NOMURA

Nomura Individual Investor Survey

February 2012

15 February 2012

Equity Research Department
Nomura Securities Co., Ltd.

The Nomura Individual Investor Survey is a monthly survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

1. Survey overview

(1) Nomura I-View Index at 46.6, up 6pt from previous survey

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "rise" from that for "fall" was 46.6, up 6.0pt from 40.6 the previous survey (conducted 19 December). The number of individual investors expecting stock prices to rise increased, and the index climbed above its historical average for the first time in four surveys. The proportion of respondents expecting a "rise of about 1,000 points" increased by 3.3ppt from the previous survey, the largest increase among all responses, to 63.1%, making it the most popular response yet again.

(2) Greatly reduced focus on international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most popular response at 48.5%, but this was down a large 13.3ppt from the previous survey. Domestic politics marked the largest increase, of 4.8ppt. The ranking of all factors has remained unchanged since September.

(3) Increasing attention on capital goods/other sector

We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most appealing sector for the sixth straight month, although with the DI down from the previous survey. Capital goods/other posted the largest gain, up 8.0pt, moving it into second place.

(4) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to weaken against the dollar increased to 61.4%, up 11ppt from the previous survey. The percentage of respondents increased for all of the categories anticipating yen depreciation, with the largest increase (7.4pt) for "fall of about ¥5 against the dollar."

(5) Australian dollar increases its appeal

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 25th straight time, since this survey question was introduced in January 2010 (no survey was conducted in April 2011), and its DI rose the most, by 4.7pt. The Japanese yen remained in second place, although its DI fell by 4.7pt, the largest decline of the month.

(6) Growing appetite for equities among individual investors

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for equities was up 1.5pt from the previous survey, the biggest rise of any category (excluding hybrid securities and gold, which were not options in the previous survey).

(7) Individual investors' requirements for dividend yield and shareholder distribution policies

For the spot question in this survey, we asked respondents what level of dividend yield they require and what shareholder distribution policies they focus on. The largest proportion of respondents, at 26.8%, said they look for a dividend yield of "2% or more but less than 3%," while 21.2% require a yield of "3% or more but less than 4%" and 19.9% "1% or more but less than 2%." The average dividend yield demanded by respondents comes to 2.77%, which is 0.44ppt above the simple-average dividend yield for companies on the TSE-1 of 2.33% as of end-December 2011. In terms of the shareholder distribution policies on which individual investors focus, 74.7% of respondents chose cash dividend, followed by 51.9% for shareholder perks, 12.7% for share buybacks, and 12.7% for stock splits.

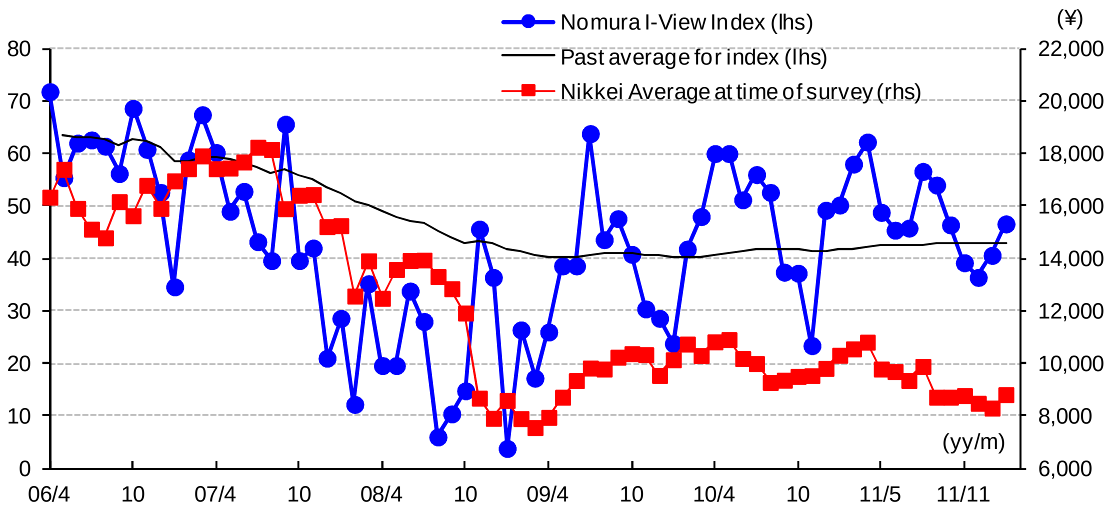
2. Survey results

(1) Nomura I-View Index at 46.6, up 6pt from previous survey

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "rise" from that for "fall" was 46.6, up 6.0pt from 40.6 the previous survey (conducted 19 December). The number of individual investors expecting stock prices to rise increased, and the index climbed above its historical average for the first time in four surveys (Figure 1).

