Nomura Individual Investor Survey

December 2015

17 December 2015

Global Research Division

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 rises for second consecutive month, to 53.4

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 53.4 in December 2015, a rise of 1.6pt from November (51.8) and the highest level since January 2015 (56.6). The Nikkei Average reference level (7 December 2015 close) was 19,698.15, up 1,014.91 from the previous survey (2 November close of 18,683.24), but the number of survey respondents expecting share prices to rise even further nevertheless increased.

(2) Investor interest in forex trends increases

Respondents were also asked to select the factor most likely to affect the stock market over the next three months. "International affairs" topped the list again, as it has done continuously since September 2013. The response rate for forex trends rose 2.1ppt m-m to 12.7%, reaching its highest level since June 2015. Meanwhile, the response rates for domestic corporate earnings, domestic interest rates, and market factors & psychological factors all fell compared with the previous month.

(3) Pharmaceuticals the most appealing sector, recovery in appeal of capital goods/other 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 then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The pharmaceutical sector was the most appealing sector this month, for the first time in two months, even though its DI fell 0.5pt m-m to 10.9. The DI for automobiles, which was the most appealing sector last month, fell 2.9pt m-m. Meanwhile, the DI for capital goods/other rose 7.7pt m-m to 2.8. It thus appears to have recovered after falling 10.8pt m-m last month.

(4) Rise in percentage of respondents expecting modest strengthening of yen versus US dollar

On the outlook for USD/JPY over the next three months, the percentage of respondents expecting the yen to appreciate against the US dollar was 54.1%, up 2.8ppt from the previous month (51.3%). The response rate for "rise of about ¥5 against the dollar" was 43.2%, up 4.0ppt m-m. Meanwhile, the response rate for "rise of about ¥10 against the dollar" fell 0.6ppt m-m and the response rate for "rise of more than ¥10 against the dollar" also fell 0.6ppt m-m. In terms of responses predicting a weakening of the yen versus the US dollar, the response rate fell 4.4ppt m-m to 39.3% for "fall of about ¥5 against the dollar" but rose 1.0ppt m-m for "fall of about ¥10 against the dollar" and rose 0.6ppt m-m for "fall of more than ¥10 against the dollar."

(5) Investment appeal falls for Japanese yen

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over a timeframe of approximately three months. We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar rose 1.9pt m-m to 40.2. The US dollar thus topped the list again, as it has done continuously since October 2014. The DI for the yen fell 1.5pt m-m to 20.7, marking its third consecutive month of m-m decline. The DI for the Brazilian real also fell, dropping 3.5pt m-m to -20.2, the lowest level since this question was first asked in January 2010.

(6) Increase in percentage of respondents who selected "none" when asked which kind of financial instruments they were planning to decrease their holdings in

To give an indication of investors' views on the various types of financial instruments, we calculate a DI for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 5.1pt m-m to 42.6. Japanese equities thus topped the list again, as they have done continuously since September 2013. The DI for foreign equities rose 2.0pt m-m to 9.8, its highest level since May 2015. The percentage of respondents who selected "none" when asked which kind of financial instruments they were planning to cease holding or decrease their holdings in rose to 79.3%, the highest level since this question was first asked in January 2010.

(7) Higher percentage of respondents expect prices to fall one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 16.3% of respondents said they expected prices to fall, up 2.2ppt from the previous month. The response rate for "fall of less than 2%" rose 1.3ppt m-m, the response rate for "fall of 2% up to 5%" rose 0.3ppt m-m, and the response rate for "fall of 5% or more" rose 0.6ppt m-m.

(8) Equity investment themes for 2016

For this month’s spot question, we asked investors to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes that look likely to become key themes in the Japanese equity market in 2016 or to have an impact. US monetary policy was the most popular response, selected by 582 respondents. The next most popular responses were BOJ monetary policy (530) and forex trends (483).

