News Release

NOMURA

Nomura Individual Investor Survey

April 2016

14 April 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 third consecutive month, to 35.4

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 35.4 in April 2016, falling m-m for the third consecutive month. The Nikkei Average reference level (4 April 2016 close) was 16,123.27, down 788.05 from the previous survey (7 March 2016 close of 16,911.32).

(2) Stronger investor focus on domestic politics and domestic corporate earnings

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic politics" rose 3.9ppt m-m, to 13.1%, while the response rate for "domestic corporate earnings" rose 2.1ppt, to 9.5%. Individual investors look to have become more interested in Japanese politics and earnings at Japanese companies.

(3) Investment appeal of pharmaceuticals and financials rises while that of automobiles 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 DI of the pharmaceuticals sector rose 4.1pt m-m, to 17.6, and the DI for the financials sector rose 5.8pt, to -16.3, representing the largest improvement. As in March, the sector that saw the steepest decline in its DI was automobiles, with a m-m drop of 6.1pt.

(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 50.1%, up 0.7ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 1.2ppt m-m, to 37.0%, while that for "rise of about ¥10 against the dollar" fell 0.6ppt m-m. The response rate for "rise of more than ¥10 against the dollar" increased 0.1ppt m-m. Moreover, the percentage of respondents expecting the yen to weaken against the dollar, for all ranges of change, was 49.9%, down 0.7ppt versus 50.6% in March. The response rate for “fall of about ¥5 against the dollar" declined 0.6ppt. The response rate for "fall of about ¥10 against the dollar" rose 0.4ppt, to 9.8%, but the response rate for "fall of more than ¥10 against the dollar" declined 0.5ppt.

(5) Investment appeal of Japanese yen falls

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 Japanese fell 4.0pt m-m, to 26.0, representing the largest decline. The DI for the Brazilian real also fell 3.4pt. Although the Chinese yuan remained the least appealing currency, its DI rose 6.8pt, representing a second consecutive monthly rise.

(6) Recovery in appeal of cash & deposits among financial instruments

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 cash & deposits fell sharply in the March survey, but recovered 5.8pt m-m in the April survey, to 27.2. Elsewhere, the DI for gold fell 2.5pt, to 9.7, while the DI for foreign equities fell 2.1pt, to 7.0.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 46.7% of respondents selected the response "rise," up 8.6ppt on the previous month, while 16.2% of respondents selected the response "fall," down 2.5ppt. The proportion selecting the response "no change" fell 6.1ppt, to 37.1%.

(8) Individual investor returns over the past year and future intentions regarding unrealized gains and losses

