News Release

NOMURA

Nomura Individual Investor Survey

February 2016

12 February 2016

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 falls for the first time in four months, to 54.6

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 54.6 in February 2016, falling m-m for the first time in four months. The Nikkei Average reference level (1 February 2016 close) was 17,865.23, down 585.75 from the previous survey (4 January 2016 close of 18,450.98).

(2) Increased investor interest in domestic interest rates

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic interest rates" rose 7.4ppt m-m, to 11.8%, which we see as reflecting the Bank of Japan's (BOJ's) decision on 29 January to adopt a negative interest rate policy. The response rate for "forex trends" rose 2.2ppt, to 14.8%. In contrast, the response rate for "international affairs" declined 6.5ppt, to 57.5%.

(3) Investment appeal of pharmaceuticals sector rises while that of financials sector declines

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 pharmaceuticals sector was the most appealing, with its DI rising 4.8ppt m-m, to 12.7. The DI for the automobiles sector, which topped the ranking last month, rose 1.1ppt m-m, to 10.7, while the DI for the electrical equipment/precision equipment sector recovered 5.6ppt m-m, to -3.2. The DI for the financials sector fell 19.9ppt m-m, to 24.3, its lowest level since December 2011.

(4) Higher proportion of investors expect yen to appreciate against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 55.2%, up 6.6ppt from the previous month (48.6%). The response rate for "rise of about ¥5 against the dollar" rose 6.6ppt m-m, to 42.3%, while that for "rise of about ¥10 against the dollar" increased 0.9ppt m-m. In contrast, the response rate for "rise of more than ¥10 against the dollar" fell 0.9ppt. Among responses anticipating a weakening of the yen versus the dollar, the response rate for "fall of about ¥5 against the dollar" declined 6.5ppt m-m, to 39.2%, while that for "fall of more than ¥10 against the dollar" fell 0.5ppt m-m.

(5) Investment appeal of US dollar rises

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 1.8ppt m-m, to 38.4, topping the list.

(6) Appeal of Japanese equities among financial instruments rises

To give an indication of plans for holding financial instruments, we calculate DIs 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 1.7ppt m-m, to 38.6. The DI for foreign investment trusts, at 3.1, was down 3.2ppt, representing the largest decline of all the options.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 45.6% of respondents selected the response "no change," up 3.7ppt from the previous month. The combined response rate for the "rise" options declined 6.1ppt m-m, to 37.5%, and that for the "fall" options rose 2.4ppt, to 16.9%.

(8) Investment policy and investment action in response to share price falls

For this month's spot question, we asked investors about their investment policy and investment action in the context of falls in share prices. Questioned about their equity investments over the most recent month, the largest percentage of respondents, at 37.5%, said that returns had been "broadly in negative territory, but with losses less than the decline in the Nikkei Average" (6.14%). The second-highest response rate was for "broadly in negative territory, with losses greater than the decline in the Nikkei Average," at 26.7%, followed by "broadly breaking even," at 26.4%. Of all respondents, 73.3% indicated that their returns on equity investments over the past month had been higher than the Nikkei Average's returns.

Next, we asked respondents for their views with regard to losses (unrealized losses) on equity investments. The highest response rate was for "wait for a share price recovery rather than cut losses," at 42.3%, followed by "no particular strategy; decisions taken on a case-by-case basis," at 32.4%. Questioned about their investment activity during the most recent month, the highest response rate was for "no action taken," at 51.5%.

