

# **Nomura Individual Investor Survey**

June 2009

2 June 2009

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

## 1. Survey overview

### (1) Nomura I-View Index unchanged m-m at 38.6

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices, was 38.6 for June 2009, essentially unchanged from the reading last month. The Nikkei Average reference level for this month's survey (20 May close) was 9,344, up 633 from the level in May, but many individual investors apparently expect stock prices to rise.

The proportion of survey respondents who said they expected the Nikkei Average to rise over the next three months came to 69.3%. While the proportion of investors expecting a "rise of around 1,000 points" rose 2.6ppt m-m to 50.5%, the proportions expecting a "rise of about 2,000 points" and a "rise of about 3,000 points" both declined, and the proportion expecting a "rise of more than 3,000 points" was flat m-m.

### (2) Investors less keen on increasing trading activity

We asked investors about trading activity over the past three months, with the proportion of "increased" responses rising m-m in all four categories: number of different stocks traded, investment amount, frequency of trading activity, and number of stocks held. For planned trading activity for the next three months, the proportion of "plan to increase" responses declined for all four categories. Although survey responses point to active trading recently, investors appear to be less keen than last month about further increasing their equity trading.

### (3) Sharp improvements in DIs for domestic politics and overseas securities markets

Respondents were asked to rate the impact of a set of factors on the stock market in the next three months. The diffusion index, calculated as the proportion of "positive" and "somewhat positive" responses minus the proportion of "negative" and "somewhat negative" responses rose m-m for domestic economy & corporate earnings, market factors & psychological factors, domestic politics, overseas securities markets, and overseas political & economic situation. The DIs for domestic politics and overseas securities markets improved for the third straight month, rising more than 10 points m-m for both categories.

### (4) Appeal of the pharmaceuticals & healthcare sector reaches record high

We calculated a diffusion index for each sector by subtracting the percentage of responses for unappealing from that for appealing. The top DI score for the twelfth straight month was for pharmaceuticals & healthcare. The sector's DI rose 21.5 points m-m to 35.4, the highest level since the survey began in April 2006.

### (5) Financial products that attract the most interest

For this month's spot question we asked individual investors about financial products they are interested in at the moment. The most common response was domestic stocks, and we think the main reason for this was that our survey targets investors who have experience in investing in equities. The most common reason given for the interest in domestic stocks was that the product was familiar, indicating that respondents feel more comfortable investing in Japanese equities. The second most common response was certificates of deposit (CD), indicating growing interest in products with small risk of loss of principal. Investors are also apparently losing interest in foreign currency-denominated products such as forex margin trading, foreign currency deposits, and foreign stocks.

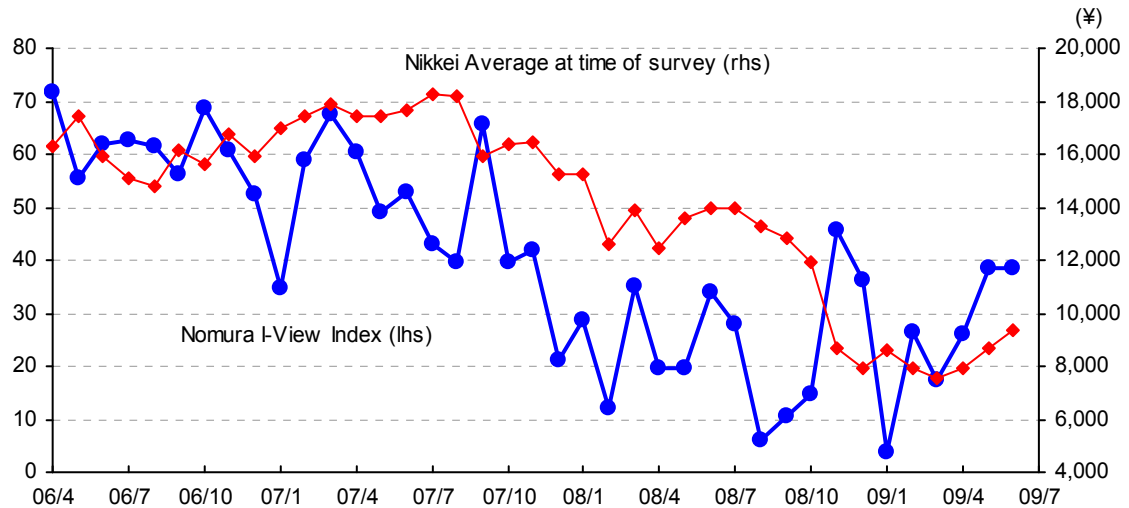
## 2. Survey results

(1) Nomura I-View Index level m-m at 38.6

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices, was 38.6 for June 2009, level with the reading last month.