The Nikkei Average reference level (1 February close) was 8,809, up 513pt from the previous survey (19 December close of 8,296).

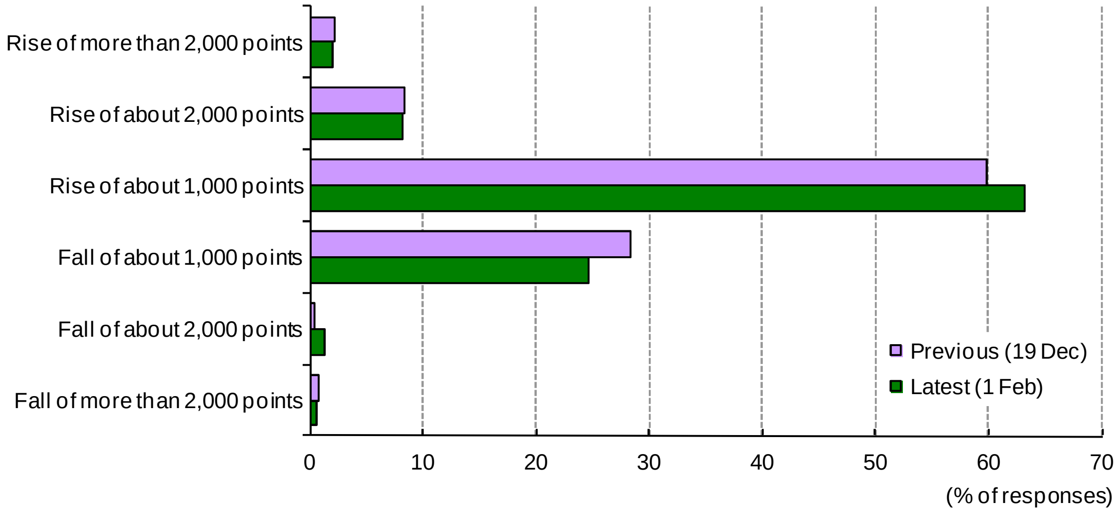
1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: (1) 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: [(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 figure for January 2010 used here excludes respondents who projected the Nikkei Average would be flat. (2) 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 combined proportion of respondents projecting the Nikkei Average would rise over the next three months was 73.3%, up 3.0ppt from 70.3% last survey. The proportion of respondents expecting a "rise of about 1,000 points" increased by 3.3ppt from the previous survey, the largest increase among all responses, to 63.1%, making it the most popular response yet again. In contrast the proportion expecting a "fall of about 1,000 points" was the largest decliner, down by 3.7ppt. Response rates in other categories saw only small changes (Figure 2).