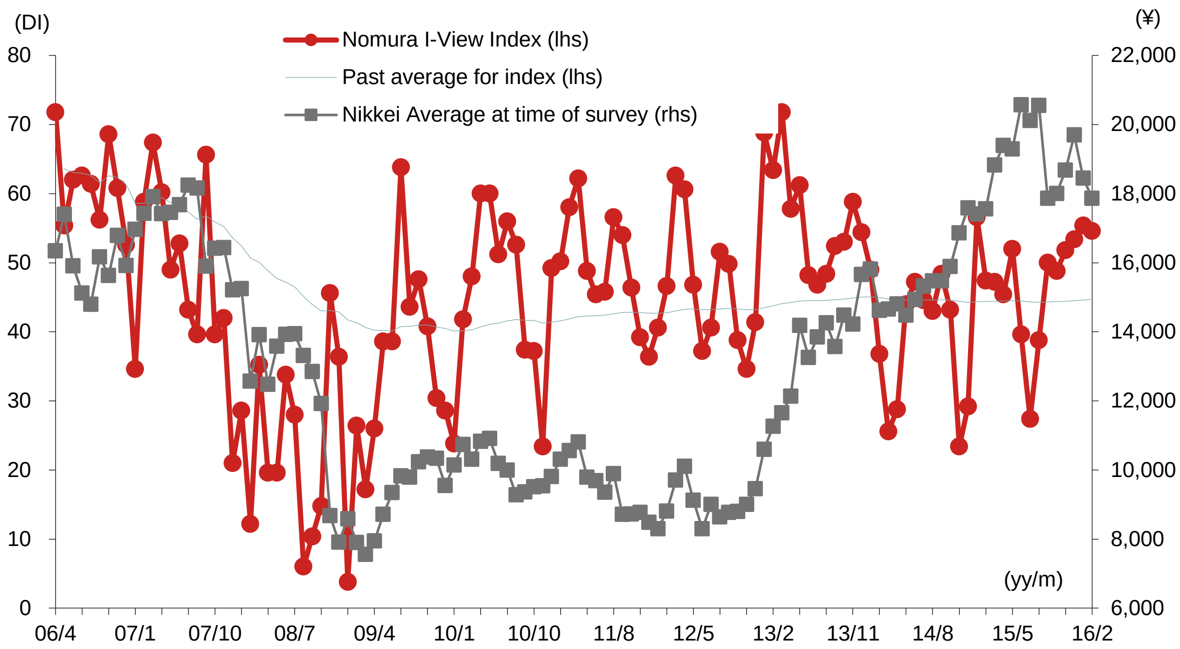
2. Survey results

(1) Nomura I-View Index falls for the first time in four months, to 54.6

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 54.6 in February 2016, falling m-m for the first time in four months (Figure 1).

The Nikkei Average reference level (1 February 2016 close) was 17,865.23, down 585.75 from the previous survey (4 January 2016 close of 18,450.98).

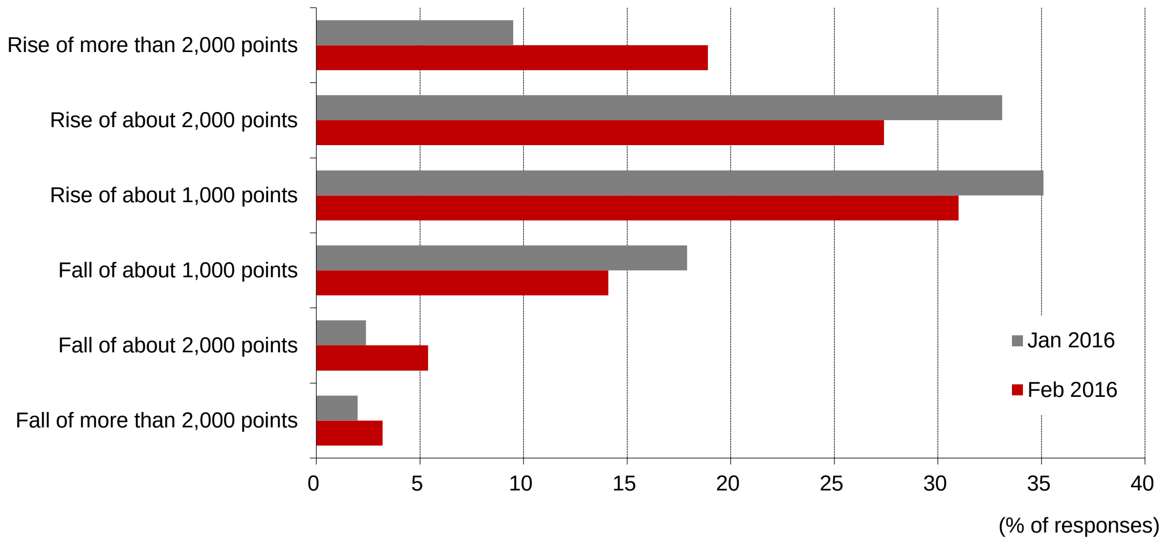
Fig. 1: Nomura I-View Index and reference level of Nikkei Average at time of survey



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 Jan 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 combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 77.3%, down 0.4ppt from the last survey (77.7%). The proportion of respondents expecting a "rise of more than 2,000 points," at 18.9%, rose 9.4ppt m-m, the largest increase for all the response options. The response rate for "rise of about 2,000 points" fell 5.7ppt m-m, to 27.4%, while that for "rise of about 1,000 points" fell 4.1ppt, to 31.0% (Figure 2).

