forex trends changed from “somewhat negative” to “ somewhat positive”. (Exhibit 4).

4. Impact of factors on the stock market (%)

	Positive		Somewhat positive		Neutral		Somewhat negative		Negative	
	Jan	Dec	Jan	Dec	Jan	Dec	Jan	Dec	Jan	Dec
Domestic economy & corporate earnings	8.9	*5.4*	50.9	*44.5*	29.4	*30.2*	9.8	*17.1*	1.0	*2.8*
Market factors & psychological factors	5.7	*3.4*	34.6	*24.5*	36.8	*33.4*	20.5	*32.6*	2.4	*6.1*
Domestic interest rates & forex trends	2.5	*2.1*	29.2	*20.7*	40.2	*38.1*	26.2	*34.3*	1.9	*4.8*
Domestic politics	1.8	*0.9*	12.6	*17.1*	43.4	*47.8*	37.7	*30.9*	4.5	*3.3*
Overseas securities markets	5.0	*3.6*	34.3	*31.1*	42.7	*42.0*	16.8	*20.5*	1.2	*2.8*
Overseas political and economic situation	3.0	*2.1*	18.9	*19.1*	49.6	*44.5*	26.0	*30.7*	2.5	*3.6*

(5) Most appealing sectors were pharmaceuticals & healthcare, autos & auto parts, and materials

Respondents were asked to choose one sector most appealing and one sector least appealing as an investment target during the next three months. For each sector we calculated a diffusion index by subtracting the percentage of responses for unappealing from that for appealing. The top three DI scores were for pharmaceuticals & healthcare, autos & auto parts, and materials. The bottom three were construction & real estate, financials, and resources. Compared with last month, materials replaced pharmaceuticals & healthcare in the top three. The bottom three were the same as last month, although the order changed (Exhibit 5). While last month we showed the most and least appealing sectors in separate graphs, this month we used a diffusion index and combined the two into one exhibit.

Note: Respondents were given 12 sectors and asked to choose one viewed as an appealing investment target and one viewed as unappealing. For each sector we calculated a diffusion index by subtracting the percentage of responses for unappealing from that for appealing.

The resources sector comprises oil, coal, and mining products. The materials sector comprises textiles, paper & pulp, chemicals, steel, nonferrous metals, metal products, glass, and rubber. The consumer-related sector comprises trading companies, retail, consumer products, food, agriculture & forestry, and marine products. Information & telecommunications comprises software, media, games, and entertainment. Transportation & warehousing comprises railways, land transport, marine transport, air transport, and warehousing.

5. Investment appeal by sector (DI)

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous month DI
		Appealing	Unappealing	
Pharmaceuticals & healthcare	13.3	15.9	2.6	11.3
Autos & auto parts	8.8	11.0	2.2	5.3
Materials	5.8	10.7	4.9	2.5
Information & telecommunications	5.0	13.7	8.7	6.5
Electrical machinery & precision equipment	3.7	6.9	3.2	3.1
Machinery, shipbuilding & heavy machinery	-1.3	3.5	4.8	-1.1
Consumer-related	-1.5	8.3	9.8	-1.6
Electricity & gas	-2.5	5.3	7.8	-1.4
Transportation & warehousing	-3.5	3.1	6.6	-3.9
Resources	-4.0	8.1	12.1	-8.0
Financials	-9.0	9.3	18.3	-5.8
Construction & real estate	-14.8	4.2	19.0	-6.9

(6) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, irrespective of short or long-term investment horizon (including stocks actually held) or that they find appealing. We show the most popular responses below (Exhibit 6).

