NOMURA

Nomura Japan Equity High Dividend 70, Total Div Weighted

EQUITY QUANTITATIVE RESEARCH (INDEX)

Index rulebook

Global Markets Research

30 October 2014

Research analysts

Japan index products

Index Products Group - NSC
idx_mgr@frc.nomura.co.jp
+81 3 6703 3986

Yukihiro Aiba - NSC
yukihiro.aiba@nomura.com
+81 3 6703 1671

Sayuri Otsuka - NSC
sayuri.otsuka@nomura.com
+81 3 6703 3986

Another high dividend strategy index

The Nomura Japan Equity High Dividend 70, Total Dividend Weighted, like the Nomura Japan Equity High Dividend 70, was designed to realize a high dividend strategy through passive investment. It was designed to make it easier to realize the concept of the High Dividend 70 even with a larger scale of assets.

Total dividends used to determine component stock weights

The component stock weights for this index are not based on market capitalization, but are determined on the basis of total dividends (the total dividend average of a component stock as a percentage of the total). Compared with the equal-weighting method of the High Dividend 70, the trading impact at the time of reconfiguration can be held down. By capping a component stock's weight at 5%, the index is unlikely to see a rise in turnover at the time of periodic reconfiguration, which can happen if an index is exposed too much to a particular component stock. The periodic reconfiguration is also at a different time of the year from that of the High Dividend 70 to prevent trading related to the period reconfiguration from becoming too concentrated.

DOE screen

Stocks are screened for DOE (total dividends/shareholders' equity) to take quality and stability of dividends into account. DOE is pushed up by a rise in total dividends or by share buybacks lowering shareholders' equity, making it possible to measure shareholder returns both in terms of dividend policy and share buybacks. By using the latest forecast and the two most recent years of actual data to calculate our dividend-related indicators, we aim to reduce changes in component stocks and keep turnover low.

Fig. 1: Comparison of Nomura Japan Equity High Dividend 70 and Nomura Japan Equity High Dividend 70, Total Dividend Weighted

	Nomura Japan Equity High Dividend 70	Nomura Japan Equity High Dividend 70, Total Dividend Weighted
No. of stocks	70	70
Weighting method	Equally weighted	Total dividend average (5% limit)
DOE screen	None	Top two-thirds in avg DOE
Period reconfiguration	Every December	Every February
Rebalancing band	Yes	Yes
Deletion for zero dividend forecast	Yes	No