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

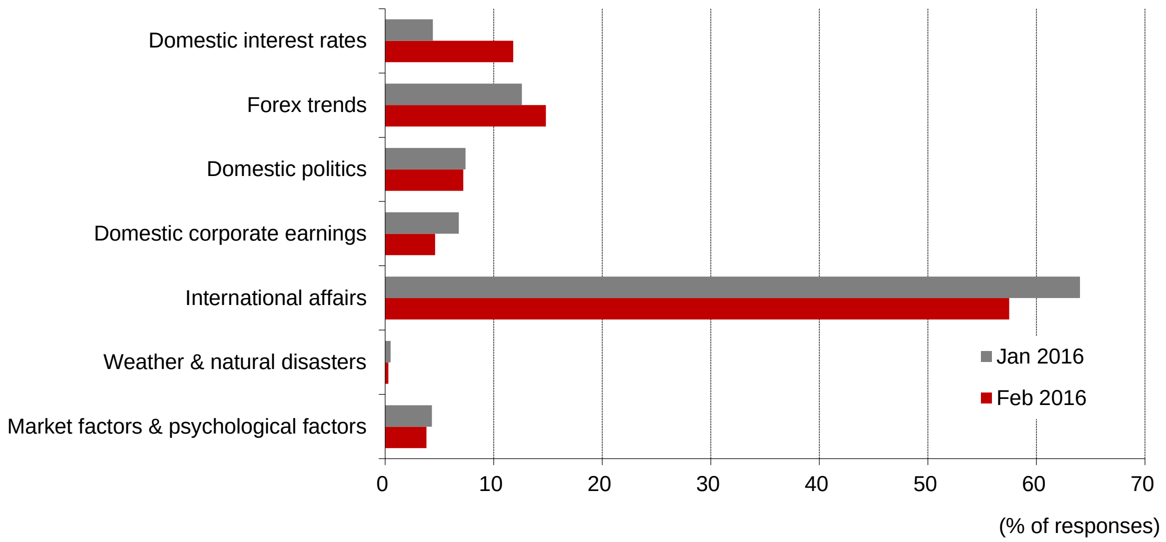


Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 1 Feb 2016 close of 17,865. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Increased investor interest in domestic interest rates

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic interest rates" rose 7.4ppt m-m, to 11.8%, which we see as reflecting the BOJ's decision on 29 January to adopt a negative interest rate policy. The response rate for "forex trends" rose 2.2ppt, to 14.8%. In contrast, the response rate for "international affairs" declined 6.5ppt, to 57.5% (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) Investment appeal of pharmaceuticals sector rises while that of financials sector declines