The Nikkei Average reference level for this month's survey (20 May close) was 9,344, up 633 from the level in May, but many individual investors apparently expect stock prices to rise further (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 expressed as a diffusion index. The calculation method is as follows:

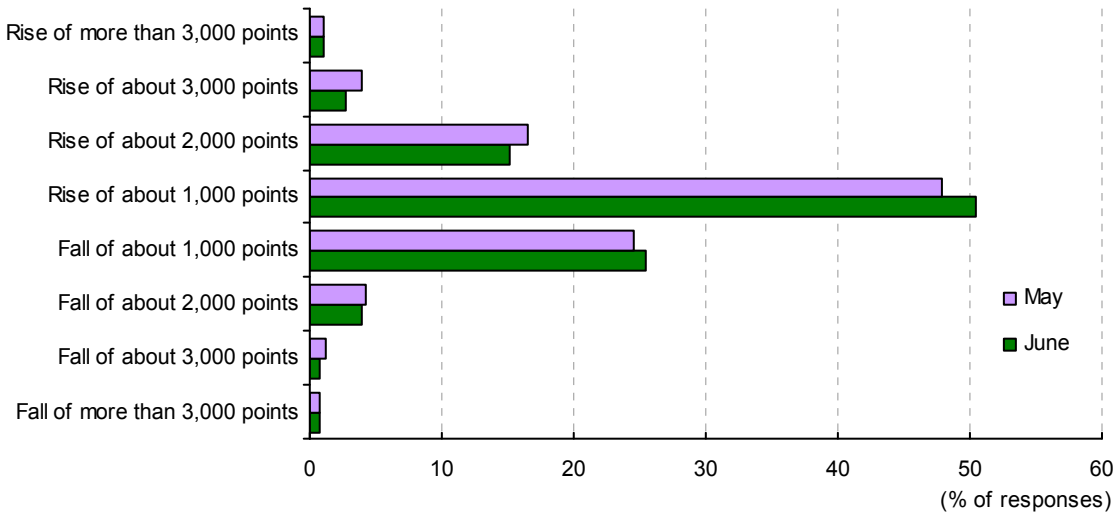
$$\frac{[(\text{Number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})]}{\text{number of respondents}} \times 100$$

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.

The proportion of survey respondents who said they expected the Nikkei Average to rise over the next three months came to 69.3%. The proportion expecting a “rise of about 1,000 points” increased 2.6ppt m-m to 50.5%, the first time this answer has attracted more than 50% of responses since July 2007. The proportions of investors expecting a “rise of about 2,000 points” and a “rise of about 3,000 points” both declined compared with the May survey, while the proportion of responses for a “rise of more than 3,000 points” was flat m-m.

The percentage expecting a “fall of about 1,000” rose 0.9ppt m-m to 25.4%, while there were declines in the proportions of investors expecting a “fall of about 2,000 points,” a “fall of about 3,000 points,” and a “fall of more than 3,000 points” (Exhibit 2).

**2. Outlook for Nikkei Average during the next three months**



Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 20 May closing figure of 9,344. 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.

(2) Investors less keen on increasing trading activity

Respondents were asked about their trading activity over the past three months—specifically, number of different stocks traded, investment amount, frequency of trading activity, and number of stocks held. The proportion of “increased” responses rose m-m for all four categories, a repeat of the pattern in last month’s survey. The proportion of “decreased” responses fell m-m for investment amount, frequency of trading activity, and number of stocks held.

For planned trading activity over the next three months, the proportion of “plan to increase” responses declined for all four categories, the first time this has happened since January 2009. The proportion of “plan to decrease” responses declined for number of stocks traded, investment amount, and trading frequency.