6. Name a stock with appeal (823 valid responses)

Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	113	4689	Yahoo Japan	7
6758	Sony	24	6752	Matsushita Electric Industrial	7
9501	Tokyo Electric Power	24	2202	Meiji Seika	6
7974	Nintendo	22	6301	Komatsu	6
9984	Softbank	20	7522	Watami	6
5401	Nippon Steel	19	8473	SBI Holdings	6
9202	All Nippon Airways	18	9104	Mitsui OSK Lines	6
9205	Japan Airlines	14	2712	Starbucks Coffee Japan	5
4502	Takeda Pharmaceutical	10	4723	Goodwill Group	5
2811	Kagome	9	5001	Nippon Oil	5
4661	Oriental Land	9	6753	Sharp	5
6502	Toshiba	9	7211	Mitsubishi Motors	5
9433	KDDI	9	7267	Honda Motor	5
7751	Canon	8	8306	Mitsubishi UFJ Financial Group	5
9437	NTT DoCoMo	8	9861	Yoshinoya D&C	5

Note: Subtracted from valid responses were multiple answers or an answer of “none”.

(7) Investors are most interested in domestic stocks, CDs, and investment trusts (Japanese equities)

For this month's spot question, we asked investors which financial products they were interested in, and why. The most common answer was domestic stocks, with 716 responses. The most common reason cited was the high returns that can be expected. We think the main reason behind the high number of respondents in our survey selecting domestic stocks was that the survey targeted investors who have experience investing in equities. After domestic stocks, the next most common response was CDs (236 responses), and the most common reason given was that the principal is guaranteed. In third place was investment trusts (Japanese equities), with 178 responses, and the most common reason was high expected returns (Exhibit 7). The top of the ranking was unchanged from our previous survey on this topic (issued in April 2006).

Of note, however, was the rise of ordinary deposit accounts to fifth place (out of 16), compared with seventh place last time (out of 11). In addition to meeting strong demand for a guarantee on the principal, we think the ending of the zero interest rate policy has raised the prospect of higher interest rates, resulting in the higher ranking for deposit accounts. Among the new possible responses we added to our list this time, a relatively large number of respondents chose foreign currency deposits (136 responses), forex margin trading (85), and precious metals (70). (For further details about the previous survey, see our Nomura Individual Investor Survey, issued in April 2006.)

Note: We asked individual investors to select up to three financial products from the list shown in Exhibit 7 in which they are interested (in the case of "other", investors were asked to give a specific name for the product). We also asked investors to choose up to three reasons why they became interested in the product from a list of 11 options, as follows: (1) high expected returns; (2) stable expected returns; (3) guaranteed principal; (4) can be converted into cash easily; (5) is currently attracting attention; (6) is familiar; (7) acquaintances or relatives are using it; (8) frequently advertised on TV, in newspapers, in stores or in street ads; (9) recommended by financial institution branch staff or sales personnel; (10) other; (11) no particular reason.

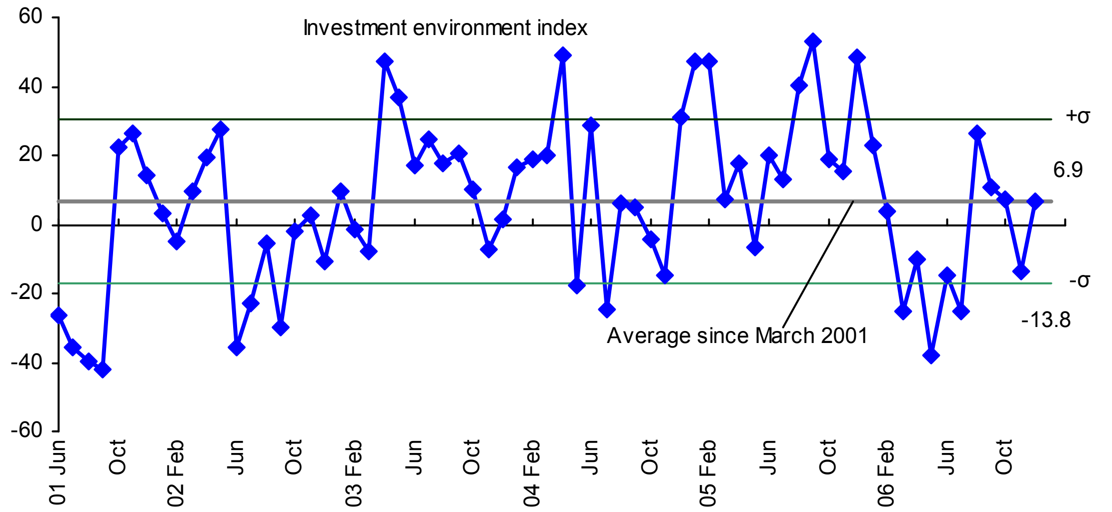
7. Financial products currently of interest (total number of responses: 2,079)