Source: Nomura

Japanese version published on October 30, 2014

Contents

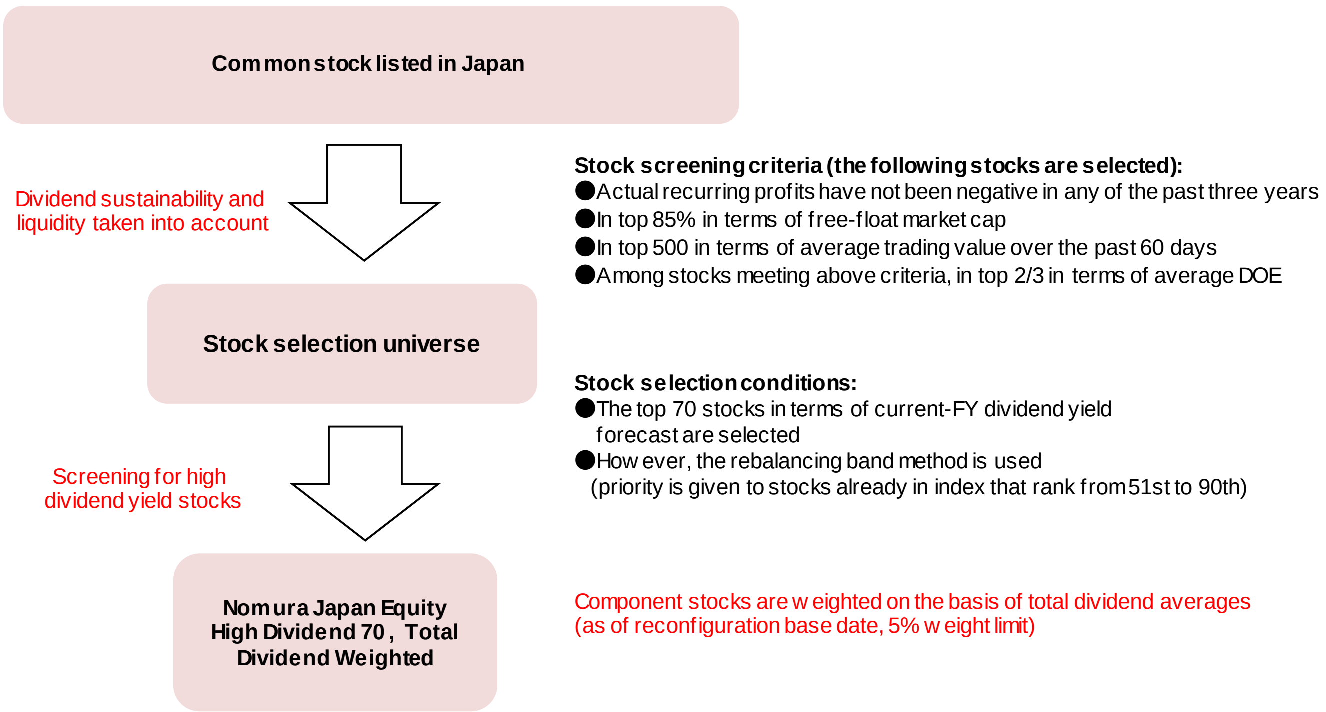
1. Introduction: index overview

The Nomura Japan Equity High Dividend 70, Total Dividend Weighted is similar to the Nomura Japan Equity High Dividend 70 in that it was developed as a tool to help passive investors adopting a high dividend strategy. Based on the High Dividend 70 concept, it was designed to enable investors to expand their amount of investments more easily.

Index characteristics

- For passive investors adopting a high dividend strategy, similar to High Dividend 70
- Index design considers stronger focus on investability
- Focuses on total returns for long-term investors

Fig. 2: Composition of Nomura Japan Equity High Dividend 70, Total Dividend Weighted



Source: Nomura

2. Stock selection

2.1 Stock selection universe

The universe of stocks eligible for inclusion in the index in its periodic reconfiguration comprises all listed stocks on 15 October of the year before the periodic reconfiguration date (see Section 3.1 below) or the business day before this if the 15th is a non-business day. This is called the universe fixing date. However, the following stocks are excluded from the stock selection universe.

• Equities other than common stock

As a general rule, only common stock is included in the stock selection universe. However, exceptions to this rule will be made if necessary.

• Stocks designated for delisting

Stocks designated as securities to be delisted are not included in the stock selection universe.

• Stocks under supervision

Stocks designated as securities under supervision are not included in the stock selection universe.

• TOB target companies

Stocks that are the targets of tender offers (TOB) may be excluded from the universe of stock selection if, and only if, the following requirements are met:

– the offer close date falls between the universe fixing date and the periodic reconfiguration date;
– the company conducting the tender offer plans to acquire all the outstanding shares in the target company; and
– the company conducting the tender offer is planning to acquire all of the stock of the target company in exchange either for money or its own stock and the target company agrees to the offer.

• Listed investment trusts/REITs

• Foreign stocks

Stocks listed on foreign sections of Japanese exchanges or stocks regarded as overseas companies are excluded from the universe even if they are traded in the Japanese market.

• Other exceptions

Latent stock, warrants, and rights on them are excluded. The Bank of Japan is also excluded.

2.2 Stock selection method[1]

Stocks are selected for the Nomura Japan Equity High Dividend 70, Total Dividend Weighted from the stock selection universe as defined in Section 2.1 above. A total of 70 stocks with a high current-FY dividend yield[2] are selected after taking the stock screening criteria and rebalancing band, as set out below, into account[3].