2. Outlook for Nikkei Average during the next three months

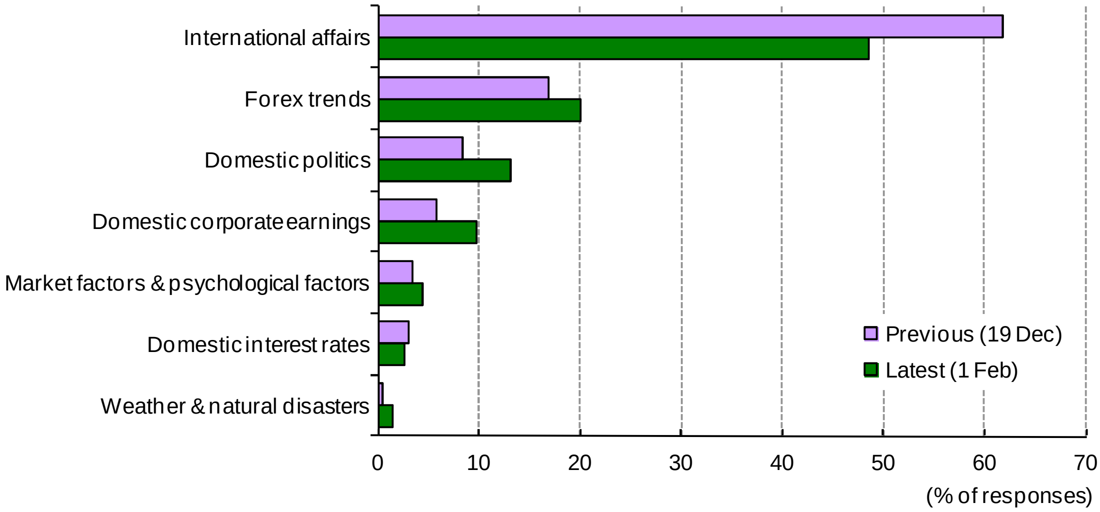


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 1 February closing figure of 8,809. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Greatly reduced focus on international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most popular response at 48.5%, but it marked the largest decline in the proportion of respondents selecting, down 13.3ppt from 61.8% in the previous survey. All categories except international affairs and domestic interest rates saw increases in their proportions, with domestic politics marking the largest increase, of 4.8ppt. The ranking of all factors has remained unchanged since September (Figure 3).

3. Impact of factors on the stock market



Note: Respondents were asked to choose one answer from a possible seven responses concerning factors likely to impact the stock market over the next three months or so.

(3) Increasing attention on capital goods/other sector

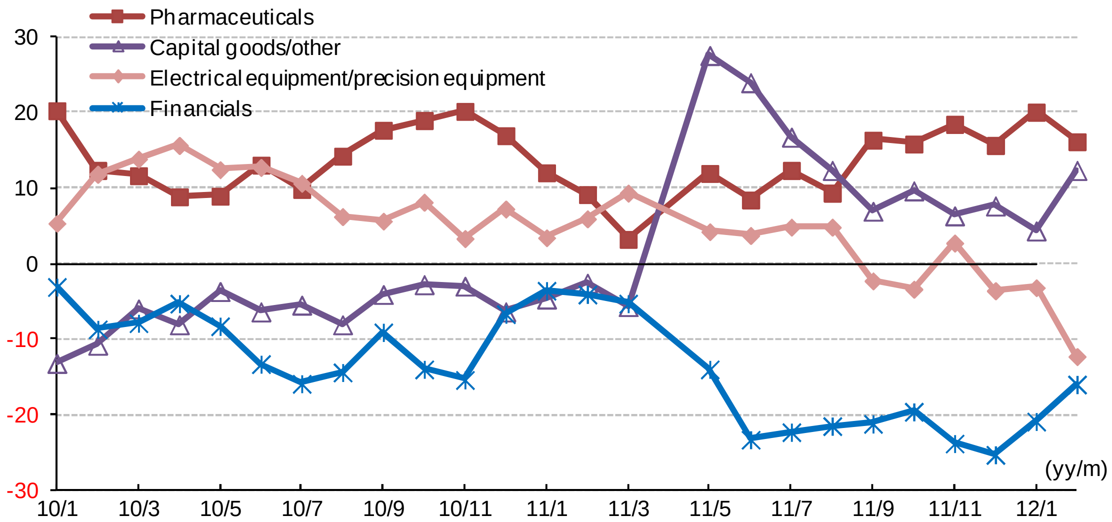
We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most appealing sector for the sixth straight survey, with a DI of 16.2, down 3.9pt from the previous survey. Capital goods/other posted the largest gain, up 8.0pt, moving it into second place. Financials climbed out of the bottom spot, which it had occupied since May, as its DI rose 4.9pt. The largest decline was for the electrical equipment/precision equipment sector, for which the DI fell 9.1pt (Figures 4, 5).

4. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	16.2	18.3	2.1	20.1
Capital goods/other	12.4	16.6	4.2	4.4
Materials	11.4	16.3	4.9	9.6
Consumer goods	3.5	12.3	8.8	2.0
Telecommunications	2.8	7.2	4.4	5.9
Automobiles	-1.9	13.9	15.8	-5.3
Electrical equipment/precision equipment	-12.2	5.2	17.4	-3.1
Financials	-15.9	6.6	22.5	-20.8
Transportation and utilities	-16.3	3.6	19.9	-12.8

Note: Respondents were given nine 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 materials sector comprises mining, textiles, paper & pulp, chemicals, oil, ceramics, steel, nonferrous metals, and trading houses. The financials sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/others sector comprises construction, machinery, shipbuilding, transportation equipment, miscellaneous manufacturing, and real estate. The transportation and utilities sector comprises railroads & buses, trucking, shipping, airlines, warehousing, electric power, and gas. The consumer goods sector comprises marine products, food, retail, and services.