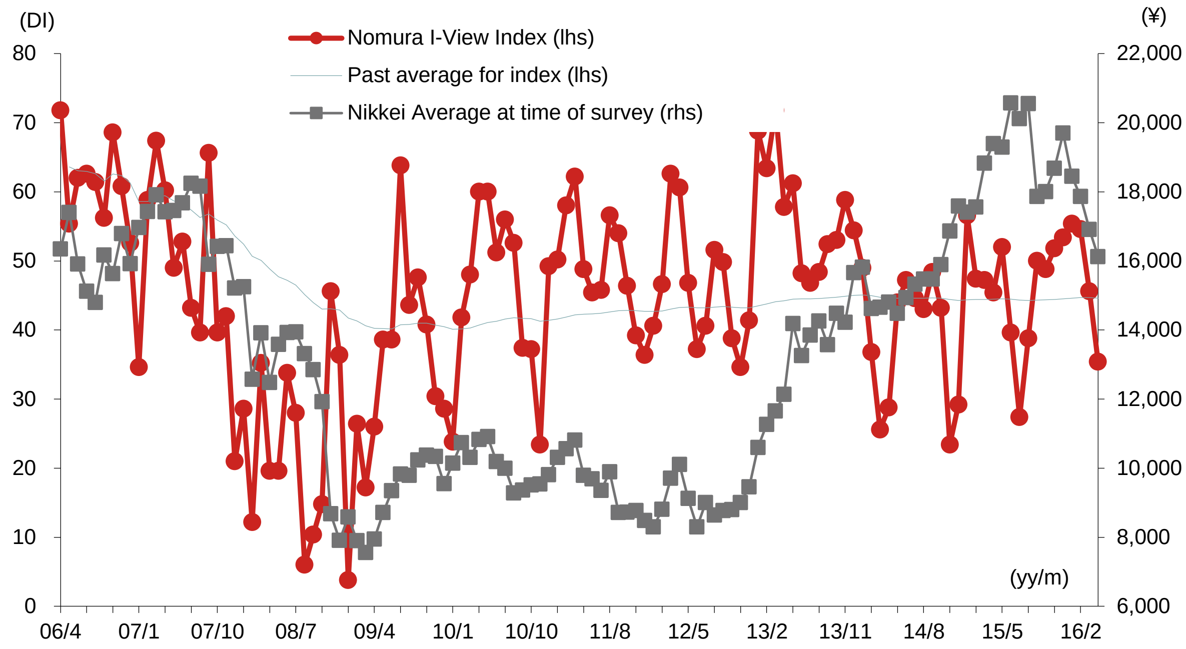
For this month's spot question, we asked investors about their returns on equity investments last fiscal year and their approach and views with respect to profits (unrealized gains) and losses (unrealized losses). On their equity investments over the past fiscal year (April 2015 through March 2016), respondents were asked to choose one of several options regarding their gains and losses (including both realized and unrealized profits and losses). The largest proportion of respondents, 23.6%, selected "returns overall were negative, with results disappointing considering the investment environment." We next asked respondents to choose one answer to best describe their intentions and views on profits (unrealized gains). The highest percentage, at 49.4%, was for "no set stance; will decide depending on the circumstances." The next most popular responses were for "lock in profits at gains of around 11–20%" (14.9%), "lock in profits at gains of around 10%" (14.3%), and “lock in profits at gains of around 21–30%” (11.9%). Lastly, we asked respondents to select one answer to best describe their intentions and views on losses (unrealized losses). The most popular response, at 67.5%, was "no set stance; will decide depending on the circumstances." The next most popular ones were "exit when losses reach around 21.0–30%" (9.1%), followed by "exit when losses reach around 11–20%" (9.0%), and "exit when losses reach around 10%" (8.0%), indicating that around just over a quarter of investors seek to cut losses when they reach up to about 30%. From their responses, it is apparent that more individual investors have no set stance on cutting losses than is the case for locking in profits.

2. Survey results

(1) Nomura I-View Index falls for third consecutive month, to 35.4

The 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 35.4 in April 2016, falling m-m for the third consecutive month. The Nikkei Average reference level (4 April 2016 close) was 16,123.27, down 788.05 from the previous survey (7 March 2016 close of 16,911.32).

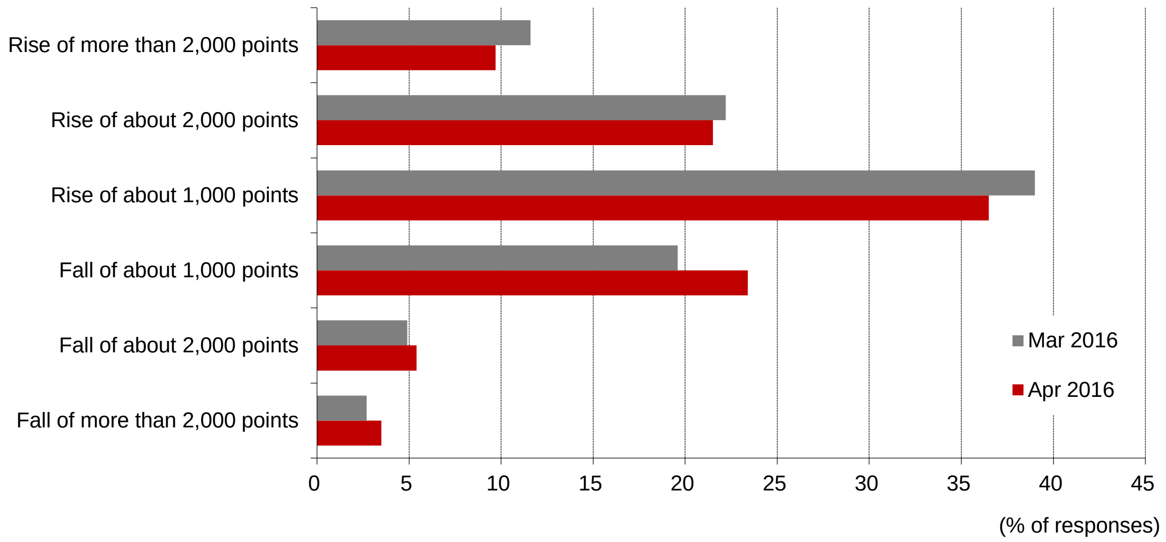
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 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 67.7%, down 5.1ppt (from 72.8%) in the last survey. The proportion of respondents expecting a "rise of more than 2,000 points" fell 1.9ppt, to 9.7%, the proportion expecting a rise of about 2,000 points fell 0.7ppt, to 21.5%, and the proportion expecting a rise of about 1,000 points fell 2.5ppt, to 36.5% (Figure 2).