Although survey responses point to active trading recently, investors appear to be less keen than last month about further increasing their equity trading. (Exhibit 3)

**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	
	Jun	May	Jun	May	Jun	May
No. of different stocks traded	12.6	10.3	68.7	71.5	18.7	18.2
Investment amount	11.6	11.5	70.2	68.8	18.2	19.7
Frequency of trading activity	12.5	11.4	64.9	65.5	22.6	23.1
No. of stocks held	11.0	10.0	74.3	74.5	14.7	15.5
(2) Next three months	Plan to increase		No change		Plan to decrease	
	Jun	May	Jun	May	Jun	May
No. of different stocks traded	24.2	25.8	66.0	64.0	9.8	10.2
Investment amount	23.4	26.2	67.3	63.9	9.3	9.9
Frequency of trading activity	26.8	26.9	65.0	63.6	8.2	9.5
No. of stocks held	20.8	22.4	66.8	65.2	12.4	12.4

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) Sharp improvements in DIs for domestic politics and overseas securities markets

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.” Compared with the May survey, there was an increase in the proportion of “positive” and “somewhat positive” responses for five categories: domestic economy & corporate earnings, market factors & psychological factors, domestic politics, overseas securities markets, and overseas political & economic situation. The proportion of “negative” and “somewhat negative” responses meanwhile declined for the same categories.

The diffusion index, calculated as the proportion of “positive” and “somewhat positive” responses minus the proportion of “negative” and “somewhat negative” responses, improved for all categories except domestic interest rates & forex trends. The DIs for domestic politics and overseas securities markets improved for the third straight month, rising more than 10 points m-m for both categories (Exhibit 4).

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

	DI		Positive		Somewhat positive		Neutral		Somewhat negative		Negative	
	Jun	May	Jun	May	Jun	May	Jun	May	Jun	May	Jun	May
Domestic economy & corporate earnings	-14.8	-17.0	2.6	2.4	23.6	23.1	32.8	32.0	31.3	32.5	9.7	10.0
Market factors & psychological factors	-6.4	-9.3	3.1	2.9	27.9	26.6	31.6	31.7	29.0	31.5	8.4	7.3
Domestic interest rates & forex trends	-17.0	-11.7	1.4	0.9	15.1	17.2	50.0	52.1	28.0	26.2	5.5	3.6
Domestic politics	-16.5	-26.5	1.5	0.9	17.8	14.2	44.9	43.3	29.6	33.2	6.2	8.4
Overseas securities markets	-0.1	-11.0	2.6	1.9	26.8	24.0	41.1	37.2	23.9	30.6	5.6	6.3
Overseas political & economic situation	-2.2	-10.2	1.7	1.5	22.8	21.2	48.8	44.4	21.3	27.9	5.4	5.0

Note: The DI is the proportion of “positive” and “somewhat positive” responses minus the proportion of “negative” and “somewhat negative” responses.

(4) Appeal of the pharmaceuticals & healthcare sector reaches record high

We calculated a diffusion index for each sector by subtracting the percentage of responses for unappealing from that for appealing. The top DI score for the twelfth straight month was for pharmaceuticals & healthcare. The sector's DI rose 21.5 points m-m to 35.4, the highest level since the survey began in April 2006.

The DI for the autos & auto parts sector fell to -7.8, the first deterioration in five months. Construction & real estate was the least appealing sector for the third straight month (Exhibit 5).

**5. Investment appeal by sector (DI)**

Sector	DI	Breakdown of DI (% of responses)		(Ref)
		Appealing	Unappealing	Previous month DI
Pharmaceuticals & healthcare	35.4	37.0	1.6	13.9
Information & telecommunications	4.0	7.7	3.7	7.7
Materials	3.3	6.7	3.4	7.0
Consumer-related	1.9	8.0	6.1	9.4
Electricity & gas	1.6	6.7	5.1	1.2
Resources	0.4	5.9	5.5	0.3
Electrical machinery & precision equipment	-0.5	3.9	4.4	4.8
Machinery, shipbuilding & heavy machinery	-4.8	1.7	6.5	-3.5
Transportation & warehousing	-5.5	1.4	6.9	-0.9
Financials	-7.3	8.0	15.3	-9.6
Autos & auto parts	-7.8	10.1	17.9	-7.3
Construction & real estate	-20.7	2.9	23.6	-23.0