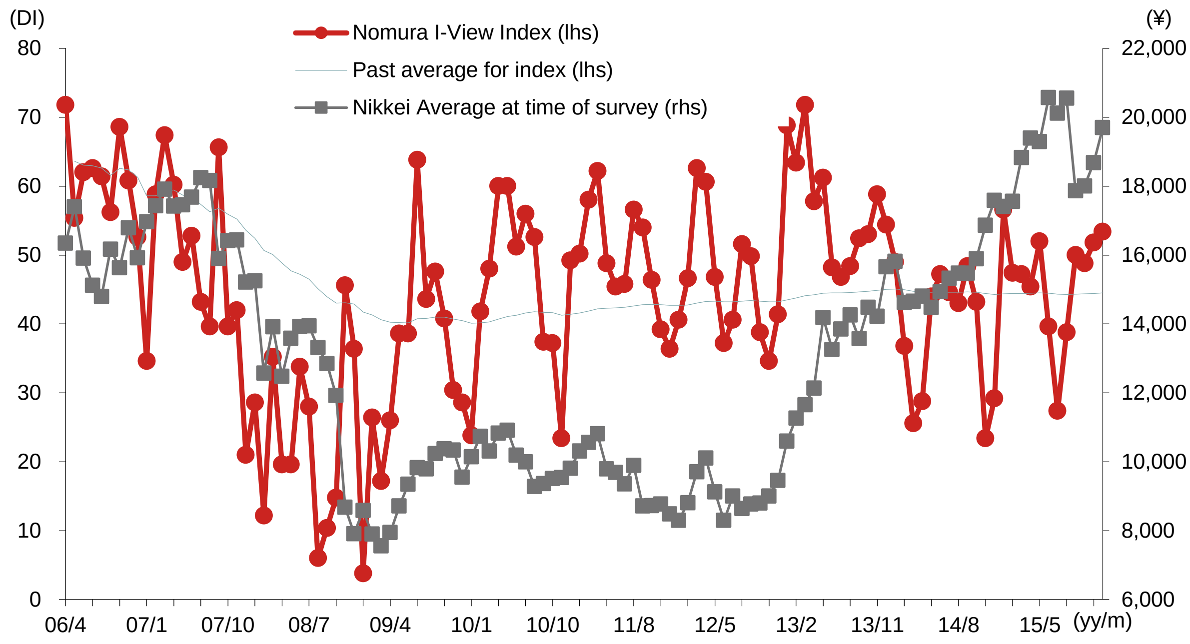
2. Survey results

(1) Nomura I-View Index rises for second consecutive month, to 53.4

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 53.4 in December 2015, a rise of 1.6pt from November (51.8) and the highest level since January 2015 (56.6) (Figure 1).

The Nikkei Average reference level (7 December 2015 close) was 19,698.15, up 1,014.91 from the previous survey (2 November close of 18,683.24), but the number of survey respondents expecting share prices to rise even further nevertheless increased.

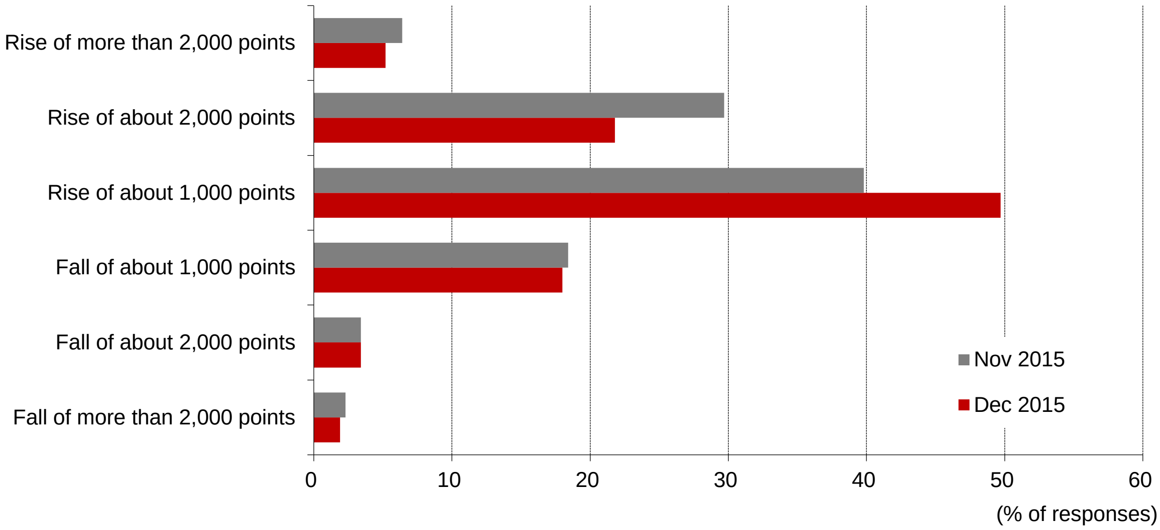
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a DI. 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 those respondents who projected that the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, the more bearish the outlook held by individual investors.