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

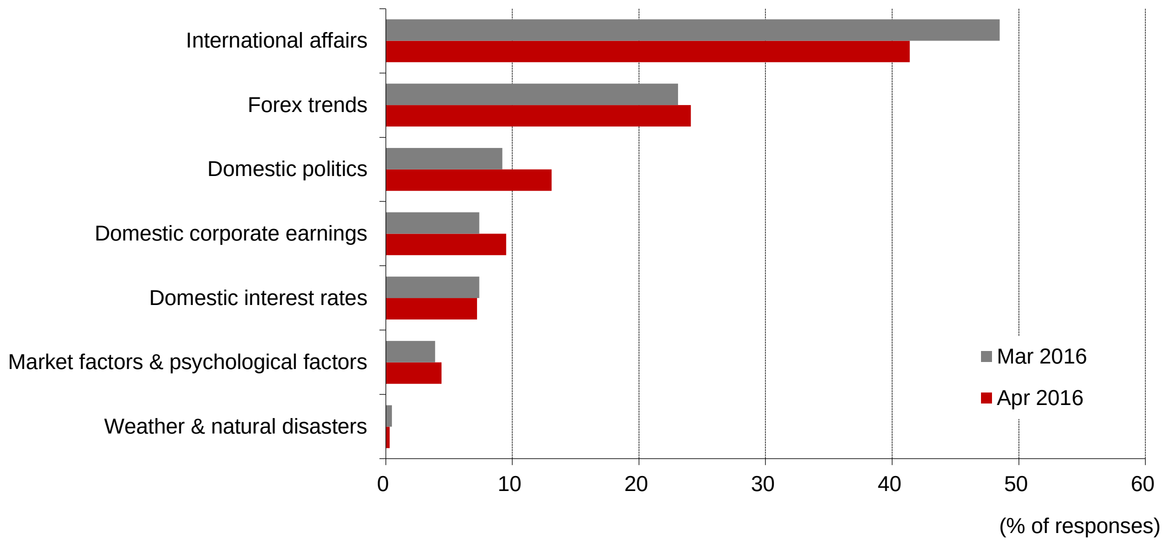


Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 4 Apr 2016 close of 16,123. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points, to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Stronger investor focus on domestic politics and domestic corporate earnings

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic politics" rose 3.9ppt m-m, to 13.1%, while the response rate for "domestic corporate earnings" rose 2.1ppt, to 9.5%. Individual investors look to have become more interested in Japanese politics and earnings at Japanese companies (Figure 3).

Fig. 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) Investment appeal of pharmaceuticals and financials rises while that of automobiles declines