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) 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 (1,000 valid responses)**

<b>Code</b>	<b>Company</b>	<b>No. of respondents</b>	<b>Code</b>	<b>Company</b>	<b>No. of respondents</b>
7203	Toyota Motor	88	4503	Astellas Pharma	11
4502	Takeda Pharmaceutical	48	9503	Kansai Electric Power	11
7974	Nintendo	30	5401	Nippon Steel	10
9501	Tokyo Electric Power	29	6752	Panasonic	10
8058	Mitsubishi Corp	24	7201	Nissan Motor	10
4519	Chugai Pharmaceutical	21	9984	Softbank	10
8306	Mitsubishi UFJ Financial Group	19	4452	Kao	9
7267	Honda Motor	17	9983	Fast Retailing	9
8113	Unicharm	17	4543	Terumo	8
4661	Oriental Land	15	9437	NTT DoCoMo	8
6758	Sony	15	2811	Kagome	7
8411	Mizuho Financial Group	15	4568	Daiichi Sankyo	6
8267	Aeon	13	6502	Toshiba	6
2702	McDonald's Holdings (Japan)	12	6764	Sanyo Electric	6
			7011	Mitsubishi Heavy Industries	6

Note: Not included in valid responses were answers of "none" or clearly mistaken entries.

(6) Financial products that attract the most interest

For this month's spot question we asked individual investors about financial products they are interested in at the moment. The most common response was domestic stocks, and we think the main reason for this was that our survey targets investors who have experience in investing in equities. The most common reason given for the interest in domestic stocks was that the product was familiar, indicating that respondents feel more comfortable investing in Japanese equities (Exhibit 7).

**7. Financial products currently of interest (total number of responses: 1,938)**

Rank	Financial product	Responses	% of total respondents	Most common reason
1	Domestic stocks	739	38.1	Is familiar
2	CDs	151	7.8	Small risk of loss of principal
3	Equity investment trusts (mainly domestic stocks, including ETFs)	135	7.0	Is familiar
4	Foreign currency deposits (ordinary deposit accounts, term accounts, etc)	128	6.6	High expected returns
5	Forex margin trading	122	6.3	High expected returns
6	Equity investment trusts (monthly/bimonthly dividends)	98	5.1	Stable expected returns
7	Foreign stocks (including investment trusts)	96	5.0	High expected returns
8	Foreign currency-denominated MMFs	91	4.7	Stable expected returns
9	Domestic bonds	87	4.5	Stable expected returns
10	REITs	73	3.8	Stable expected returns
11	Foreign bonds (including bond investment trusts)	65	3.4	Stable expected returns
12	Government and corporate bond investment trusts (including MMFs, MRFs)	47	2.4	Small risk of loss of principal
13	Commodity futures (precious metals, resources, grain, etc)	27	1.4	High expected returns
14	Liquid deposits (ordinary deposit account, current account, etc)	26	1.3	Small risk of loss of principal
15	Hedge funds	17	0.9	High expected returns
	Other	36	1.9	

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 10 options, as follows: (1) high expected returns; (2) stable expected returns; (3) small risk of loss of 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.

The second most common response was certificates of deposit (CD). CDs were ranked fifth by individual investors in response to the same spot question in our June 2008 survey, indicating a growing interest over the past year in products that have a small risk of loss of principal. In contrast, forex margin trading fell from second in June 2008 to fifth in this survey, foreign currency deposits slipped from third to fourth, and foreign stocks dropped from fourth to seventh. We think this indicates that investor interest in foreign currency-denominated products is fading (Exhibit 8).