Financial product	Responses	% of total respondents	Most common reason
Domestic stocks	716	34.4	High expected returns
CDs	236	11.4	Guaranteed principal
Investment trusts (Japanese equities)	157	7.6	High expected returns
Foreign currency deposits	136	6.5	High expected returns
Ordinary deposit account	121	5.8	Guaranteed principal
Investment trusts (monthly investment plan with quarterly dividends)	116	5.6	Stable expected returns
Foreign stocks (including investment trusts)	112	5.4	High expected returns
Forex margin trading	85	4.1	High expected returns
REITs	83	4.0	High expected returns
Foreign bonds (including bond investment trusts, MMFs)	83	4.0	High expected returns
Precious metals	70	3.4	High expected returns and stable expected returns (no. of responses tied)
Domestic bonds	58	2.8	Stable expected returns
Government and corporate bond investment trusts (including MMFs, MRFs)	56	2.7	Stable expected returns
Resources	30	1.4	High expected returns
Grain	8	0.4	High expected returns
Other	12	0.6	

6. Nomura I-NIC Index up m-m for first time in four months, to 6.9

The Nomura I-NIC Index, which factors in statistics directly and indirectly related to the investment environment for individual investors and indicators that individual investors are thought to follow, was 6.9 (December 2006 preliminary data), up from the final November figure of –13.8 (November preliminary data was –27.5). This result was the first rise in four months, since August 2006 (Exhibit 8). This result is based on data available as of 22 December 2006.

8. Nomura I-NIC Index



Note: The Nomura I-NIC Index is intended as an objective measure of the investment environment for individual investors based on external data. The index factors in statistics directly and indirectly related to the investment environment for individual investors and indicators that individual investors are thought to follow. Indicators and statistical data used in the index are as follows.

I. Micro and semimacro indicators
1. Number of hits in newspaper articles (Nikkei Telecom: number of occurrences of the phrase “individual investor” in newspapers during the past month and m-m change), 2. Bestselling business books (Nippon Shuppan Hanbai Inc: number of books on stocks that make the top ten bestseller list and m-m change), 3. Consumer Confidence Index (Hakuhodo Institute of Life and Living), 4. The economic forecast (household trends) section of the Economy Watchers Survey (Cabinet Office), 5. Ordinary household asset growth expectation section of the Monthly Consumer Confidence Survey covering all of Japan, Summary (Cabinet Office)

II. Macro indicators
1. US$/¥ rate, 2. Long-term interest rate (10-year JGB latest issue), 3. Banknotes in circulation (Bank of Japan)

III. Stock market indicators
1. Share of trading activity by individual investors (TSE1, TSE2, OSE1, OSE2, NSE1, NSE2), 2. Net selling and net buying by individuals (TSE1, TSE2, OSE1, OSE2, NSE1, NSE2), 3. Ratio of unrealized gains/losses on margin positions to total margin positions (Nomura, from TSE data), 4. Margin trading long / short ratio (Nomura, from TSE data), 5. IPO Index (QUICK), 6. Net asset holdings by investment trusts (QUICK)

IV. Technical stock indicators
1. Nikkei Average five-day moving average and 25-day moving average, 2. Volume ratio, relative strength indicator (14 days), 3. Bollinger band (25 days), 4. Advance/decline ratio (25 days)