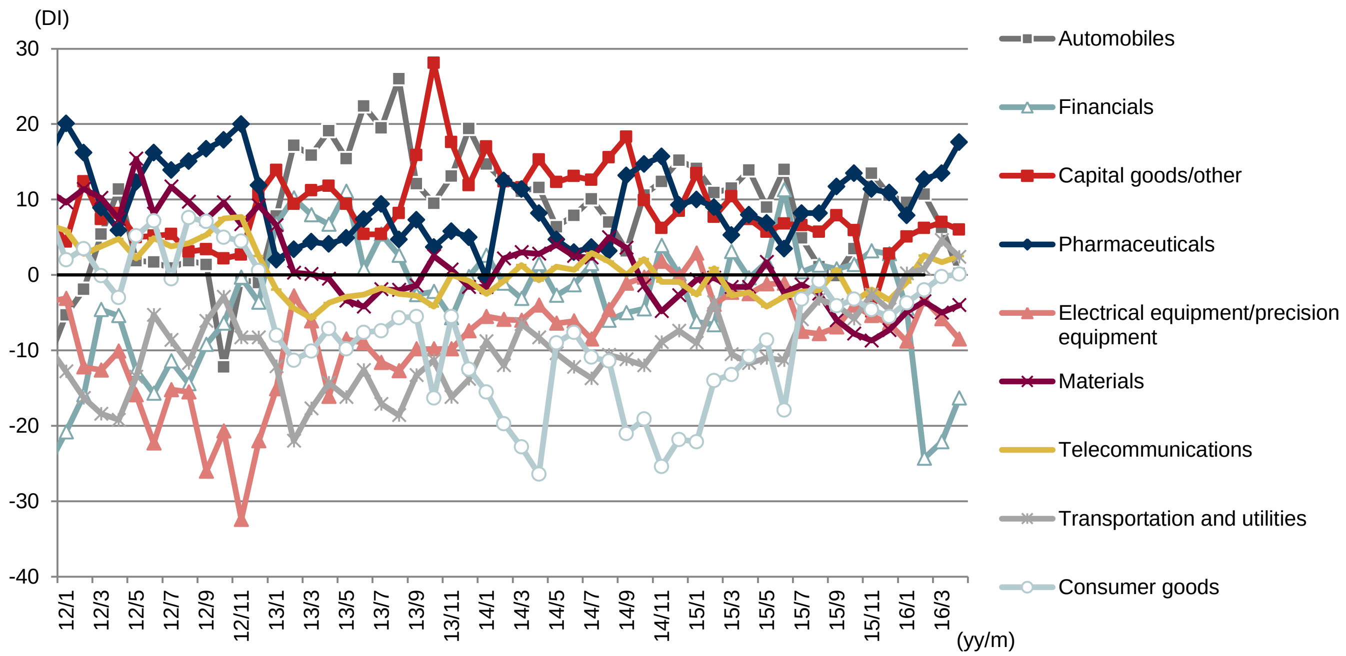
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI of the pharmaceuticals sector rose 4.1pt m-m, to 17.6, and the DI for the financials sector rose 5.8pt, to -16.3, representing the largest improvement. As in March, the sector that saw the steepest decline in its DI was automobiles, with a m-m drop of 6.1pt (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	17.6	20.0	2.4	13.5
Capital goods/other	6.0	11.6	5.6	7.0
Telecommunications	2.5	6.6	4.1	1.7
Transportation and utilities	2.4	9.3	6.9	4.6
Automobiles	0.2	10.9	10.7	6.3
Consumer goods	0.1	13.1	13.0	-0.2
Materials	-4.0	10.7	14.7	-5.0
Electrical equipment/precision equipment	-8.5	8.5	17.0	-5.8
Financials	-16.3	9.3	25.6	-22.1

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 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 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: Trend in DIs for selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock 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 in Figure 6.