**8. Responses to same spot question in June 2008 survey (total number of responses: 2,074)**

Rank	Financial product	Responses	% of total respondents	Most common reason
1	Domestic stocks	715	34.5	Is familiar
2	Forex margin trading	165	8.0	High expected returns
3	Foreign currency deposits (ordinary deposit accounts, term accounts, etc)	155	7.5	High expected returns
4	Foreign stocks (including investment trusts)	149	7.2	High expected returns
5	CDs	136	6.6	Small risk of loss of principal
6	Equity investment trusts (mainly domestic stocks, including ETFs)	133	6.4	Stable expected returns
7	Foreign currency-denominated MMFs	112	5.4	Stable expected returns
8	Equity investment trusts (monthly/bimonthly dividends)	102	4.9	Stable expected returns
9	Foreign bonds (including bond investment trusts)	98	4.7	Stable expected returns
10	Domestic bonds	78	3.8	Small risk of loss of principal
11	Government and corporate bond investment trusts (including MMFs, MRFs)	70	3.4	Small risk of loss of principal
12	Commodity futures (precious metals, resources, grain, etc)	59	2.8	High expected returns
13	REITs	46	2.2	Stable expected returns
14	Liquid deposits (ordinary deposit account, current account, etc)	23	1.1	Small risk of loss of principal
15	Hedge funds	21	1.0	High expected returns
	Other	12	0.6	

Note: Same method used as explained in Exhibit 7 note.

### 3. Overview of Nomura Individual Investor Survey

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.

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 11,800 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 20 May with deadline for responses on 21 May

Survey content: Questions included in every survey plus spot 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) attractive sectors, and (5) attractive stocks.

### 4. Nomura Individual Investor Survey (June 2009) respondents

Gender: Male (72.7%), Female (27.3%)

Age: Under 30 (3.6%), 30–39 (23.0%), 40–49 (33.0%), 50–59 (22.4%), 60 and above (18.0%)

Financial assets held: Less than ¥2,000,000 (21.5%), ¥2,000,000–¥4,999,999 (17.2%), ¥5,000,000–¥9,999,999 (20.3%), ¥10,000,000–¥29,999,999 (25.0%), ¥30,000,000 or more (16.0%)

Number of different stocks held: One–two stocks (21.3%), Three–five stocks (36.7%), Six–10 stocks (22.8%), 11–20 stocks (10.5%), 21 or more stocks (8.7%), None (0.0%)

Average duration stocks are held: Less than one month (3.6%), One month to less than three months (3.5%), Three months to less than six months (8.5%), Six months to less than one year (11.1%), One year to less than two years (16.7%), Two years to less than five years (32.3%), Five years or more (24.3%)

Frequency of trading activity: Once or more per day (3.6%), Once or more per week (11.8%), About once a month (16.6%), About once every two to three months (19.6%), About once every six months (14.2%), About once a year (9.4%), Once every few years or so (8.5%), Not active at present (16.3%)

Investment experience: Less than one year (0.4%), One year to less than three years (5.5%), Three years to less than five years (23.3%), Five years to less than 10 years (26.8%), 10 years to less than 20 years (25.1%), 20 years or more (18.9%)

Area of investment focus: Stock price movements and technical factors (10.3%), Strong earnings growth (12.4%), Stable earnings growth (48.7%), Dividends and shareholder returns (28.6%)

#### Notice

The next Nomura Individual Investor Survey (July 2009) is scheduled for release on Thursday, 2 July 2009.

## Online availability of research and additional conflict-of-interest disclosures:

Nomura Japanese Equity Research is available electronically for clients in the US on NOMURA.COM, REUTERS, BLOOMBERG and THOMSON ONE ANALYTICS. For clients in Europe, Japan and elsewhere in Asia it is available on NOMURA.COM, REUTERS and BLOOMBERG.

Important disclosures may be accessed through the left hand side of the Nomura Disclosure web page <http://www.nomura.com/research> or requested from Nomura Securities International, Inc., on 1-877-865-5752. If you have any difficulties with the website, please email [researchchannelsupport@nomura.co.uk](mailto:researchchannelsupport@nomura.co.uk) for technical assistance.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities.

## Distribution of Ratings:

Nomura Global Equity Research has 1537 companies under coverage.

33% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 37% of companies with this rating are investment banking clients of the Nomura Group\*.

45% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 56% of companies with this rating are investment banking clients of the Nomura Group\*.

22% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 8% of companies with this rating are investment banking clients of the Nomura Group\*.

As at 31 March 2009.

