NOMURA

Nomura Individual Investor Survey

June 2012

15 June 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 down 9.6pt m-m at 37.2

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 "fall" from that for "rise," was 37.2 for June, down 9.6 points from the previous month. Fewer individual investors said they expect share prices to rise. The proportion saying they expected a rise of "about 1,000 points" saw the largest decline, of 7.8ppt, while the proportion saying they expected a decline "of about 1,000 points" saw the largest increase.

(2) International affairs attracts even greater attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, with that proportion rising 6.6ppt. Responses for all other factors were down from the previous month, except for a small increase for market factors & psychological factors. The proportion of respondents choosing "domestic politics" marked the largest decline.

(3) Pharmaceuticals becomes most attractive sector

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals moved into first place this month. The transportation & utilities sector saw the largest upward revision to its DI, of 8.2pt, though it remained negative. The DI for the materials sector, which ranked the most attractive sector the previous month, saw the largest decline, of 7.3pt m-m.

(4) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 59.5%, up 8.2ppt from 51.3% the previous month. The proportion of responses rose for all of the weaker yen categories: "fall of about ¥5 against the dollar," "fall of about ¥10 against the dollar," and "fall of more than ¥10 against the dollar." The proportions declined for all the stronger yen categories.

(5) Appeal of euro continues to wane

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three month timeframe. 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 29th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), though its DI declined from the previous month. The euro remained the least appealing, and its DI marked the largest decline for all the currencies, of 7.9pt.

(6) Decreased appetite for increasing holdings of all financial instruments except bonds

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 DIs for all financial instruments fell from the previous month, with the exception of a slight increase for bonds.

(7) Views on the appointment of external directors

For this month's spot question, we asked individual investors about their views regarding the appointment of external directors. On the issue of making the appointment of external directors mandatory, the highest proportion of respondents—32.4%—chose the answer "appointing more than one clearly independent external director should be mandatory." Asked whether they had taken into consideration whether companies had external directors when they made equity investments in the past, or if they intended to do so in the future, the most popular answer selected by more than half of respondents—54.3%—was "have not taken into consideration before, but will do so in future."

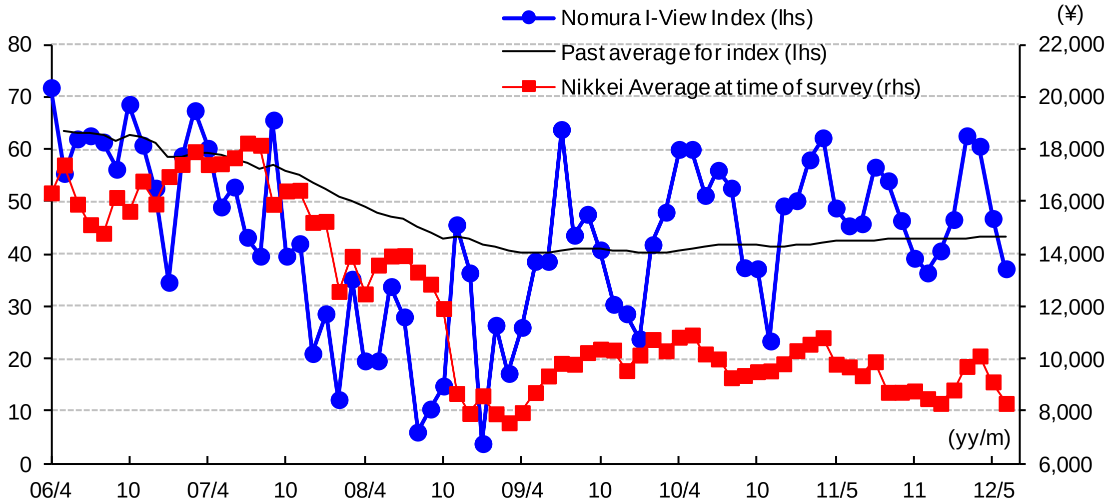
2. Survey results

(1) Nomura I-View Index down 9.6pt m-m at 37.2

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 "fall" from that for "rise," was 37.2 for June, down 9.6 points from the previous month. Fewer individual investors said they expect share prices to rise (Figure 1).