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

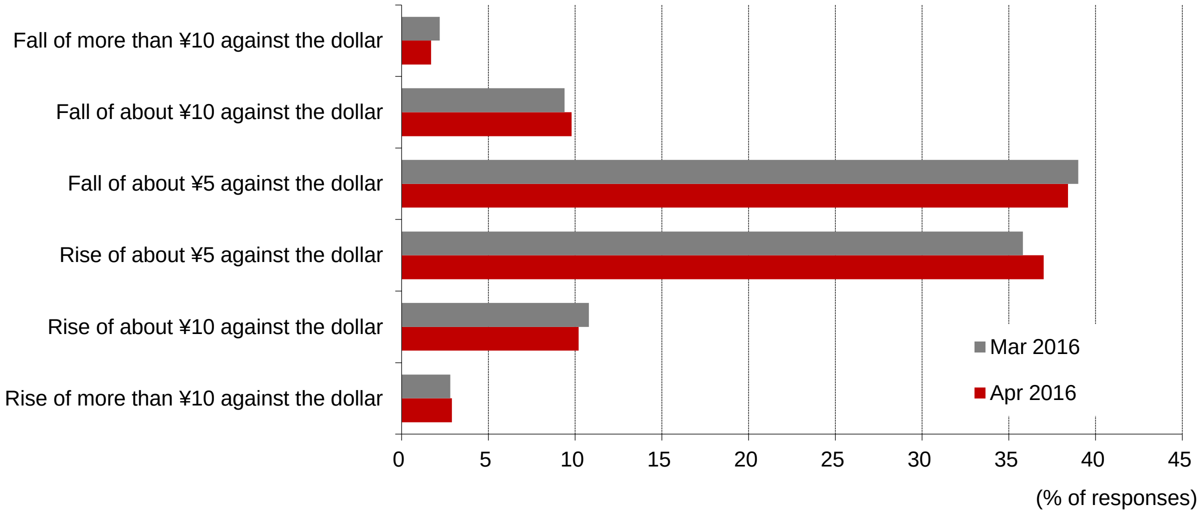
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	105	4901	Fujifilm Holdings	9
4502	Takeda Pharmaceutical	30	6502	Toshiba	8
9984	Softbank Group	21	6503	Mitsubishi Electric	8
4503	Astellas Pharma	20	8058	Mitsubishi Corp	8
8306	Mitsubishi UFJ Financial Group	19	9432	Nippon Telegraph and Telephone	8
8267	Aeon	17	2811	Kagome	7
9437	NTT Docomo	17	7270	Fuji Heavy Industries	7
9202	ANA Holdings	16	6954	Fanuc	7
6758	Sony	14	6981	Murata Manufacturing	7
4661	Oriental Land	13	8031	Mitsui & Co	7
8411	Mizuho Financial Group	13	2702	McDonald's Holdings (Japan)	7
7751	Canon	12	6753	Sharp	7
4528	Ono Pharmaceutical	11	9501	Tokyo Electric Power	7
6501	Hitachi	10			
6752	Panasonic	9			
4755	Rakuten	9			

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 50.1%, up 0.7ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 1.2ppt m-m, to 37.0%, while that for "rise of about ¥10 against the dollar" fell 0.6ppt m-m. The response rate for "rise of more than ¥10 against the dollar" increased 0.1ppt m-m. Moreover, the percentage of respondents expecting the yen to weaken against the dollar, for all ranges of change, was 49.9%, down 0.7ppt versus 50.6% in March. The response rate for "fall of about ¥5 against the dollar" declined 0.6ppt. The response rate for "fall of about ¥10 against the dollar" rose 0.4ppt, to 9.8%, but the response rate for "fall of more than ¥10 against the dollar" declined 0.5ppt (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 4 Apr 2016 indicative rate of 111.51. 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 Japanese yen falls