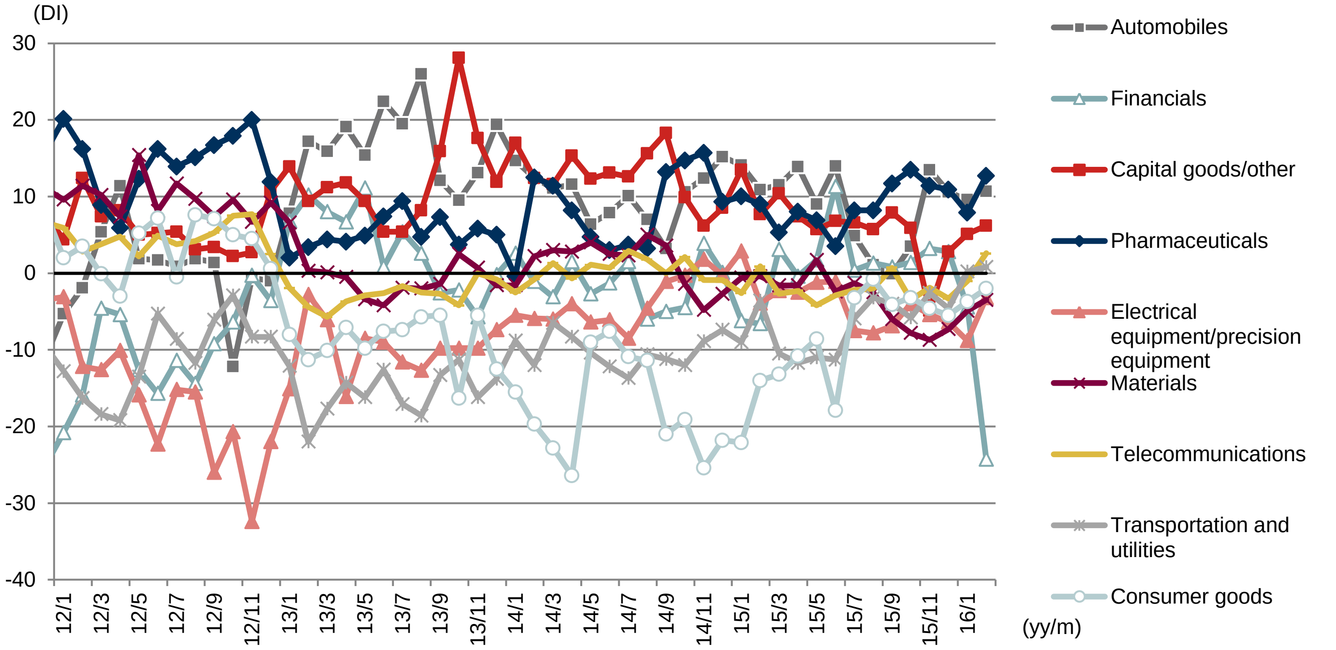
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The pharmaceuticals sector was the most appealing, with its DI rising 4.8ppt m-m, to 12.7.The DI for the automobiles sector, which topped the ranking last month, rose 1.1ppt m-m, to 10.7, while the DI for the electrical equipment/precision equipment sector recovered 5.6ppt m-m, to -3.2. The DI for the financials sector fell 19.9ppt m-m, to 24.3, its lowest level since December 2011 (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	12.7	15.6	2.9	7.9
Automobiles	10.7	17.2	6.5	9.6
Capital goods/other	6.2	11.5	5.3	5.1
Telecommunications	2.6	6.3	3.7	-1.0
Transportation and utilities	0.8	9.3	8.5	0.2
Consumer goods	-2.0	11.8	13.8	-3.7
Electrical equipment/precision equipment	-3.2	7.3	10.5	-8.8
Materials	-3.5	11.2	14.7	-4.9
Financials	-24.3	9.8	34.1	-4.4

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 financials 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 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)