The Nikkei Average reference level (4 June close) was 8,295, down 824pt from the previous survey (7 May close of 9,119).

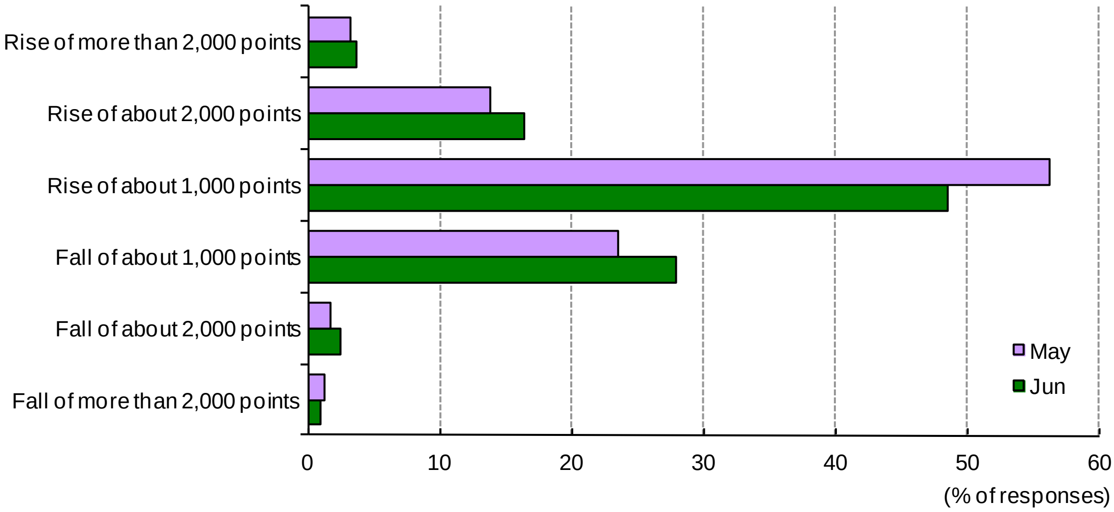
1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 68.6%, down 4.8ppt from 73.4% the previous month. The proportion of respondents saying they expected a rise of "about 1,000 points" saw the largest m-m decline, of 7.8ppt. The combined proportion selecting "rise of about 2,000 points" and "rise of more than 2,000 points" rose 3.0ppt, indicating a slight rise in the number of individual investors expecting stock prices to rally strongly. The proportion projecting a "fall of about 1,000 points" fell by 4.4ppt, the largest decline for any category (Figure 2).