Stock screening criteria

These are rules aimed at limiting inclusion in the index of stocks for which there are doubts about dividend sustainability and low-liquidity stocks such as those with a low free-float-adjusted market cap. Stocks that meet the following criteria on the reconfiguration base date (see Section 3.2 below) are eligible for inclusion in the index.

- Actual recurring profits have not been negative in any of the past three years[4]
- In the top 85% in terms of free-float-adjusted market cap[5]
- In the top 500 in terms of average trading value over the past 60 days
- Stocks are chosen from those that meet the above three criteria and that also rank in the top two-thirds in terms of average DOE[6]

Rebalancing band

This rule is aimed at limiting frequent stock replacements caused by very small differences in current-FY dividend yield forecasts. Stocks that meet the stock screening criteria are selected for the index using the procedure set out below.

(1) The top 50 stocks in terms of current-FY dividend yield forecast on the reconfiguration base date are selected unconditionally.

---

[1] The stock selection criteria may be revised at Nomura's discretion in response to changes in the economic situation, for example. In such a case, however, a revised rulebook would be published at least two weeks before the periodic reconfiguration date.

[2] The current-FY dividend yield forecast for each stock is calculated by dividing the expected dividend per share (or the lowest expected dividend per share if a forecast range is given) for the accounting period that is furthest away within 12 months after the month following the reconfiguration base date by the closing value of its Nomura composite share price on the reconfiguration base date. A stock's Nomura composite share price is its price on its primary exchange (the exchange that is judged to have the most accurate price for the stock, based on the percentage of days traded and trading volume over the previous 60 business days; as a general rule the primary exchange is selected on a daily basis). The share price is selected according to the following order of precedence:

special quotation price or continuous confirmed quote on selected exchange > trade price on selected exchange > standard quotation on selected exchange > Nomura composite share price on previous business day

[3] When the forecast dividend for the current fiscal year is confirmed as zero for a stock the business day before the periodic reconfiguration announcement date but after the reconfiguration base date, the stock is not included in the index and a replacement stock is used.

[4] Actual recurring profits over the previous three years are calculated from full-year financial data up to the end of the month that is four months before the reconfiguration base date. In terms of the financial data used, priority is given to the latest IFRS accounts, followed in order by the latest Japanese GAAP consolidated accounts, the latest US GAAP accounts, and the latest Japanese GAAP parent accounts. Net profits before tax are used for recurring profits in the case of accounts based on IFRS and net profits before adjustment for taxes, etc are used for recurring profits in the case of accounts based on US GAAP.

[5] In order to reflect the number of shares that investors can actually invest in, we calculate the free-float-adjusted market cap as follows: Nomura composite share price × (shares outstanding for index calculation purposes – stable shareholding). We estimate the stable shareholding as the number of shares considered to be held on a stable basis, based on major shareholder data, declarations of marketable securities holdings included in securities reports, and data published by stock exchanges and companies (such as stock exchange releases and company prospectuses). Changes in the number of shares are reflected in shares outstanding for index calculation purposes according to the timing of changes in the capital structure of a component stock, shown in Figure 3.

[6] DOE (dividend on equity) is total dividends divided by shareholders' equity and, together with dividend payout ratio, is one yardstick used to assess shareholder returns. The average DOE used here is calculated as follows: (forecast total dividends for current fiscal year ÷ actual shareholders' equity for previous fiscal year + actual total dividends for previous fiscal year ÷ actual shareholders' equity for previous fiscal year + actual total dividends for two fiscal years ago ÷ actual shareholders' equity for two fiscal years ago) ÷ 3. Share buybacks, one way to boost shareholder returns, can be used to raise average DOE by lowering shareholders' equity. We choose data prepared under accounting methods in this order of preference: most recent international accounting standards, most recent Japanese accounting standards (consolidated), most recent US accounting standards, most recent Japanese accounting standards (nonconsolidated). Where no data are available, we use a value of zero. Where shareholders' equity is zero, we treat that fiscal year as having no data available.