The Nomura I-NIC Index is calculated by (1) figuring the scores for each indicator to be reflected in the index, (2) dividing each score from the series selected for each of categories I to IV, (3) taking a weighted average using the weightings assigned to categories I to IV, and (4) multiplying by 100. See the sample calculation below. Nomura I-NIC Index ranges from –100 to +100. The closer to +100 the figure is, the more favorable the investment environment for individual investors. The closer to –100 the figure is, the less favorable. When the monthly data for a given indicator is not made public by the time the survey is announced, we incorporate the latest data available. For data announced on a monthly basis (eg, the two indicators from the Cabinet Office and BOJ data on banknotes in circulation), we set the indicator value to zero when the latest data is not available and announce preliminary data for the index. We announce the final data together with the following month's preliminary data.

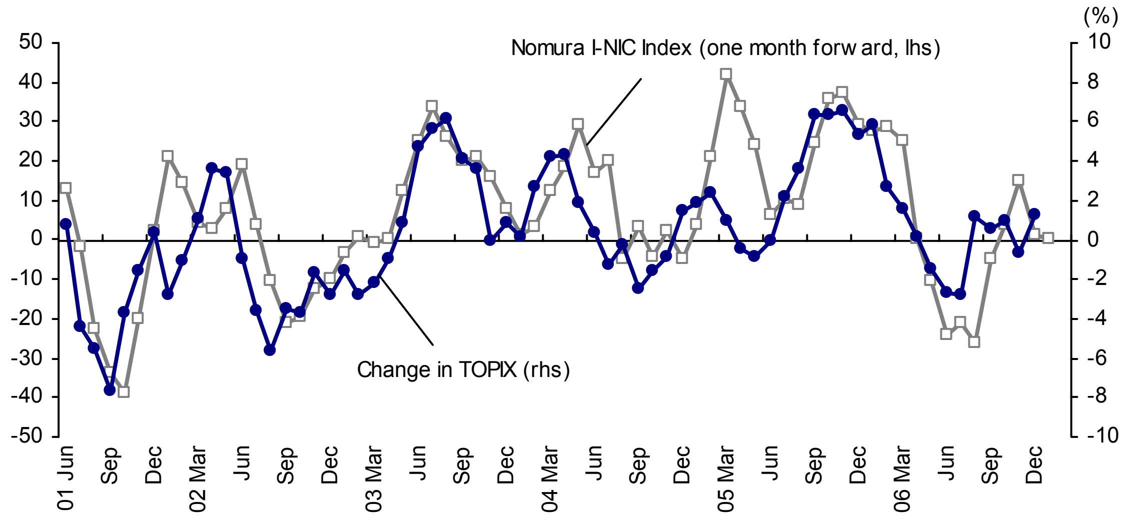
Reference: Sample of how an indicator is factored into the Nomura I-NIC Index

For share of trading activity by individual investors (TSE1, TSE2, OSE1, OSE2, NSE1, NSE2)

1. When data for the month in question is higher than the three-month moving average through the prior month and equal to or higher than the prior month's figure: +1
2. When data for the month in question is higher than the three-month moving average through the prior month but lower than the prior month's figure: +0.5
3. When data for the month in question is equal to the three-month moving average through the prior month: 0
4. When data for the month in question is lower than the three-month moving average through the prior month but equal to or higher than the prior month's figure: –0.5
5. When data for the month in question is lower than the three-month moving average through the prior month and lower than the prior month's figure: –1

We also provide a graph below to show the relationship between a three-month weighted average for the Nomura I-NIC Index (one month forward) and the TOPIX three-month moving average. The correlation between the Nomura I-NIC Index and share price trends is relatively high.

9. The Nomura I-NIC Index (one month forward) and change in TOPIX (both use three-month moving averages)



Note: Correlation coefficient is 0.699 (June 2001 through December 2006)

Notice

The next Nomura Individual Investor Survey (February 2007) is scheduled for release on Monday, 5 February.

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