The percentage of respondents expecting the Nikkei Average to rise over the next three months was 76.7%, up 0.8ppt from the previous survey (75.9%). The percentage of respondents expecting a "rise of about 1,000 points" was 49.7%, up 9.9ppt m-m. This was the only answer, out of all the options available, for which the percentage of respondents increased m-m. Meanwhile, the percentage of respondents expecting a "rise of about 2,000 points" was 21.8%, down 7.9ppt m-m, and the percentage of respondents expecting a "rise of more than 2,000 points" was 5.2%, down 1.2ppt m-m. Among responses predicting a fall in share prices, the percentage of respondents expecting a "fall of more than 2,000 points" fell 0.4ppt m-m and that for respondents expecting a "fall of about 1,000 points" also fell 0.4ppt m-m (Figure 2).

Fig. 2: Outlook for the Nikkei Average during the next three months

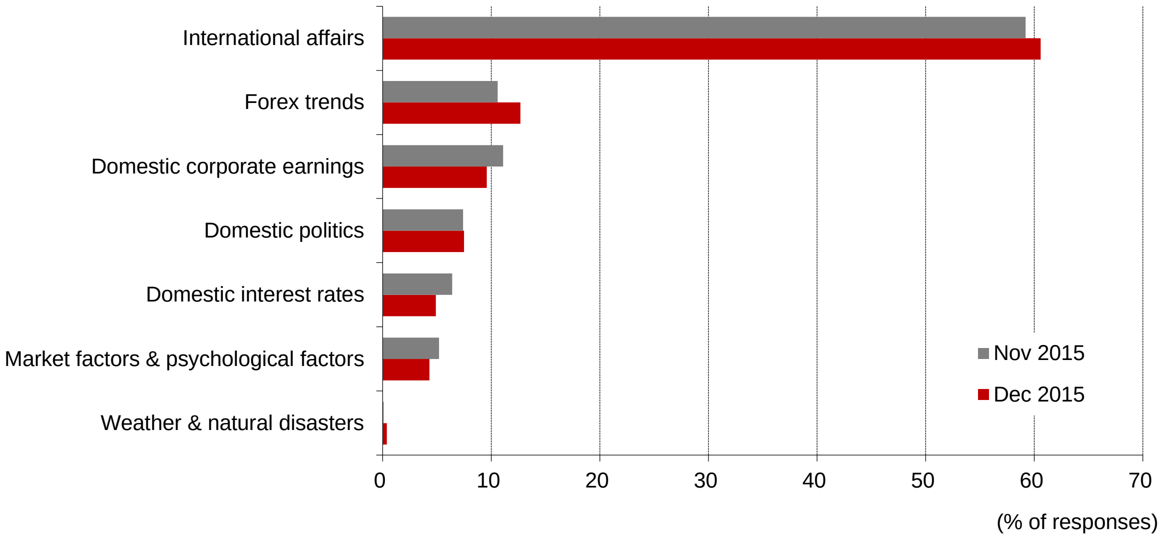


Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 7 December close of 19,698. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Investor interest in forex trends increases

Respondents were also asked to select the factor they considered the most likely to affect the stock market over the next three months. "International affairs" topped the list again, as it has done continuously since September 2013. The response rate for forex trends rose 2.1ppt m-m to 12.7%, its highest level since June 2015 (20.3%). Meanwhile, the response rates for domestic corporate earnings, domestic interest rates, and market factors & psychological factors all fell compared with the previous month (Figure 3).

Fig. 3: Impact of factors on the stock market



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

(3) Pharmaceuticals the most appealing sector, recovery in appeal of capital goods/other sector