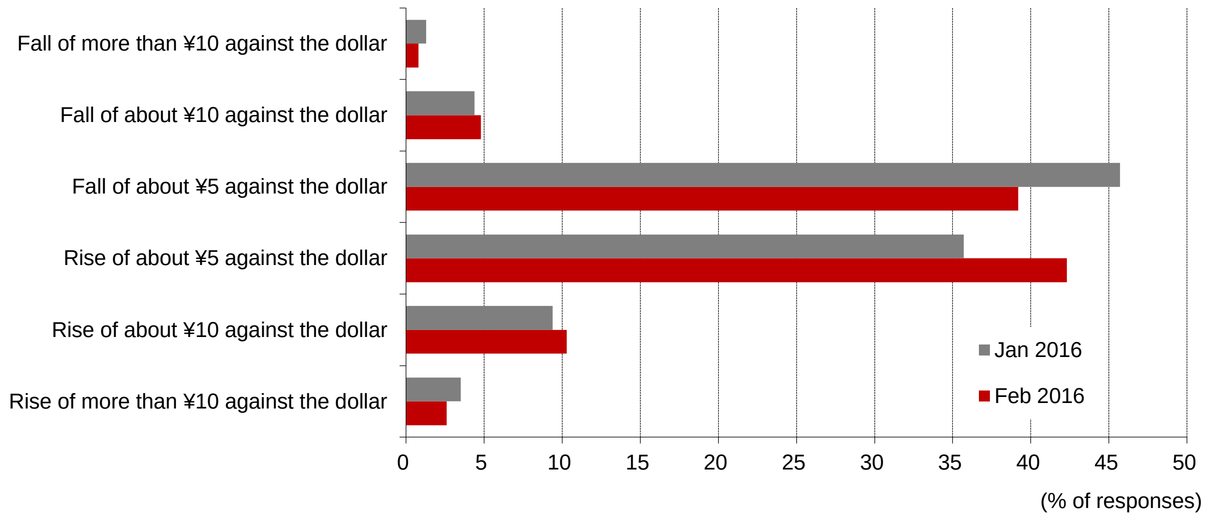
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	139	5401	Nippon Steel & Sumitomo Metal	8
6758	Sony	27	6752	Panasonic	8
9984	Softbank Group	23	6954	Fanuc	8
4502	Takeda Pharmaceutical	16	7751	Canon	8
8411	Mizuho Financial Group	16	8058	Mitsubishi	8
9437	NTT Docomo	16	8750	The Dai-Ichi Life Insurance	8
8267	Aeon	15	9501	Tokyo Electric Power	8
8306	Mitsubishi UFJ Financial Group	15	9503	The Kansai Electric Power	8
9202	Ana Holdings	15	2931	Euglena	7
4661	Oriental Land	13	3402	Toray Industries	7
7201	Nissan Motor	10	4901	Fujifilm Holdings	7
7270	Fuji Heavy Industries	10	6502	Toshiba	7
6501	Hitachi	9	7261	Mazda Motor	7
7011	Mitsubishi Heavy Industries	9	7267	Honda Motor	7
2327	NS Solutions	8	9432	Nippon Telegraph & Telephone	7
4503	Astellas Pharma	8			

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

(5) Higher proportion of investors expect yen to appreciate against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 55.2%, up 6.6ppt from the previous month (48.6%). The response rate for "rise of about ¥5 against the dollar" rose 6.6ppt m-m, to 42.3%, while that for "rise of about ¥10 against the dollar" increased 0.9ppt m-m. In contrast, the response rate for "rise of more than ¥10 against the dollar" fell 0.9ppt. Among responses anticipating a weakening of the yen versus the dollar, the response rate for "fall of about ¥5 against the dollar" declined 6.5ppt m-m, to 39.2%, while that for "fall of more than ¥10 against the dollar" fell 0.5ppt m-m (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 1 Feb 2016 indicative rate of 121.24. 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 of US dollar rises