*\*The Nomura Group as defined in the Disclaimer section at the end of this report.*

## Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America for ratings published from 27 October 2008:

The rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock. Analysts may also indicate absolute upside to price target defined as (fair value - current price)/current price, subject to limited management discretion. In most cases, the fair value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as discounted cash flow or multiple analysis, etc.

### Stocks:

- A rating of "1", or "**Buy**", indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months.
- A rating of "2", or "**Neutral**", indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months.
- A rating of "3", or "**Reduce**", indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months.
- A rating of "**RS-Rating Suspended**", " indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.

Benchmarks are as follows: **United States**: S&P 500, MSCI World Technology Hardware & Equipment; **Europe**: Please see valuation methodologies for explanations of relevant benchmarks for stocks (accessible through the left hand side of the Nomura Disclosure web page: <http://www.nomura.com/research>); **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia.

### Sectors:

A "**Bullish**" stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months.

A "**Neutral**" stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months.

A "**Bearish**" stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months.

Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX® 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia.

## Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published from 30 October 2008 and in Japan from 6 January 2009:

### Stocks:

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Price Target – Current Price) / Current Price, subject to limited management discretion. In most cases, the Price Target will equal the analyst's 12-month intrinsic valuation of the stock, based on an appropriate valuation methodology such as discounted cash flow, multiple analysis, etc.

- A "**Buy**" recommendation indicates that potential upside is 15% or more.
- A "**Neutral**" recommendation indicates that potential upside is less than 15% or downside is less than 5%.
- A "**Reduce**" recommendation indicates that potential downside is 5% or more.
- A rating of "**RS**" or "**Rating Suspended**" indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the subject company.
- Stocks labelled as "**Not rated**" or shown as "**No rating**" are not in Nomura's regular research coverage.

### Sectors:

A "**Bullish**" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation.

A "**Neutral**" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

A "**Bearish**" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

## Explanation of Nomura's equity research rating system in Japan published prior to 6 January 2009 (and ratings in Europe, Middle East and Africa, US and Latin America published prior to 27 October 2008):

### Stocks:

- A rating of "1", or "**Strong buy**", indicates that the analyst expects the stock to outperform the Benchmark by 15% or more over the next six months.

- A rating of "2", or "**Buy**", indicates that the analyst expects the stock to outperform the Benchmark by 5% or more but less than 15% over the next six months.
- A rating of "3", or "**Neutral**", indicates that the analyst expects the stock to either outperform or underperform the Benchmark by less than 5% over the next six months.
- A rating of "4", or "**Reduce**", indicates that the analyst expects the stock to underperform the Benchmark by 5% or more but less than 15% over the next six months.
- A rating of "5", or "**Sell**", indicates that the analyst expects the stock to underperform the Benchmark by 15% or more over the next six months.
- Stocks labeled "**Not rated**" or shown as "**No rating**" are not in Nomura's regular research coverage. Nomura might not publish additional research reports concerning this company, and it undertakes no obligation to update the analysis, estimates, projections, conclusions or other information contained herein.

Sectors:

A "**Bullish**" stance, indicates that the analyst expects the sector to outperform the Benchmark during the next six months.

A "**Neutral**" stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next six months.

A "**Bearish**" stance, indicates that the analyst expects the sector to underperform the Benchmark during the next six months.

Benchmarks are as follows: **Japan:** TOPIX; **United States:** S&P 500, MSCI World Technology Hardware & Equipment; **Europe,** by sector — *Hardware/Semiconductors:* FTSE W Europe IT Hardware; *Telecoms:* FTSE W Europe Business Services; *Business Services:* FTSE W Europe; *Auto & Components:* FTSE W Europe Auto & Parts; *Communications equipment:* FTSE W Europe IT Hardware; **Ecology Focus:** Bloomberg World Energy Alternate Sources; **Global Emerging Markets:** MSCI Emerging Markets ex-Asia.

## Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published prior to 30 October 2008:

Stocks:

Stock recommendations are based on absolute valuation upside (downside), which is defined as  $(\text{Fair Value} - \text{Current Price}) / \text{Current Price}$ , subject to limited management discretion. In most cases, the Fair Value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as Discounted Cash Flow or Multiple analysis etc. However, if the analyst doesn't think the market will revalue the stock over the specified time horizon due to a lack of events or catalysts, then the fair value may differ from the intrinsic fair value. In most cases, therefore, our recommendation is an assessment of the difference between current market price and our estimate of current intrinsic fair value. Recommendations are set with a 6-12 month horizon unless specified otherwise. Accordingly, within this horizon, price volatility may cause the actual upside or downside based on the prevailing market price to differ from the upside or downside implied by the recommendation.