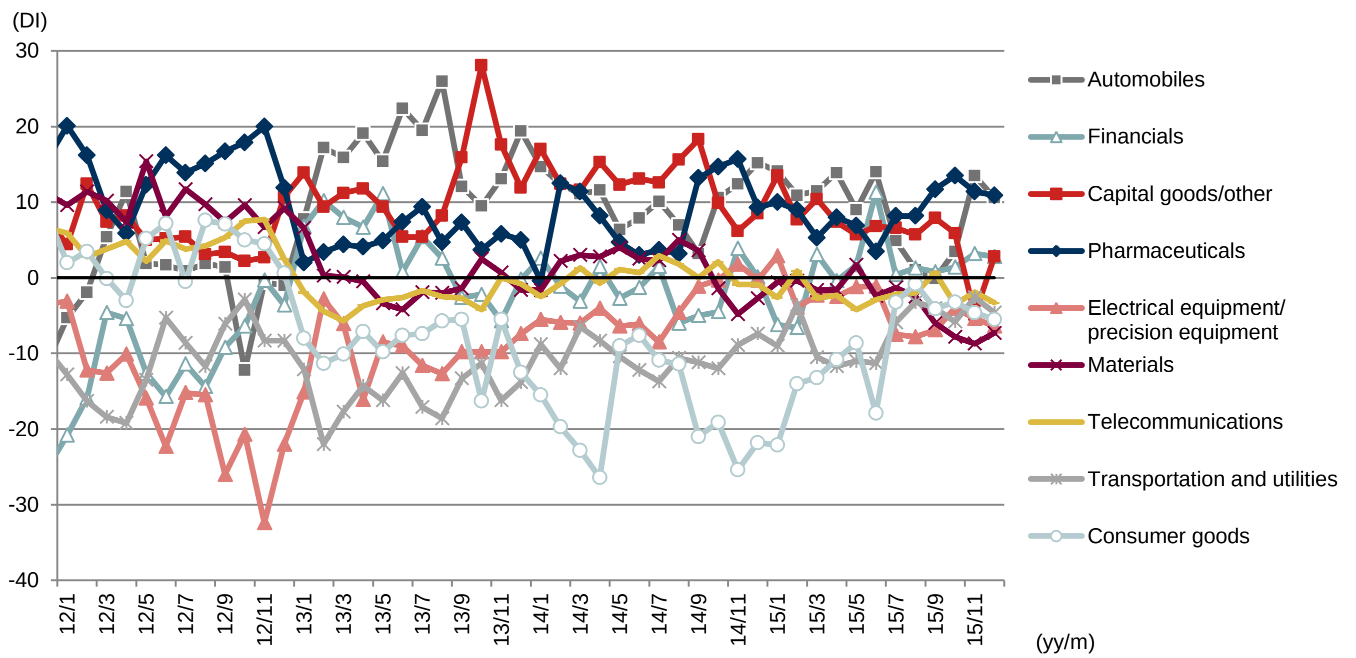
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The pharmaceutical sector was the most appealing sector this month, for the first time in two months, even though its DI fell 0.5pt m-m to 10.9. The DI for automobiles, which was the most appealing sector last month, fell 2.9pt m-m. Meanwhile, the DI for capital goods/other rose 7.7pt m-m to 2.8. It thus appears to have recovered after falling 10.8pt m-m last month (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	10.9	16.3	5.4	11.4
Automobiles	10.6	16.7	6.1	13.5
Financials	2.8	14.3	11.5	3.2
Capital goods/other	2.8	11.3	8.5	-4.9
Telecommunications	-3.3	4.4	7.7	-1.9
Transportation and utilities	-4.6	6.5	11.1	-2.6
Consumer goods	-5.5	12.4	17.9	-4.6
Electrical equipment/precision equipment	-6.4	6.7	13.1	-5.4
Materials	-7.3	11.4	18.7	-8.7

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector we then calculated a DI 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 financial sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other 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.

Fig. 5: DIs for selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, or that they found appealing, whether for the short or the long term (including stocks actually held). Figure 6 shows the most popular responses.

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

Code	Company	No. of respondents
7203	Toyota Motor	104
8411	Mizuho Financial Group	30
4502	Takeda Pharmaceutical	23
8306	Mitsubishi UFJ Financial Group	20
9984	Softbank Group	19
8267	Aeon	16
9202	ANA Holdings	16
6758	Sony	15
2931	Euglena	13
6178	Japan Post Holdings	12
6502	Toshiba	12
3402	Toray Industries	10
5401	Nippon Steel & Sumitomo Metal	10
7181	Japan Post Insurance	10
2811	Kagome	9
6501	Hitachi	9