(2) Stocks that rank from 51st to 90th in terms of current-FY dividend yield forecast (the rebalancing band) and are already included in the index are then selected until a total of 70 stocks have been selected.

(3) If the total number of stocks selected in (1) and (2) above is less than 70, the shortfall is made up by selecting stocks ranked from 51st onward in terms of current-FY dividend yield forecast that are not currently included in the index, in order of ranking[7].

[7] When two or more stocks have the same current -FY dividend yield forecast, the stock with the larger free-float-adjusted market cap is selected on a priority basis.

3. Periodic reconfigurations

3.1 Periodic reconfiguration date

Periodic reconfigurations take place once a year, on 10 February (ie, after the close of trading on the previous business day). When 10 February falls on a holiday, the periodic reconfiguration takes place on the next business day.

3.2 Reconfiguration base date

The reconfiguration base date is 15 January of each year. Component stocks and the number of shares included in the index for each component stock following the periodic reconfiguration are determined on the basis of calculations using data as of the reconfiguration base date. When 15 January falls on a holiday, the reconfiguration base date shall be the previous business day.

3.3 Number of shares included in index for component stocks

A component stock is defined as one of the 70 stocks selected in accordance with Section 2.2 as of the reconfiguration base date defined in Section 3.2.

3.3.1 Total dividend weight

Total dividend weight is defined as the total dividend average of a component stock as a percentage of the total. Total average dividend is calculated as follows:

Total dividend average = (this year's forecast total dividend + last year's total dividend + year before last's total dividend) / 3

In the absence of dividend data, we assume the dividend is zero.

3.3.2 Component stock weight and weight limits

The weight of a component stock can be no greater than 5%. Component stock weight is determined by allocating the difference between 1 and the total of total dividend weights of stocks with weights greater than 5% to other stocks in proportion to total dividend weight.

3.3.3 Number of shares included in the index

The number of shares included in the index is calculated such that the weight of a stock for the 70 stocks selected as component stocks according to Section 2.2 as of the reconfiguration base date defined in Section 3.2 is equal to the component stock weight calculated in accordance with Section 3.3.2. The number of shares included in the index for component stocks as of the reconfiguration base date is calculated by multiplying the product of component stock weight and a constant value[8] by the Nomura composite share price (see Footnote 2) at the close of trading on the reconfiguration base date. See Section 5.3 for adjustments to the number of shares included in the index from the reconfiguration base date to the next periodic reconfiguration.

3.4 Announcement of periodic reconfigurations

As a general rule, an announcement will appear on our website around 16:00 (Japan time) 10 business days before a periodic reconfiguration, except in cases of unforeseen circumstances or when information cannot be confirmed.

[8] The constant value in the case of this index is ¥1trn.

4. Unscheduled reconfigurations

4.1 Response to stock swaps, stock transfers, etc

Unscheduled reconfigurations are carried out in response to various forms of corporate reorganization. Changes are made on a case-by-case basis taking the situation following the restructuring into account. The objective is to avoid temporary exclusions and thus maintain the consistency of the stocks included in the index.

- Stock swaps, mergers, etc

When a stock is delisted because it is about to become a wholly owned subsidiary or be merged into another company, it will continue to be included in the index after its delisting but removed from the index on the day of the merger. Following its delisting, and until its removal from the index, the stock's valuation will be based on the market value of the company that will become the parent or the surviving company multiplied by the exchange or merger ratio. The number of shares in the parent or surviving company to be included in the index will also change to reflect the exchange or merger ratio, so that the number of shares included in the index is the number of shares in the company that is to become a wholly owned subsidiary or merged into another company multiplied by the exchange or merger ratio.