2. Outlook for Nikkei Average during the next three months

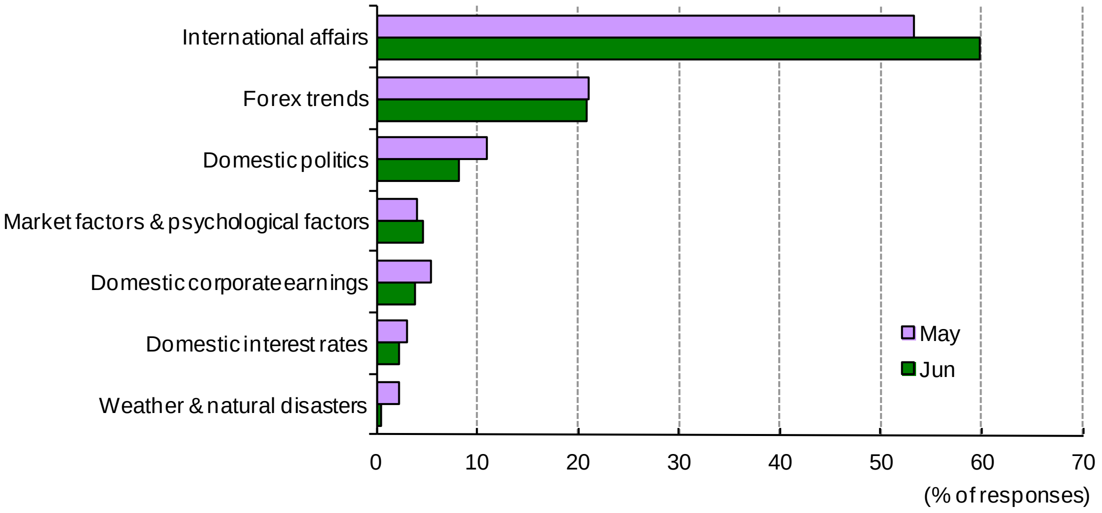


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 4 June closing figure of 8,295. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) International affairs attracts even greater attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, with that proportion rising 6.6ppt. Responses for all other factors were down from the previous month, except for a small increase for market factors & psychological factors. The largest decline in the response rate was for domestic politics, which declined 2.7% from the previous month (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) Pharmaceuticals becomes most attractive sector

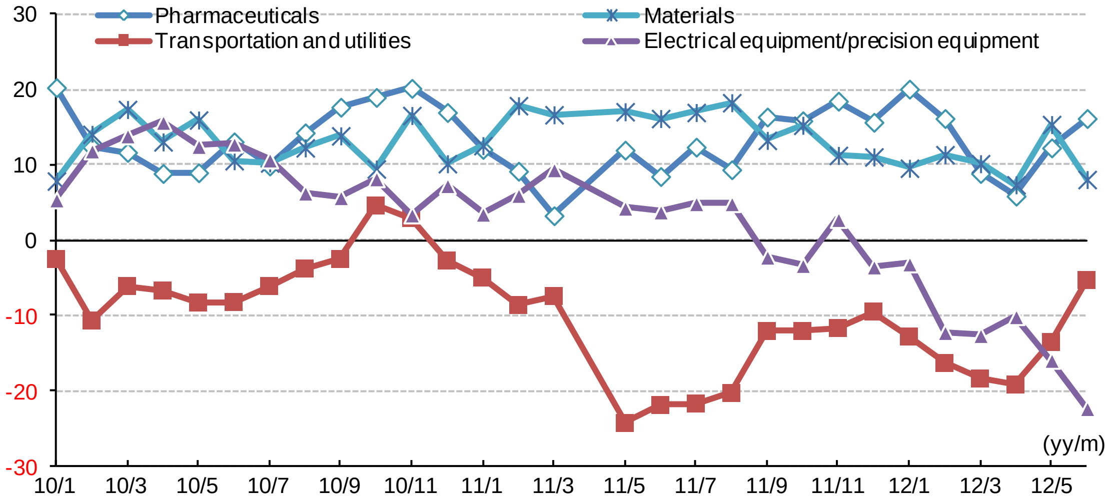
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was seen as the most attractive sector this month, with its DI rising 3.9pt from the previous month. The transportation & utilities sector saw the largest upward DI revision, of 8.2pt, though it remained negative. The DI for the materials sector, which ranked top the previous month, saw the largest decline, of 7.3pt. That for electrical equipment/precision equipment fell 6.4%, the next-largest decline, with the sector again viewed as the least appealing (Figures 4, 5).

4. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	16.2	18.0	1.8	12.3
Materials	8.1	14.8	6.7	15.4
Consumer goods	7.2	15.6	8.4	5.2
Capital goods/other	5.2	10.1	4.9	5.0
Telecommunications	4.9	8.2	3.3	2.2
Automobiles	1.7	13.2	11.5	1.9
Transportation and utilities	-5.3	6.9	12.2	-13.5
Financials	-15.7	7.4	23.1	-12.6
Electrical equipment/precision equipment	-22.3	5.8	28.1	-15.9

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)

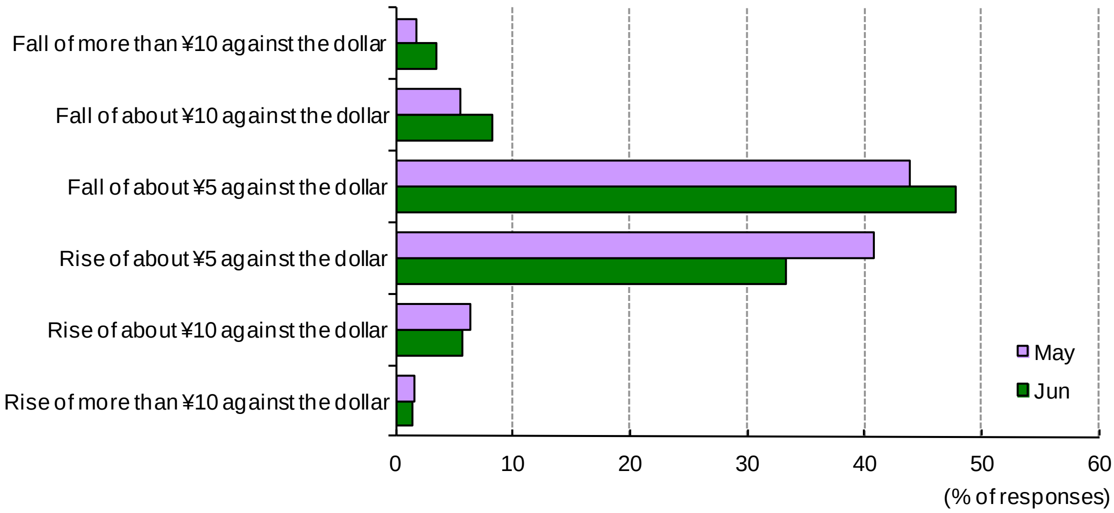
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	83	7267	Honda Motor	12
4502	Takeda Pharmaceutical	32	3402	Toray Industries	9
9984	Softbank	29	6753	Sharp	9
8267	Aeon	25	5401	Nippon Steel	8
8306	Mitsubishi UFJ Financial Group	21	6501	Hitachi	8
6758	Sony	20	7550	Zensho Holdings	8
4661	Oriental Land	19	7751	Canon	8
9202	All Nippon Airways	19	9501	Tokyo Electric Power	8
8058	Mitsubishi Corp	17	2811	Kagome	7
8411	Mizuho Financial Group	16	8473	SBI Holdings	7
2702	McDonald's Holdings (Japan)	15	8604	Nomura Holdings	7
7201	Nissan Motor	15	2327	NS Solutions	6
6752	Panasonic	14	2651	Lawson	6
9437	NTT Docomo	14	9531	Tokyo Gas	6
4755	Rakuten	12	9983	Fast Retailing	6
6301	Komatsu	12			

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 percentage of respondents expecting the yen to weaken against the dollar was 59.5%, up 8.2ppt from 51.3% the previous month. The proportion of responses rose for all of the weaker yen categories: "fall of about ¥5 against the dollar," "fall of about ¥10 against the dollar," and "fall of more than ¥10 against the dollar." The proportions declined for all the stronger yen categories, with the proportion projecting a "rise of about ¥5 against the dollar" falling the most, by 7.5ppt (Figure 7). At the time of the latest survey (4 June), the noon indicative USD/JPY rate was 78.16, indicating a stronger yen than at the time of the previous survey (79.82 as of 7 May).