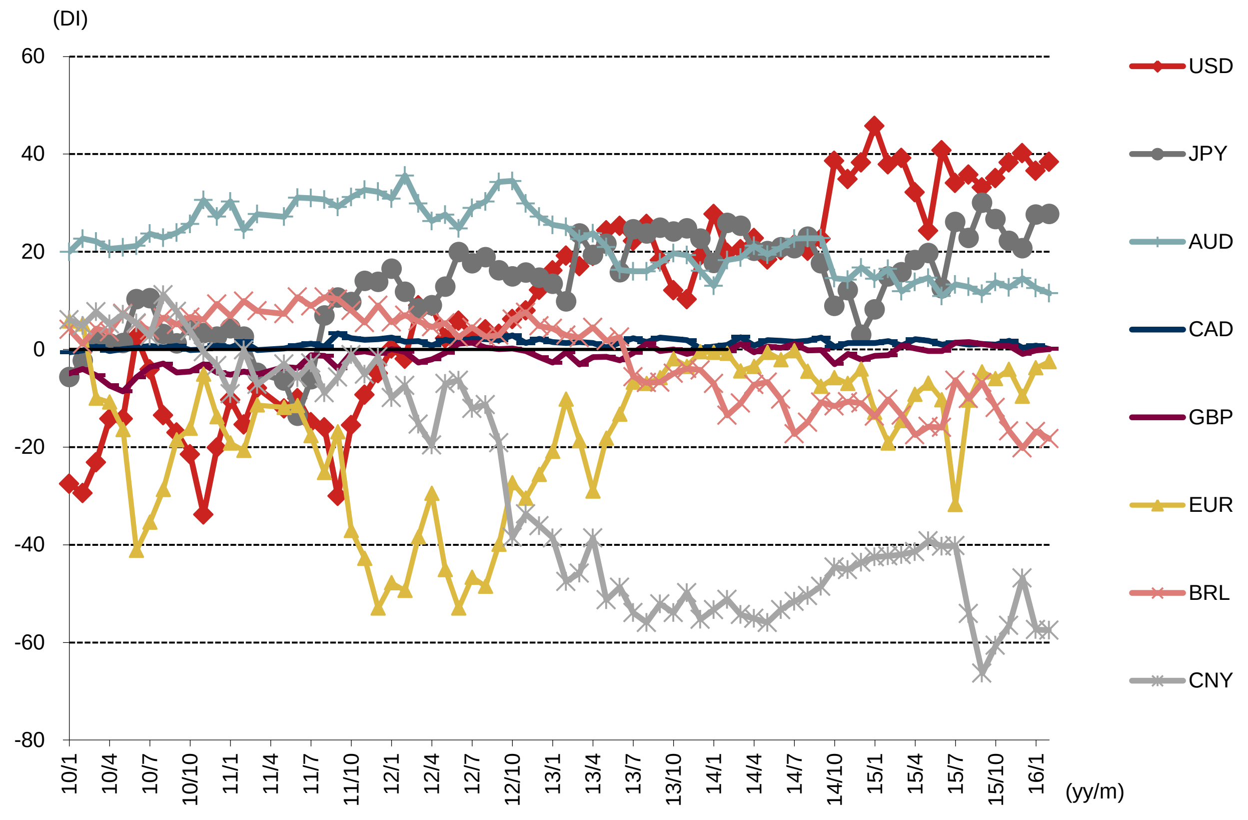
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over a timeframe of approximately three months. We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar rose 1.8ppt m-m, to 38.4, topping the list. The DI for the euro, at -2.5, recovered 1.3ppt from the previous month's -3.8. In contrast, the DI for the Brazilian real declined 1.5ppt m-m while that for the Australian dollar fell 1.1ppt (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	38.4	42.6	4.2	36.6
Japanese yen	27.7	34.8	7.1	27.6
Australian dollar	11.5	13.3	1.8	12.6
Pound sterling	0.1	1.1	1.0	-0.2
Canadian dollar	0.1	0.9	0.8	0.8
Euro	-2.5	3.3	5.8	-3.8
Brazilian real	-18.3	2.2	20.5	-16.8
Chinese yuan	-57.5	0.8	58.3	-57.4

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) Appeal of Japanese equities among financial instruments rises