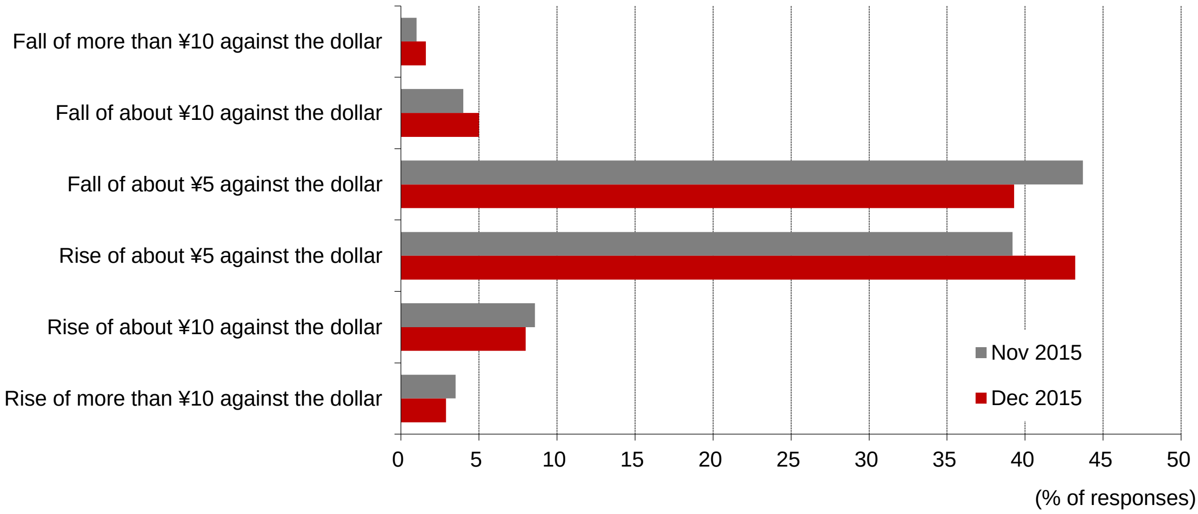
Code	Company	No. of respondents
7182	Japan Post Bank	9
7201	Nissan Motor	9
7261	Mazda Motor	9
7751	Canon	9
8316	Sumitomo Mitsui Financial Group	9
8750	Dai-Ichi Life Insurance	9
9437	NTT Docomo	9
8031	Mitsui & Co	8
8058	Mitsubishi Corp	8
8604	Nomura Holdings	8
4661	Oriental Land	7
6752	Panasonic	7
6954	Fanuc	7
7270	Fuji Heavy Industries	7
9432	Nippon Telegraph and Telephone	7

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

(5) Rise in percentage of respondents expecting modest strengthening of yen versus US dollar

On the outlook for USD/JPY over the next three months, the percentage of respondents expecting the yen to appreciate against the US dollar was 54.1%, up 2.8ppt from the previous month (51.3%). The response rate for "rise of about ¥5 against the dollar" was 43.2%, up 4.0ppt m-m. Meanwhile, the response rate for "rise of about ¥10 against the dollar" fell 0.6ppt m-m and the response rate for "rise of more than ¥10 against the dollar" also fell 0.6ppt m-m. In terms of responses predicting a weakening of the yen versus the US dollar, the response rate fell 4.4ppt m-m to 39.3% for "fall of about ¥5 against the dollar" but rose 1.0ppt m-m for "fall of about ¥10 against the dollar" and rose 0.6ppt m-m for "fall of more than ¥10 against the dollar" (Figure 7).

Fig. 7: Respondents' three-month outlook for USD/JPY



Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing a 7 December 2015 indicative rate of 123.29. They could choose one answer from six possible responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