- A "**Strong buy**" recommendation indicates that upside is more than 20%.
- A "**Buy**" recommendation indicates that upside is between 10% and 20%.
- A "**Neutral**" recommendation indicates that upside or downside is less than 10%.
- A "**Reduce**" recommendation indicates that downside is between 10% and 20%.
- A "**Sell**" recommendation indicates that downside is more than 20%.

Sectors:

A "**Bullish**" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation.

A "**Neutral**" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

A "**Bearish**" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

## Price targets

Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

## DISCLAIMERS

This publication contains material that has been prepared by the Nomura entity identified on the banner at the top or the bottom of page 1 herein and, if applicable, with the contributions of one or more Nomura entities whose employees and their respective affiliations are specified on page 1 herein or elsewhere identified in the publication. Affiliates and subsidiaries of Nomura Holdings, Inc. (collectively, the "Nomura Group"), include: Nomura Securities Co., Ltd. ("NSC") Tokyo, Japan; Nomura International plc, United Kingdom; Nomura Securities International, Inc. ("NSI"), New York, NY; Nomura International (Hong Kong) Ltd., Hong Kong; Nomura Singapore Ltd., Singapore; Nomura Australia Ltd., Australia; P.T. Nomura Indonesia, Indonesia; Nomura Malaysia Sdn. Bhd., Malaysia; Nomura International (Hong Kong) Ltd., Taipei Branch, Taiwan; Nomura International (Hong Kong) Ltd., Seoul Branch, Korea; Nomura Financial Advisory and Securities (India) Private Limited, Mumbai, India (Registered Address: 2nd Floor, Ballard House, Adi Marzban Path, Ballard Pier, Fort, Mumbai, 400 001; SEBI Registration No:- BSE INB011299030, NSE INB231299034, INF231299034).

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal; and (iii) based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. If and as applicable, NSI's investment banking relationships, investment banking and non-investment banking compensation and securities ownership (identified in this report as "Disclosures Required in the United States"), if any, are specified in disclaimers and related disclosures in this report. In addition, other members of the Nomura Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, the Nomura Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, to the extent permitted by applicable law and/or regulation, have long or short positions in, and buy or sell, the securities (including ownership by NSI, referenced above), or derivatives (including options) thereof, of companies mentioned herein, or related securities or derivatives. In addition, the Nomura Group, excluding NSI, may act as a market maker and principal, willing to buy and sell certain of the securities of companies mentioned herein. Further, the Nomura Group may buy and sell certain of the securities of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision.

NSC and other non-US members of the Nomura Group (i.e., excluding NSI), their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material prior to, or immediately following, its publication.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

The securities described herein may not have been registered under the U.S. Securities Act of 1933, and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act. Unless governing law permits otherwise, you must contact a Nomura entity in your home jurisdiction if you want to use our services in effecting a transaction in the securities mentioned in this material.

This publication has been approved for distribution in the United Kingdom and European Union as investment research by Nomura International plc ("NIPic"), which is authorised and regulated by the U.K. Financial Services Authority ("FSA") and is a member of the London Stock Exchange. It does not constitute a personal recommendation, as defined by the FSA, or take into account the particular investment objectives, financial situations, or needs of individual investors. It is intended only for investors who are "eligible counterparties" or "professional clients" as defined by the FSA, and may not, therefore, be redistributed to retail clients as defined by the FSA. This publication may be distributed in Germany via Nomura Bank (Deutschland) GmbH, which is authorised and regulated in Germany by the Federal Financial Supervisory Authority ("BaFin"). This publication has been approved by Nomura International (Hong Kong) Ltd. ("NIHK"), which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. Neither NIPic nor NIHK hold an Australian financial services licence as both are exempt from the requirement to hold this license in respect of the financial services either provides. This publication has also been approved for distribution in Singapore and Malaysia by Nomura Singapore Limited and Nomura Malaysia Sdn Bhd respectively. NSI accepts responsibility for the contents of this material when distributed in the United States.