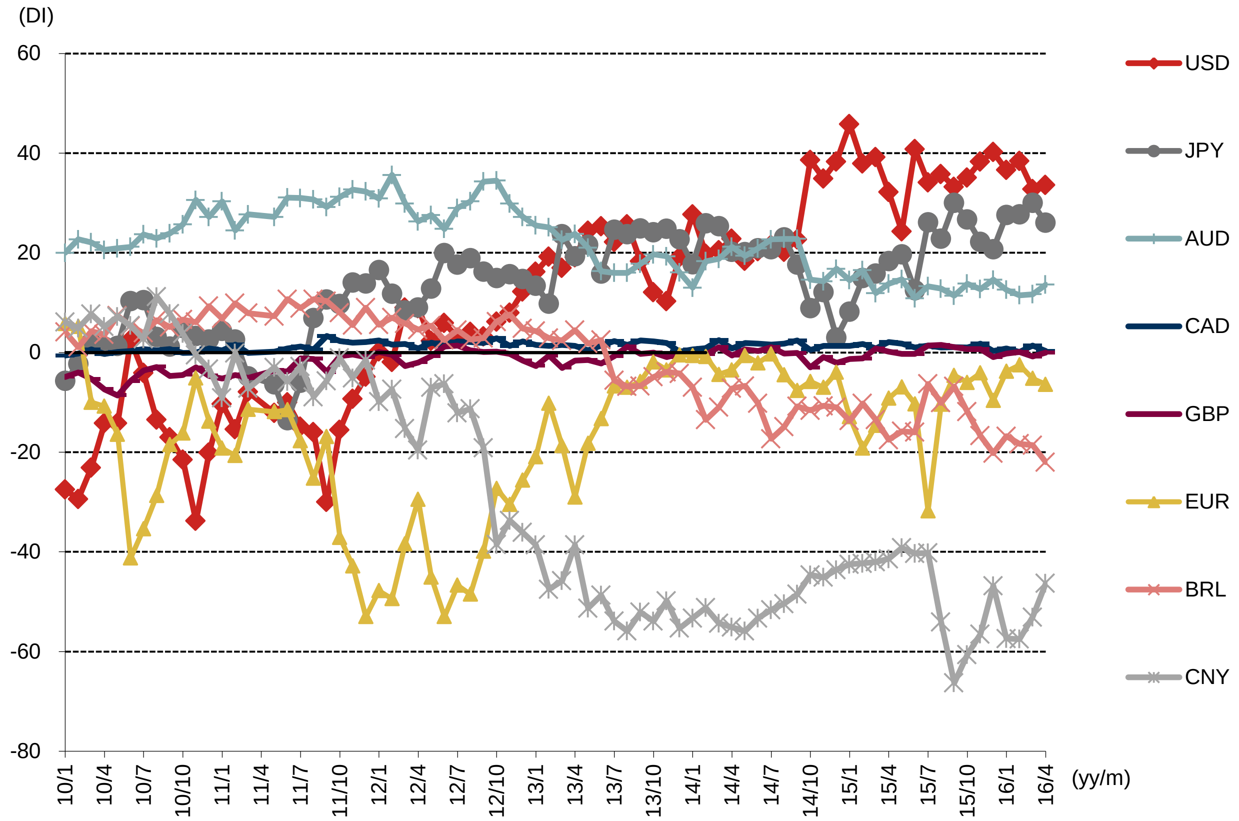
We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the Japanese yen fell 4.0pt m-m, to 26.0, representing the largest decline. The DI for the Brazilian real also fell 3.4pt. Although the Chinese yuan remained the least appealing currency, its DI rose 6.8pt, representing a second consecutive monthly rise (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	33.6	40.4	6.8	32.8
Japanese yen	26.0	34.1	8.1	30.0
Australian dollar	13.6	16.0	2.4	11.7
Canadian dollar	0.3	1.0	0.7	1.4
Pound sterling	0.0	2.4	2.4	-0.8
Euro	-6.4	2.2	8.6	-5.2
Brazilian real	-22.0	1.9	23.9	-18.6
Chinese yuan	-46.3	0.6	46.9	-53.1

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) Recovery in appeal of cash & deposits among financial instruments