(6) Investment appeal falls for Japanese yen

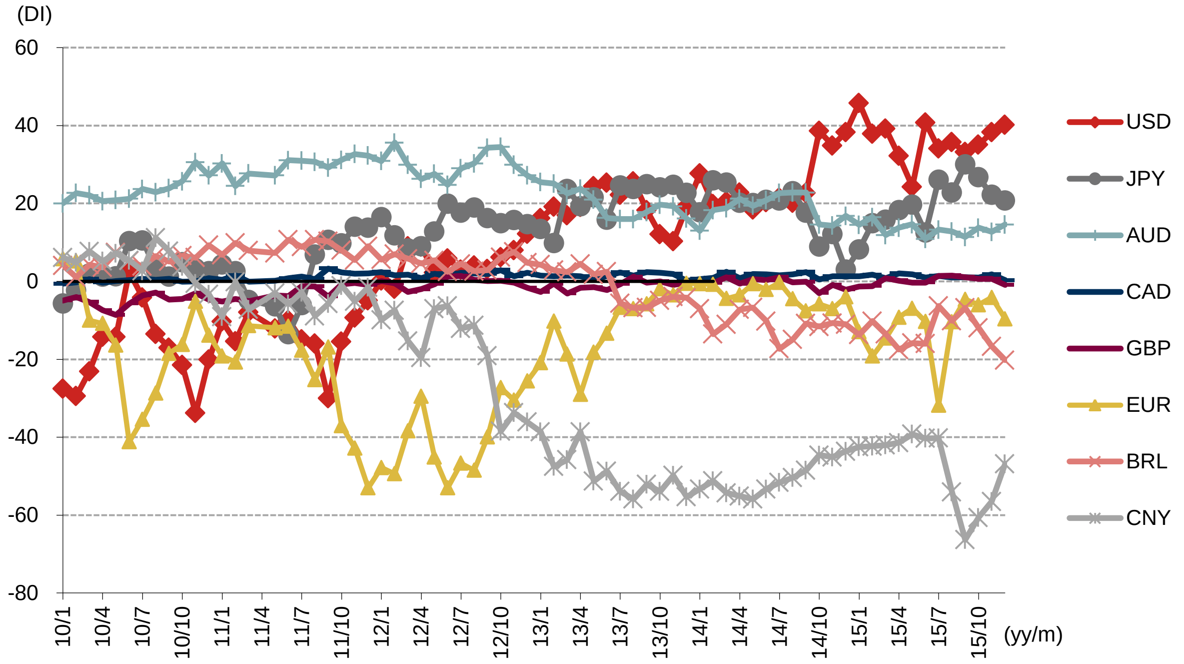
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over a timeframe of approximately three months. We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar rose 1.9pt m-m to 40.2. The US dollar thus topped the list again, as it has done continuously since October 2014. The DI for the yen fell 1.5pt m-m to 20.7, marking its third consecutive month of m-m decline. The DI for the Brazilian real also fell, dropping 3.5pt m-m to -20.2, the lowest level since this question was first asked in January 2010 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	40.2	43.8	3.6	38.3
Japanese yen	20.7	28.1	7.4	22.2
Australian dollar	14.6	15.4	0.8	12.7
Canadian dollar	0.3	1.1	0.8	1.8
Pound sterling	-0.9	1.3	2.2	0.7
Euro	-9.6	3.1	12.7	-4.1
Brazilian real	-20.2	2.2	22.4	-16.7
Chinese yuan	-46.8	3.1	49.9	-56.5

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. Those selecting "other" were asked to specify a currency.

Fig. 9: DIs for investment appeal of selected currencies



(7) Increase in percentage of respondents who selected "none" when asked which kind of financial instruments they were planning to decrease their holdings in