5. Trend in DIs for selected sectors



(4) 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 (Figure 6).

6. Name a stock with appeal (1,000 valid responses)

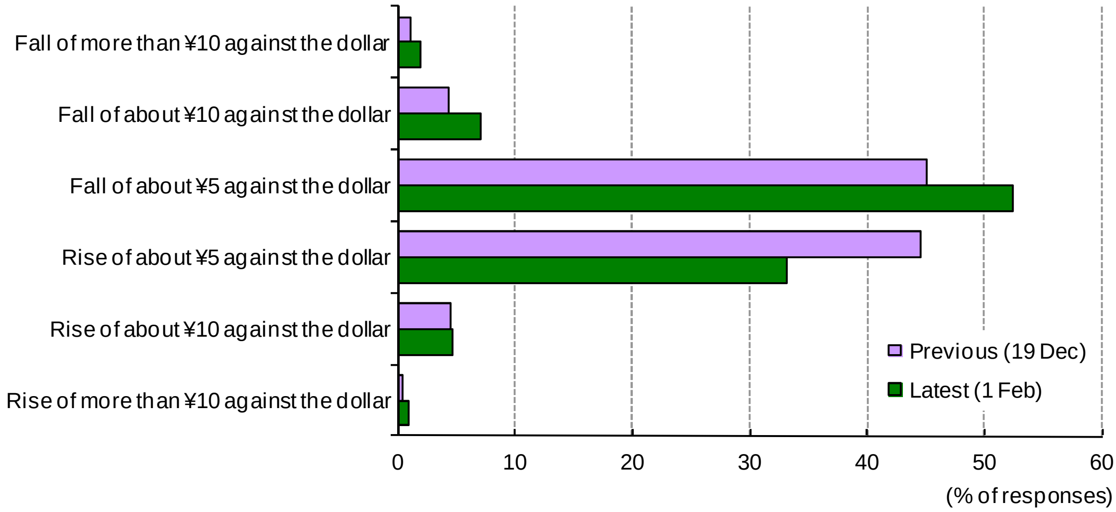
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	82	4503	Astellas Pharma	11
4502	Takeda Pharmaceutical	46	8267	Aeon	11
8058	Mitsubishi Corp	24	8306	Mitsubishi UFJ Financial Group	11
6301	Komatsu	22	7751	Canon	10
9984	Softbank	22	7974	Nintendo	9
8411	Mizuho Financial Group	21	9202	All Nippon Airways	9
6758	Sony	19	4523	Eisai	8
1812	Kajima	17	5401	Nippon Steel	8
7267	Honda Motor	16	7733	Nikon	8
7201	Nissan Motor	15	8001	Itochu	8
2702	McDonald's Holdings (Japan)	14	8316	Sumitomo Mitsui Financial Group	8
4661	Oriental Land	14	2327	NS Solutions	7
9437	NTT Docomo	13	4755	Rakuten	7
2811	Kagome	12	8053	Sumitomo Corp	7

Note: Not included in valid responses were answers of “none” or clearly mistaken responses.

(5) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to weaken against the dollar increased to 61.4%, up 11ppt from the previous survey. The percentage of respondents increased for all of the categories anticipating yen depreciation, with the largest increase (7.4pt) for "fall of about ¥5 against the dollar." The biggest decline (-11.5ppt) was for a "rise of about ¥5 against the dollar" (Figure 7). At the time of the latest survey (1 February), the noon indicative USD/JPY rate was 76.16, indicating a stronger yen than at the time of the previous survey (77.91 as of 19 December).

7. Respondents' three-month outlook for the USD/JPY rate



Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 1 February indicative rate of US$1=¥76.16. Respondents could choose one answer from a possible six responses ranging from a rise of ¥10 or more against the dollar to a fall of ¥10 or more against the dollar, with ¥5 increments in between.

(6) Australian dollar increases its appeal

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 25th straight time, since this survey question was introduced in January 2010 (no survey was conducted in April 2011), and its DI rose the most, by 4.7pt to 35.6. DIs fell for all other currencies except the Chinese renminbi and Brazilian real, which rose. The Japanese yen remained in second place with a DI of 11.8, although it also marked the largest decline, of 4.7pt (Figure 8).

8. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	35.6	36.0	0.4	30.9
Japanese yen	11.8	23.1	11.3	16.5
Brazilian real	7.0	10.1	3.1	5.6
Canadian dollar	1.6	1.8	0.2	2.4
Pound sterling	-0.5	1.7	2.2	0.1
US dollar	-1.9	11.6	13.5	0.2
Chinese renminbi	-7.4	8.5	15.9	-9.9
Euro	-49.4	4.0	53.4	-47.8

Note: Respondents were given nine currency options and asked to choose one viewed as an appealing investment target and one viewed as unappealing. Those selecting “other” were asked to specify a currency.

(7) Growing appetite for equities among individual investors

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for equities was up 1.5pt from the previous survey, the biggest rise of any category (excluding hybrid securities and gold, which were not options in the previous survey; Figure 9).

9. Financial instruments for which investors are either seeking to increase or decrease their holdings

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Cash & deposits	42.6	45.7	3.1	44.4
Equities	19.0	42.5	23.5	17.5
Gold	11.5	11.8	0.3	-
Securities issued overseas	7.1	9.5	2.4	8.2
Bonds	5.5	8.9	3.4	6.9
Hybrid securities	1.7	1.8	0.1	-
Other	1.7	1.7	0.0	2.0
Investment trusts	1.3	16.3	15.0	0.6
None	-35.5	27.5	63.0	-32.8

Note: Respondents were given a selection of seven financial instruments and asked to choose those for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). In the exhibit, "plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holding, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holding. Hybrid securities and gold were added to the list of choices from the February 2012 survey.

(8) Individual investors' requirements for dividend yield and shareholder distribution policies

For our spot question this time, we asked respondents what level of dividend yield they require and what shareholder distribution policies they focus on.

The largest proportion of respondents, at 26.8%, said they look for a dividend yield of “2% or more but less than 3%,” while 21.2% require a yield of “3% or more but less than 4%” and 19.9% “1% or more but less than 2%” (Figure 10). The average dividend yield demanded by respondents comes to 2.77% (the note to Figure 11 shows our calculation method). The simple-average dividend yield for companies on the TSE-1 was 2.33% as of end-December 2011, 0.44ppt lower than the average yield sought by individual investors (Figure 11).

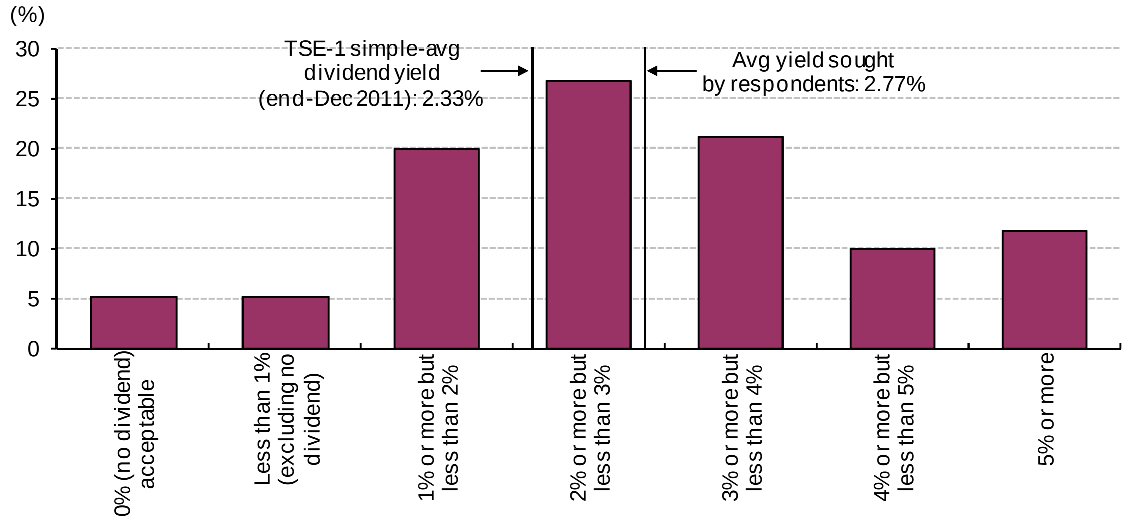
In terms of the shareholder distribution policies on which individual investors focus, 74.7% of respondents chose cash dividend, followed by 51.9% for shareholder perks, 12.7% for share buybacks, and 12.7% for stock splits (Figure 12).