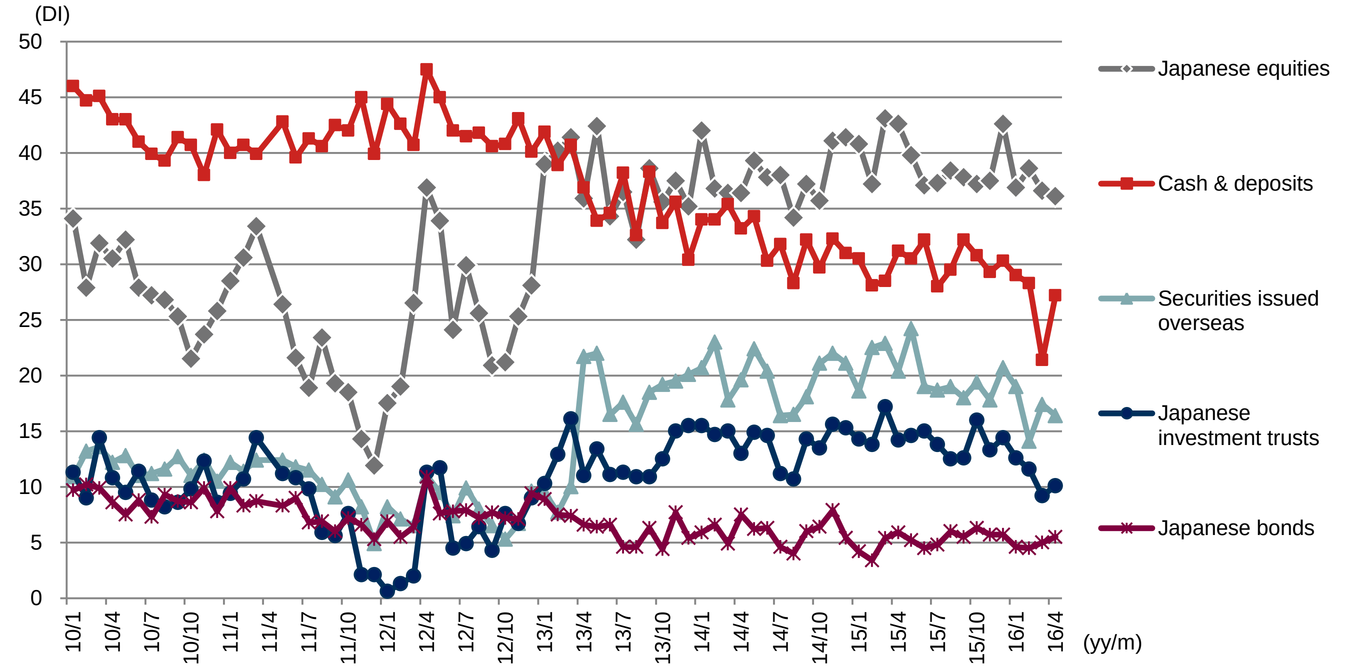
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits fell sharply in the March survey, but recovered 5.8pt m-m in the April survey, to 27.2. Elsewhere, the DI for gold fell 2.5pt, to 9.7, while the DI for foreign equities fell 2.1pt, to 7.0 (Figures 10, 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	36.1	49.1	13.0	36.6
Cash & deposits	27.2	32.9	5.7	21.4
Japanese investment trusts	10.1	17.0	6.9	9.2
Gold	9.7	10.0	0.3	12.2
Foreign equities	7.0	8.6	1.6	9.1
Foreign investment trusts	6.4	7.6	1.2	4.6
Japanese bonds	5.5	7.7	2.2	5.0
Foreign bonds	3.0	4.3	1.3	3.7
Hybrid securities	2.1	2.4	0.3	1.4
Other	1.2	1.3	0.1	0.6
None	-43.8	30.3	74.1	-40.4

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 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 rise one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 46.7% of respondents selected the response "rise," up 8.6ppt on the previous month, while 16.2% of respondents selected the response "fall," down 2.5ppt. The proportion selecting the response "no change" fell 6.1ppt, to 37.1% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.6	3.3
2	Fall of 2% up to 5%	3.6	4.4
3	Fall of less than 2%	9.0	11.0
4	No change (0%)	37.1	43.2
5	Rise of less than 2%	32.8	28.7
6	Rise of 2% up to 5%	11.0	8.2
7	Rise of 5% or more	2.9	1.2
	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, ignoring the impact of any consumption tax hike?"

(9) Individual investor returns over the past year and future intentions regarding unrealized gains and losses

For this month's spot question, we asked investors about their returns on equity investments last fiscal year and their approach and views with respect to profits (unrealized gains) and losses (unrealized losses). On their equity investments over the past fiscal year (April 2015 through March 2016), respondents were asked to choose one of several responses regarding their gains and losses (including both realized and unrealized profits and losses). The largest proportion of respondents, 23.6%, selected the response "returns overall were negative, with results disappointing considering the investment environment" (Figure 13).

Fig. 13: Individual investor returns on equity investments over the past year (Apr 2015 to Mar 2016)

	Choices	% of responses
1	Returns overall were positive, with results satisfactory considering the investment environment	9.4
2	Returns overall were positive, but disappointing considering the investment environment	18.1
3	Profits and losses were about 50:50, with results satisfactory considering the investment environment	21.0
4	Returns overall were 50:50, with results disappointing considering the investment environment	18.4
5	Returns as a whole were negative, but satisfactory considering the investment environment	9.5
6	Returns overall were negative, with results disappointing considering the investment environment	23.6
	Total	100

Note: Regarding their (domestic and overseas) equity investment returns over the past fiscal year (Apr 2015 to Mar 2016), respondents were asked to choose one of the responses from among the six options listed above (with profits and losses including realized and unrealized profits and losses).

We next asked respondents to choose one option to best describe their intentions and views on profits (unrealized gains). The highest percentage, at 49.4%, was for "no set stance; will decide depending on the circumstances." The next most popular responses were for "lock in profits at gains of around 11–20%" (14.9%), "lock in profits at gains of around 10%" (14.3%), and “lock in profits at gains of around 21–30%” (11.9%) (Figure 14).