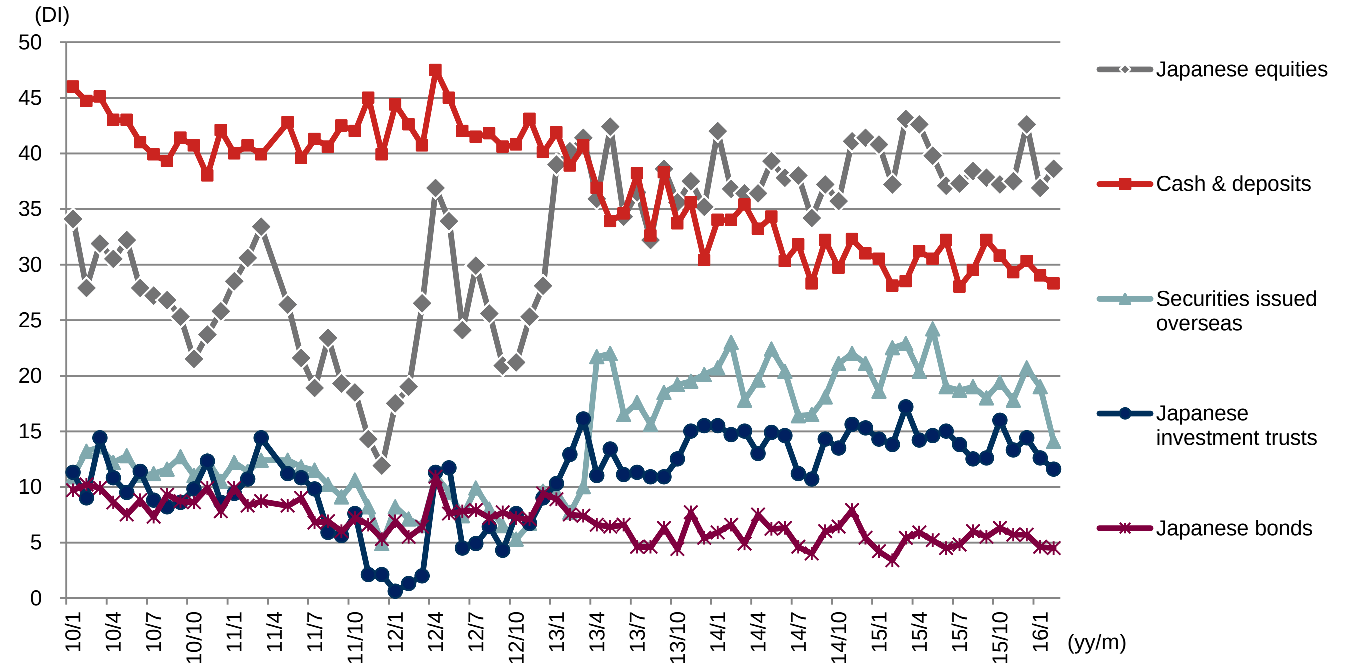
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 1.7ppt m-m, to 38.6.The DI for foreign investment trusts, at 3.1, was down 3.2ppt, the largest decline of all the options (Figures 10, 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	38.6	51.8	13.2	36.9
Cash & deposits	28.3	33.8	5.5	29.0
Japanese investment trusts	11.6	18.6	7.0	12.6
Gold	9.2	9.3	0.1	9.6
Foreign equities	7.9	9.1	1.2	8.9
Japanese bonds	4.5	6.6	2.1	4.6
Foreign investment trusts	3.1	5.6	2.5	6.3
Foreign bonds	3.1	4.6	1.5	3.8
Hybrid securities	2.0	2.4	0.4	2.3
Other	1.0	1.3	0.3	0.7
None	-45.3	28.5	73.8	-45.1

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments 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 Feb 2012 survey. Since the Apr 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 be unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 45.6% of respondents selected the response "no change," up 3.7ppt from the previous month. The combined response rate for the "rise" options declined 6.1ppt m-m, to 37.5%, and that for the "fall" options rose 2.4ppt, to 16.9% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.1	2.5
2	Fall of 2% up to 5%	4.4	3.7
3	Fall of less than 2%	10.4	8.3
4	No change (0%)	45.6	41.9
5	Rise of less than 2%	26.5	31.9
6	Rise of 2% up to 5%	8.1	10.3
7	Rise of 5% or more	2.9	1.4
	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) Investment policy and investment action in response to share price falls

For this month's spot question, we asked investors about their investment policy and investment action in the context of falls in share prices. Questioned about their equity investments over the most recent month, the largest percentage of respondents, at 37.5%, said that returns had been "broadly in negative territory, but with losses less than the decline in the Nikkei Average" (6.14%). The second-highest response rate was for "broadly in negative territory, with losses greater than the decline in the Nikkei Average," at 26.7%, followed by "broadly breaking even," at 26.4%. Of all respondents, 73.3% indicated that their returns on equity investments over the past month had been higher than the Nikkei Average's returns (Figure 13).

Fig. 13: Returns on equity investments over the past month

Choices	No. of respondents	% of responses
1. Broadly in positive territory	94	9.4
2. Broadly breaking even	264	26.4
3. Broadly in negative territory, but with losses less than the decline in the Nikkei Average	375	37.5
4. Broadly in negative territory, with losses greater than the decline in the Nikkei Average	267	26.7
Total	1,000	100.0

Note: Respondents were asked to select one response to the question: "The Nikkei Average fell by 6.14% over the one-month period to 1 February. Select from the following the response that most accurately reflects the situation regarding gains or losses on your equity investments over the month." This can include both realized and unrealized profits and losses.