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 4 June indicative rate of US$1=¥78.16. 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) Appeal of euro continues to wane

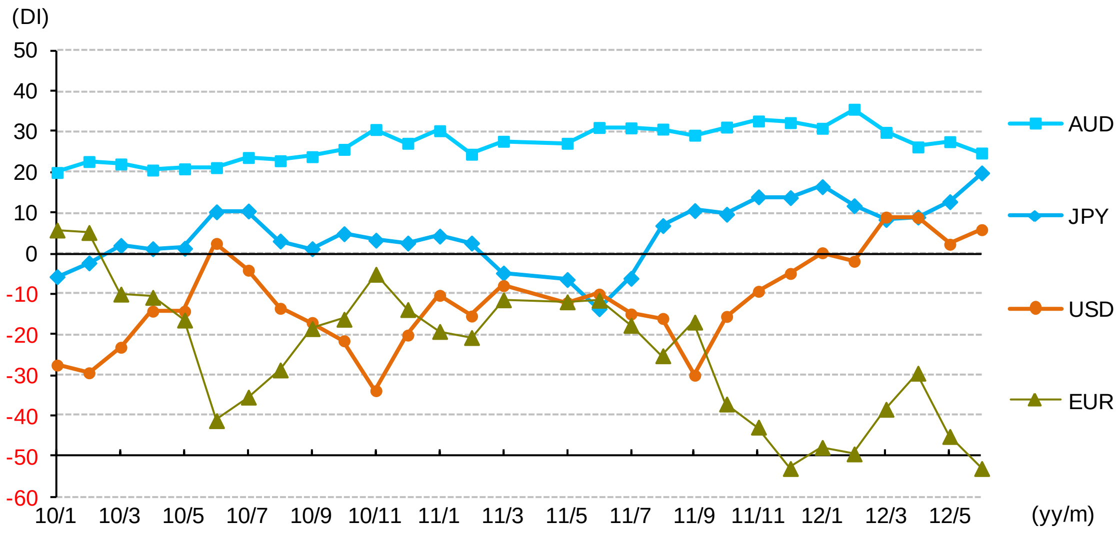
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 29th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), though its DI declined 2.8pt from the previous month. The DI for the euro marked the largest decline for all the currencies, of 7.9pt to -53.0, bringing it to a record low on a par with the December 2011 survey. The DI for the Japanese yen rose 7.1pt, the largest rise for all the currencies. The DI for the US dollar, which fell sharply the previous month, rose 3.6pt (Figure 8).

8. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	24.8	26.2	1.4	27.6
Japanese yen	19.9	28.6	8.7	12.8
US dollar	5.9	13.3	7.4	2.3
Brazilian real	2.5	7.3	4.8	5.4
Canadian dollar	1.4	1.7	0.3	2.0
Pound sterling	1.2	3.1	1.9	-0.7
Chinese renminbi	-6.3	10.8	17.1	-7.0
Euro	-53.0	5.3	58.3	-45.1

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," 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.

9. Trend in DIs for selected currencies



(7) Decreased appetite to increase holdings for all financial instruments other than bonds

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 DIs for all financial instruments fell from the previous month, with the exception of a slight increase for bonds (Figure 10).

10. 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	42.0	45.9	3.9	45.0
Equities	24.1	45.8	21.7	33.9
Gold	14.4	15.1	0.7	14.8
Bonds	7.8	10.2	2.4	7.6
Securities issued overseas	7.4	9.0	1.6	9.5
Investment trusts	4.5	17.7	13.2	11.7
Hybrid securities	2.5	2.8	0.3	2.7
Other	0.2	0.5	0.3	1.7
None	-40.2	26.8	67.0	-45.9

Note: Respondents were given a selection of nine 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) Views on the appointment of external directors

For this month's spot question, we asked individual investors about their views on the appointment of external directors. On the issue of making the appointment of external directors mandatory, the highest proportion of respondents—32.4%—chose the answer "appointing more than one clearly independent external director should be mandatory" (Figure 11). Asked whether they had taken into consideration whether companies had external directors when they made equity investments in the past, or if they intended to do so in the future, the most popular answer selected by more than half of respondents—54.3%—was "Have not taken into consideration before, but will do so in future" (Figure 12).