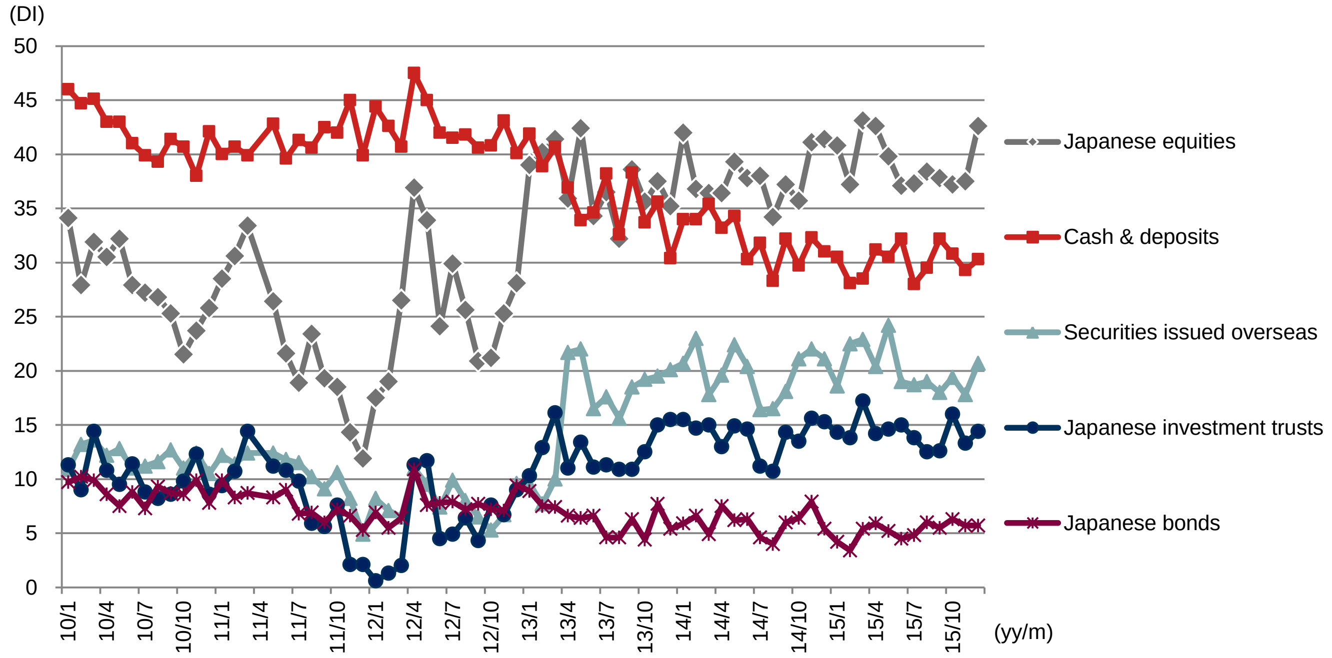
To give an indication of investors' views on the various types of financial instruments, we calculate a DI for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 5.1pt m-m to 42.6 and Japanese equities thus topped the list again, as they have done continuously since September 2013. The DI for foreign equities rose 2.0pt m-m to 9.8, its highest level since May 2015. The percentage of respondents who selected "none" when asked which kind of financial instruments they were planning to cease holding or decrease their holdings in rose to 79.3%, the highest level since this question was first asked in January 2010 (Figures 10 and 11).

Fig. 10: Financial instruments for which investors are planning either to increase or to decrease their holdings

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	42.6	53.6	11.0	37.5
Cash & deposits	30.3	34.6	4.3	29.3
Japanese investment trusts	14.4	19.4	5.0	13.3
Foreign equities	9.8	11.0	1.2	7.8
Gold	9.5	9.8	0.3	9.3
Foreign investment trusts	6.9	8.1	1.2	6.3
Japanese bonds	5.7	7.1	1.4	5.7
Foreign bonds	4.0	5.1	1.1	3.7
Hybrid securities	2.1	2.4	0.3	1.9
Other	1.4	1.4	0.0	0.4
None	-53.4	25.9	79.3	-45.0

Note: Respondents were given a list of nine types of 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). "Plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

Fig. 11: DIs for financial instruments in which investors are planning either to increase or to decrease their holdings



Note: "Securities issued overseas" is the total for foreign equities, foreign investment trusts, and foreign bonds.

(8) Higher percentage of respondents expect prices to fall one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 16.3% of respondents said they expected prices to fall, up 2.2ppt from the previous month. The response rate for "fall of less than 2%" rose 1.3ppt m-m, the response rate for "fall of 2% up to 5%" rose 0.3ppt m-m, and the response rate for "fall of 5% or more" rose 0.6ppt m-m (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.6	2.0
2	Fall of 2% up to 5%	5.4	5.1
3	Fall of less than 2%	8.3	7.0
4	No change (0%)	38.4	38.7
5	Rise of less than 2%	34.3	35.9
6	Rise of 2% up to 5%	9.1	9.6
7	Rise of 5% or more	1.9	1.7
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

(9) Equity investment themes for 2016

For this month's spot question, we asked investors to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes that look likely to become key themes in the Japanese equity market in 2016 or to have an impact. US monetary policy was the most popular response, selected by 582 respondents. The next most popular responses were BOJ monetary policy (530) and forex trends (483) (Figure 13). Responses in the "other" category (where respondents were free to write whatever they wanted) included the Chinese economy and terrorism.