Next, we asked respondents for their views with regard to losses (unrealized losses) on equity investments. The most popular response was "wait for a share price recovery rather than cut losses," at 42.3%. The second-most frequent response, at 32.4%, was "no particular strategy; decisions taken on a case-by-case basis." Only 25.3% of respondents said that they would cut their losses at a certain level (total of responses 1–5) (Figure 14).

Fig. 14: Investors' basic stances on losses (unrealized losses) on their equity investments

Choices	No. of respondents	% of responses
1. Cut losses at -1% to -10%	65	6.5
2. Cut losses at -11% to -20%	90	9.0
3. Cut losses at -21% to -30%	68	6.8
4. Cut losses at -31% to -50%	25	2.5
5. Cut losses at more than -50%	5	0.5
6. Wait for a share price recovery rather than cut losses	423	42.3
7. No particular strategy; decisions taken on a case-by-case basis	324	32.4
Total	1000	100.0

Note: We asked investors to choose one item from the list shown in the table regarding their basic stance concerning gains (unrealized gains) when investing in equities.

Questioned about their investment activity during the most recent month, the highest response rate was for "no action taken," at 51.5%. This was followed by "acquired shares not in my portfolio" (17.7%) and "increased holdings of shares already in my portfolio" (14.2%) (Figure 15).

Fig. 15: Investment activity over most recent month

Choices	No. of respondents	% of responses
1. Acquired shares not in my portfolio	208	17.7
2. Increased holdings of shares already in my portfolio	167	14.2
3. Sold shares to secure gains	120	10.2
4. Sold shares to cut losses	73	6.2
5. No action taken	604	51.5
Total	1,172	100.0

Note: We asked respondents to indicate which of the actions listed in the table they had undertaken relating to Japanese cash equities in the past two months (multiple response possible).

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 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 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 queried about their personal profiles.

4. Nomura Individual Investor Survey (February 2016) respondents

Gender: Male (83.3%), Female (16.7%)

Age: Under 30 (0.7%), 30–39 (8.6%), 40–49 (23.6%), 50–59 (30.2%), 60 and above (36.9%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.5%), professional (physician/medical professional, lawyer, etc) (3.2%), company management/corporate officer (3.5%), company employee/public servant (48.1%), student (0.0%), full-time homemaker (8.2%), part-time worker/casual worker/job-hopper (5.2%), unemployed/pensioner (21.7%), other (1.6%)

Region: Kanto (51.7%), Kinki (19.1%), Tokai/Koshinetsu/Hokuriku (15.6%), Hokkaido/Tohoku (4.3%), Chugoku/Shikoku/Kyushu (9.3%)

Financial assets held: Less than ¥1,000,000 (6.2%), ¥1,000,000–¥2,999,999 (8.0%), ¥3,000,000–¥4,999,999 (10.4%), ¥5,000,000–¥9,999,999 (16.5%), ¥10,000,000–¥29,999,999 (31.8%), ¥30,000,000–¥49,999,999 (12.9%), ¥50,000,000 or more (14.2%)

Value of domestic stocks held: Less than ¥500,000 (9.4%), ¥500,000–¥999,999 (10.9%), ¥1,000,000–¥2,999,999 (20.2%), ¥3,000,000–¥4,999,999 (18.6%), ¥5,000,000–¥9,999,999 (16.2%), ¥10,000,000–¥29,999,999 (18.2%), ¥30,000,000 or more (6.5%)

Investment experience: Less than three years (1.7%), three years to less than five years (5.1%), five years to less than 10 years (25.2%), 10 years to less than 20 years (35.4%), 20 years or more (32.6%)

Investment plan for domestic stocks: Mainly for long-term holding (42.5%), pursuit of gains from short-term appreciation (13.7%), pursuit of dividends and shareholder perks (27.9%), no particular plan (15.9%)

Notice

The next Nomura Individual Investor Survey (March 2016) is scheduled for release on Thursday, 17 March 2016.

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

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43% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 54% 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; 18% of companies with this rating are investment banking clients of the Nomura Group*.
As at 31 December 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.

Disclaimers

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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.

No account fee will be charged for 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 ¥10,800 per issue transferred depending on volume.

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