Fig. 14: Intentions and views with respect to profits (unrealized gains)

	Choices	% of responses
1	Lock in profits at gains of around 10%	14.3
2	Lock in profits at gains of around 11–20%	14.9
3	Lock in profits at gains of around 21–30%	11.9
4	Lock in profits at gains of around 31–50%	5.7
5	Lock in profits at gains of around 51–100% (doubling in value)	2.3
6	Lock in profits at gains of over 100% (more than doubling in value)	1.1
7	No set stance; will decide depending on the circumstances	49.4
8	Other	0.4
	Total	100

Note: We asked investors to choose one answer from the above to best describe their intentions and views on profits (unrealized gains).

Lastly, we asked respondents to select one answer to best describe their intentions and views on losses (unrealized losses). The most popular response, at 67.5%, was "no set stance; will decide depending on the circumstances." The next most popular ones were "exit when losses reach around 21.0–30%" (9.1%), followed by "exit when losses reach around 11–20%" (9.0%), and "exit when losses reach around 10%" (8.0%). In total, 26.1% of investors are seeking to cut losses when they reach up to about 30%. From their responses, it is apparent that more individual investors have no set stance on cutting losses than is the case for locking in profits (Figure 15).

Fig. 15: Intentions and views with respect to losses (unrealized losses)

	Choices	% of responses
1	Exit when losses reach around 10%	8.0
2	Exit when losses reach around 11–20%	9.0
3	Exit when losses reach around 21–30%	9.1
4	Exit when losses reach around 31–50%	4.1
5	Exit when losses reach between 51% (halving in value) and 75% (reaching quarter of value)	0.9
6	Exit when losses exceed 75% (quarter of value)	0.5
7	No set stance; will decide depending on the circumstances	67.5
8	Other	0.9
	Total	100.0

Note: We asked investors to choose one answer from the above to best describe their intentions and views on losses (unrealized losses).

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 4 April, with deadline for responses on 5 April.

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 (April 2016) respondents

Gender: Male (84.1%), Female (15.9%)

Age: Under 30 (0.7%), 30–39 (7.5%), 40–49 (22.8%), 50–59 (32.4%), 60 and above (36.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.2%), professional (physician/medical professional, lawyer, etc) (2.1%), company management/corporate officer (3.6%), company employee/public servant (47.5%), student (0.2%), full-time homemaker (8.2%), part-time worker/casual worker/job-hopper (5.4%), unemployed/pensioner (22.9%), other (1.9%)

Region: Kanto (49.8%), Kinki (17.6%), Tokai/Koshinetsu/Hokuriku (17.0%), Hokkaido/Tohoku (4.9%), Chugoku/Shikoku/Kyushu (10.7%)

Financial assets held: Less than ¥1,000,000 (4.1%), ¥1,000,000–¥2,999,999 (10.1%), ¥3,000,000–¥4,999,999 (10.5%), ¥5,000,000–¥9,999,999 (15.6%), ¥10,000,000–¥29,999,999 (30.1%), ¥30,000,000–¥49,999,999 (13.9%), ¥50,000,000 or more (15.7%)

Value of domestic stocks held: Less than ¥500,000 (8.3%), ¥500,000–¥999,999 (11.1%), ¥1,000,000–¥2,999,999 (21.7%), ¥3,000,000–¥4,999,999 (17.1%), ¥5,000,000–¥9,999,999 (17.6%), ¥10,000,000–¥29,999,999 (16.5%), ¥30,000,000 or more (7.7%)

Investment experience: Less than three years (1.6%), three years to less than five years (4.8%), five years to less than 10 years (22.6%), 10 years to less than 20 years (35.4%), 20 years or more (35.6%)

Investment plan for domestic stocks: Mainly for long-term holding (42.4%), pursuit of gains from short-term appreciation (12.7%), pursuit of dividends and shareholder perks (28.7%), no particular plan (16.2%)

Notice

The next Nomura Individual Investor Survey (May 2016) is scheduled for release on Thursday, 19 May 2016.

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

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9% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 17% of companies with this rating are investment banking clients of the Nomura Group*.
As at 31 March 2016. **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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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.

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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