No part of this material may be (i) copied, photocopied, or duplicated in any form, by any means, or (ii) redistributed without the prior written consent of the Nomura Group member identified in the banner on page 1 of this report. Further information on any of the securities mentioned herein may be obtained upon request. If this publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

## Disclaimers required in Japan

Investors in the financial products offered by Nomura Securities may incur fees and commissions specific to those products (for example, transactions involving Japanese equities are subject to a sales commission of up to 1.365% (tax included) of the transaction amount or a commission of ¥2,730 (tax included) for transactions of ¥200,000 or less, while transactions involving investment trusts are subject to various fees, such as sales commissions and trust fees, specific to each investment trust). In addition, all products carry the risk of losses owing to price fluctuations or other factors. Fees and risks vary by product. Please thoroughly read the written materials provided, such as documents delivered before making a contract, listed securities documents, or prospectuses.

Transactions involving Japanese equities (including Japanese REITs and Japanese ETFs) are subject to a sales commission of up to 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) for transactions of ¥200,000 or less). When Japanese equities are purchased via subscriptions or other offerings, only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Japanese equities carry the risk of losses owing to price fluctuations. Japanese REITs carry the risk of losses owing to fluctuations in price and/or earnings of underlying real estate. Japanese ETFs carry the risk of losses owing to fluctuations in equity indexes or other benchmarks.

Transactions involving foreign equities are subject to a domestic sales commission of up to 0.9975% (tax included) of the transaction amount (which equals the local transaction amount plus local fees and taxes in the case of a purchase or the local transaction amount minus local fees and taxes in the case of a sale). Local fees and taxes in foreign financial markets vary by country/territory. When foreign equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Foreign equities carry the risk of losses owing to factors such as price fluctuations and foreign exchange rate fluctuations.

Transactions involving convertible bonds are subject to a sales commission of up to 1.05% (tax included) of the transaction amount (or a commission of ¥4,200 (tax included) if this would be less than ¥4,200). When convertible bonds are purchased via offerings, only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When bonds are purchased via offerings, distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When Japanese government bonds (JGBs) for individual investors are purchased via offerings, only the purchase price shall be paid, with no sales commission charged. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.8; for 5-year fixed rate bonds, an amount equal to the four preceding coupon payments (before tax) x 0.8.

Purchases of investment trusts (and sales of some investment trusts) are subject to a fee of up to 5.25% (tax included). Also, a direct cost that may be incurred when selling investment trusts is a redemption fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, a trust fee of up to 5.25% (tax included, annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract (as of 25 March 2008.)

An annual account maintenance fee of ¥1,575 (tax included) is charged for any account held with Nomura Securities containing equities or other securities. An additional annual account maintenance fee of ¥3,150 (tax included) is charged for any account containing foreign securities. Some discounts may apply depending on the details of your agreement with Nomura Securities.

No account fee will be charged for other marketable securities or monies deposited.

Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥10,500 (tax included) depending on the volume of securities transferred.

Margin transactions are subject to a sales commission of up to 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) for transactions of ¥200,000 or less), as well as management fees and rights handling fees. In addition, long margin transactions are subject to interest on the purchase amount, while short margin transactions are subject to fees for the lending of the shares borrowed. A margin equal to at least 30% of the transaction amount and at least ¥300,000 is required. With margin transactions, an amount up to roughly 3.3x the margin may be traded. Margin transactions therefore carry the risk of losses in excess of the margin owing to share price fluctuations. For details, please thoroughly read the written materials provided, such as listed securities documents or documents delivered before making a contract.

### **Nomura Securities Co., Ltd.**

Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 142)

Member associations: Japan Securities Dealers Association; Japan Securities Investment Advisers Association; and The Financial Futures Association of Japan.

### **Additional information available upon request.**

NIPIC and other Nomura Group entities manage conflicts identified through the following: their Chinese Wall, confidentiality and independence policies, maintenance of a Stop List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of securities and impartial investment research and disclosure to clients via client documentation.

**Disclosure information is available at the Nomura Disclosure web page:**

<http://www.nomura.com/research>