Fig. 13: Equity market investment themes for 2016 (1,000 respondents)

	Possible choices	No. of respondents
1	BOJ monetary policy	530
2	US monetary policy	582
3	Forex trends	483
4	Wage increases	98
5	End to deflation	94
6	Corporation tax cuts	112
7	Regional revitalization	17
8	Upper House election	145
9	US presidential election	173
10	Expansion of Nippon Individual Savings Account (NISA) scheme, launch of junior NISA program	26
11	My Number scheme	85
12	Consumption demand from inbound tourists (inbound demand)	131
13	Rio de Janeiro Olympics	28
14	Moves to legalize casinos	25
15	Reform of agricultural regulations	53
16	Labor shortages	78
17	Reform of employment regulations	49
18	Reform of healthcare market	60
19	Promotion of public-private partnerships (PPP) and private finance initiatives (PFI)	33
20	Deregulation of retail electricity market	109
21	Renewable energy	30
22	Stimulation of financial and capital markets	89
23	Shareholder returns	120
24	Increase in M&A activity	52
25	ROE-based management	40
26	Other	23

Note: Respondents were asked to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes listed above that look likely to become key themes in the Japanese equity market in 2016 or to have an impact.

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, 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 7 December, with deadline for responses on 8 December.

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 outlook and attractive currencies, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queries about their personal profiles.

4. Nomura Individual Investor Survey (December 2015) respondents

Gender: Male (82.5%), Female (17.5%)

Age: Under 30 (0.7%), 30–39 (7.7%), 40–49 (23.4%), 50–59 (32.6%), 60 and above (35.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.9%), professional (physician/medical professional, lawyer, etc) (3.2%), company management/corporate officer (4.5%), company employee/public servant (49.1%), student (0.0%), full-time homemaker (9.2%), part-time worker/casual worker/job-hopper (5.2%), unemployed/pensioner (19.1%), other (1.8%)

Region: Kanto (49.0%), Kinki (21.0%), Tokai/Koshinetsu/Hokuriku (15.9%), Hokkaido/Tohoku (4.6%), Chugoku/Shikoku/Kyushu (9.5%)

Financial assets held: Less than ¥1,000,000 (5.4%), ¥1,000,000–¥2,999,999 (8.8%), ¥3,000,000–¥4,999,999 (10.4%), ¥5,000,000–¥9,999,999 (13.8%), ¥10,000,000–¥29,999,999 (30.8%), ¥30,000,000–¥49,999,999 (14.3%), ¥50,000,000 or more (16.5%)

Value of domestic stocks held: Less than ¥500,000 (10.6%), ¥500,000–¥999,999 (10.7%), ¥1,000,000–¥2,999,999 (21.9%), ¥3,000,000–¥4,999,999 (14.8%), ¥5,000,000–¥9,999,999 (15.1%), ¥10,000,000–¥29,999,999 (19.2%), ¥30,000,000 or more (7.7%)

Investment experience: Less than three years (3.1%), three years to less than five years (5.6%), five years to less than 10 years (22.9%), 10 years to less than 20 years (34.1%), 20 years or more (34.3%)

Investment plan for domestic stocks: Mainly for long-term holding (46.2%), pursuit of gains from short-term appreciation (13.0%), pursuit of dividends and shareholder perks (26.0%), no particular plan (14.8%)

Notice

The next Nomura Individual Investor Survey (January 2016) is scheduled for release on Friday, 15 January 2016.

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

Important Disclosures

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Online availability of research and conflict-of-interest disclosures

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The distribution of all ratings published by Nomura Global Equity Research is as follows:

50% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 40% of companies with this rating are investment banking clients of the Nomura Group*.

41% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 53% of companies with this rating are investment banking clients of the Nomura Group*.

9% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 19% of companies with this rating are investment banking clients of the Nomura Group*.

As at 30 September 2015. **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, and Japan and Asia ex-Japan from 21 October 2013

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst’s target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

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. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan:** Russell/Nomura Large Cap.

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. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan:** Sector ratings are not assigned.

Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan prior to 21 October 2013

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. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage of the Nomura entity identified in the top banner. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies.

SECTORS

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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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Transactions involving convertible bonds are subject to a sales commission of up to 1.08% of the transaction amount (or a commission of ¥4,320 if this would be less than ¥4,320). When convertible bonds 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. 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 public offerings, secondary 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. Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. 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 public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. 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: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.
When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index.The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For JI17 and subsequent issues, the maturity value shall not undercut the face amount.
Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.4% of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a 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, an asset management fee (trust fee) of up to 5.4% (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.
In interest rate swap transactions and USD/JPY basis swap transactions (“interest rate swap transactions, etc.”), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.
In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors.
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