11. Views on the appointment of external directors

	Choices	No. of respondents	%
1	Requiring the appointment of external directors is unnecessary; it should remain voluntary	152	15.2
2	Appointing at least one external director should be mandatory, irrespective of their independence	123	12.3
3	Appointing more than one external director should be mandatory, irrespective of their independence	155	15.5
4	Appointing at least one clearly independent external director should be mandatory	246	24.6
5	Appointing more than one clearly independent external director should be mandatory	324	32.4
	Total	1,000	100.0

Note: The question was as follows: "Revisions to Japan's Companies Act are being debated with a view to preventing corporate fraud and improving management transparency. In this context, please give us your views on making the appointment of external directors mandatory, one idea under consideration. Please consider this issue with respect to listed companies." We asked respondents to choose one of the possible responses listed above. We defined "independence" within the available responses as indicating the lack of any interest in the company outside the external director relationship (such as being family members of senior managers or board members, or being an employee/director of the parent company). .

12. Have you considered whether companies have external directors when investing in shares in the past; will you in future?

	Choices	No. of respondents	%
1	Have not in the past and do not plan to do so in future	263	26.3
2	Have not in the past but plan to do so in the future	543	54.3
3	Have done so in the past and plan to continue to do so	170	17.0
4	Have done so in the past but do not plan to do so in the future	24	2.4
	Total	1,000	100.0

Note: The question was as follows: “Japanese corporate governance is attracting growing attention in the wake of recent company scandals. Some hold the view that the appointment of external directors needs to be made mandatory for Japanese companies to establish the necessary corporate governance framework. In your investments in shares thus far, have you taken into account whether companies have external directors? Do you intend to take this into consideration in the future?" We asked respondents to choose one of the possible responses listed above.

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 24,000 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 4 June with deadline for responses on 5 June.

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 (June 2012) respondents

Gender: Male (78.0%), Female (22.0%)

Age: Under 30 (2.2%), 30–39 (17.2%), 40–49 (30.5%), 50–59 (29.1%), 60 and above (21.0%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.5%), Professional (physician/medical professional, lawyer, etc) (2.6%), Company management/corporate officer (4.3%), Company employee/public servant (53.9%), Housewife (10.1%), Part-time worker/casual worker/job-hopper (5.5%), Unemployed/pensioner (13.7%), Other (2.4%)

Region: Kanto (45.2%), Kinki (20.4%), Tokai/Koshinetsu/Hokuriku (17.1%), Hokkaido/Tohoku (5.5%), Chugoku/Shikoku/Kyushu (11.8%)

Financial assets held: Less than ¥1,000,000 (6.6%), ¥1,000,000–¥2,999,999 (13.0%), ¥3,000,000–¥4,999,999 (16.8%), ¥5,000,000–¥9,999,999 (18.0%), ¥10,000,000–¥29,999,999 (27.0%), ¥30,000,000–¥49,999,999 (10.6%), ¥50,000,000 or more (8.0%)

Value of domestic stocks held: Less than ¥500,000 (16.8%), ¥500,000–¥999,999 (16.0%), ¥1,000,000–¥2,999,999 (27.1%), ¥3,000,000–¥4,999,999 (14.2%), ¥5,000,000–¥9,999,999 (13.0%), ¥10,000,000–¥29,999,999 (9.8%), ¥30,000,000 or more (3.1%)

Investment experience: Less than three years (8.7%), Three years to less than five years (13.8%), Five years to less than 10 years (30.3%), 10 years to less than 20 years (25.8%), 20 years or more (21.4%)

Investment plan for domestic stocks: Mainly for long-term holding (44.8%), Pursuit of gains from short-term appreciation (12.5%), Pursuit of dividends and shareholder perks (26.9%), No particular plan (15.8%)

Notice

The next Nomura Individual Investor Survey (July 2012) is scheduled for release on Friday, 13 July 2012.

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

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Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America

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 target price 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 '**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

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Target Price - Current Price) / Current Price, subject to limited management discretion. In most cases, the Target Price 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 '**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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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.

Target Price

A Target Price, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any target price 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.

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