10. Dividend yields considered attractive by individual investors

	Choices	% of responses	(Ref) previous (Jan 2011) % of responses
1	0% (no dividend) acceptable	5.2	3.8
2	Less than 1% (excluding no dividend)	5.2	5.4
3	1% or more but less than 2%	19.9	21.3
4	2% or more but less than 3%	26.8	32.0
5	3% or more but less than 4%	21.2	18.6
6	4% or more but less than 5%	10.0	7.4
7	5% or more	11.7	11.5
	Total	100.0	100.0

Note: Respondents were asked to choose one of a possible seven answers to the following question: when investing in Japanese stocks, what level of dividend yield do you seek?

11. Dividend yields considered attractive by individual investors (response distribution)



Note: We calculated the average dividend yield based on responses as follows: 0% × 5.2% + 0.5% × 5.2% + 1.5% × 19.9% + 2.5% × 26.8% + 3.5% × 21.2% + 4.5% × 10.0% + 5% × 11.7%. We assumed dividends of 0% for "0% (no dividend) acceptable," 0.5% for "Less than 1% (excluding no dividend)," 1.5% for "1% or more but less than 2%," 2.5% for "2% or more but less than 3%," 3.5% for "3% or more but less than 4%," 4.5% for "4% or more but less than 5%," and 5% for "5% or more."

12. Shareholder distribution policies on which individual investors focus

	Choices	% of responses	(Ref) previous (Jan 2011) % of responses
1	Cash dividend	74.7	76.4
2	Shareholder perks	51.9	50.4
3	Share buybacks	12.7	14.3
4	Stock splits	12.7	11.1
5	None in particular	9.0	7.7
	Total	1,000	1,000

Note: We asked respondents to select one or more answers to the following question: which shareholder distribution policies do you focus on?

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, the Equity Research Department 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 3,000 individual investors randomly selected from the approximately 11,800 with equity investment experience 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 1 February with deadline for responses on 2 February.

Survey content: Questions included each month are (1) share price outlook, (2) factors expected to impact the stock market, (3) attractive sectors and stocks, (4) USD/JPY rate outlook and attractive currencies, and (5) financial instruments for which investors plan to change their holdings. Respondents are also queried each month on their personal profiles.

4. Nomura Individual Investor Survey (February 2012) respondents

Gender: Male (79.1%), Female (20.9%)

Age: Under 30 (1.0%), 30–39 (15.0%), 40–49 (28.0%), 50–59 (27.8%), 60 and above (28.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (11.2%), Professional (physician/medical professional, lawyer, etc) (2.8%), Company management/corporate officer (5.0%), Company employee/public servant (47.1%), Housewife (9.7%), Part-time worker/casual worker/job-hopper (6.0%), Unemployed/pensioner (15.8%), Other (2.4%)

Region: Kanto (45.1%), Kinki (21.2%), Tokai/Koshinetsu/Hokuriku (17.6%), Hokkaido/Tohoku (5.1%), Chugoku/Shikoku/Kyushu (11.0%)

Financial assets held: Less than ¥1,000,000 (6.7%), ¥1,000,000–¥2,999,999 (10.6%), ¥3,000,000–¥4,999,999 (12.9%), ¥5,000,000–¥9,999,999 (18.7%), ¥10,000,000–¥29,999,999 (28.9%), ¥30,000,000–¥49,999,999 (12.5%), ¥50,000,000 or more (9.7%)

Value of domestic stocks held: Less than ¥500,000 (12.6%), ¥500,000–¥999,999 (12.4%), ¥1,000,000–¥2,999,999 (25.3%), ¥3,000,000–¥4,999,999 (16.3%), ¥5,000,000–¥9,999,999 (16.1%), ¥10,000,000–¥29,999,999 (12.9%), ¥30,000,000 or more (4.4%)

Investment experience: Less than three years (1.4%), Three years to less than five years (8.1%), Five years to less than 10 years (28.7%), 10 years to less than 20 years (33.8%), 20 years or more (28.0%)

Investment plan for domestic stocks: Mainly for long-term holding (46.4%), Pursuit of gains from short-term appreciation (13.4%), Pursuit of dividends and shareholder perks (27.3%), No particular plan (12.9%)

Notice

The next Nomura Individual Investor Survey (March 2012) is scheduled for release on Thursday, 15 March 2012.

Any Authors named on this report are Research Analysts unless otherwise indicated

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STOCKS

A rating of '**Buy**', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral**', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce**', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended**', indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.
Benchmarks are as follows: **United States/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://go.nomuranow.com/research/globalresearchportal);**Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology.

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 in Japan and Asia ex-Japan

STOCKS

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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 '**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.
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