- Stock transfers, etc

When an unlisted parent company assumes the operations of another company and becomes listed after a short period of time, the stock of the wholly owned subsidiary is removed from the index on the date of the parent company's listing. The price of the delisted subsidiary used is the price on the day before its delisting. The parent company is included in the index on the date of its new listing. The number of shares in the newly listed stock included in the index is the number of shares in the component stock before the stock transfer multiplied by the exchange ratio.

4.2 Removal of stocks

- Designation as securities to be delisted

Stocks designated as securities to be delisted will be removed from the index four business days later (or on the following business day if this is a non-business day). However, stocks that are listed on more than one market and have not been designated for delisting on one or more of the markets will not be removed.

- Delisting

Stocks delisted for reasons other than those noted in Section 4.1 above will be removed from the index on the delisting date.

- Marked loss of eligibility for inclusion in stock selection universe

In the case of an event that is considered to seriously damage a component stock's eligibility for inclusion in the stock selection universe, the stock may be removed from the index following an official announcement by the company in question, the stock exchange, or a government/regulatory agency.

4.3 Announcement of unscheduled reconfigurations

As a general rule, an announcement will appear on our website by five business days before an unscheduled reconfiguration, except in cases of unforeseen circumstances or when information cannot be confirmed.

5. Calculation of index values

5.1 Calculation of index values

The index must be protected from changes in share price and market capitalization that are not due to market fluctuations. This is done by adjusting the index's base market capitalization[9] as follows.

5.1.1 Index base date, index base value, announcement date
The base date for the Nomura Japan Equity High Dividend 70, Total Dividend Weighted is 29 December 2000 (= 10,000 (the index base value)).

This index was announced on 30 October 2014.

Index values before this announcement date are calculated according to the rules pertaining at the time for reference purposes.

5.1.2 Index excluding dividends

Base market cap (*t*) = market cap (*t*-1) + adjusted market cap (*t*)

$$\text{Return}\ (t) = \frac{\text{market cap}\ (t)}{\text{base market cap}\ (t)} - 1$$

Index value (*t*) = index value (*t*-1) × (1 + return (*t*))

5.1.3 Index including dividends

Base market cap (*t*) = market cap (*t*-1) + adjusted market cap (*t*) – adjusted total dividends (*t*)

$$\text{Return}\ (t) = \frac{\text{market cap}\ (t) + \text{total dividends}\ (t)}{\text{base market cap}\ (t)} - 1$$

Index value (*t*) = index value (*t*-1) × (1 + return (*t*))

Method for reflecting dividends
For the index including dividends, dividend data are reflected on the ex-dividend date. However, because the value of the dividend has not yet been determined on the ex-dividend date, it is reflected in the index in the following way.

The stock issuer's dividend forecast is used on the ex-dividend date[10]. In the event of a difference between the dividend forecast and the actual dividend, the base market capitalization is adjusted on the last business day of the month of the company's earnings announcement. However, if the company announces its earnings on the last business day of the month, the adjustment is made on the last business day of the following month.

[9] In Sections 5.1.2 and 5.1.3 above, "adjusted market cap" is calculated as the change in market cap accompanying changes in the capital structure of component stocks of the index or the change in market cap accompanying changes in the component stocks of the index ."Adjusted total dividends" is calculated as the difference between the dividend forecast and the actual dividend in cases where the dividend forecasts differ from the actual dividend.

[10] This rule is in effect as of results for periods ending end-December 2011 and beyond. Prior to that, we use actual dividends as of ex-rights day.

5.2 Adjustment of base market capitalization

The base market capitalization is adjusted in the following cases (see Figure 3).

- When a change in the capital structure of a component stock causes an increase or decrease in market capitalization that is not due to market changes
- When a change in the stocks making up the index causes market capitalization to increase or decrease

However, no adjustment to base market capitalization is made for changes in capital structure that do not involve payment, such as stock splits and reverse stock splits, because these do not affect market capitalization.

Fig. 3: Timing of adjustments resulting from changes in capital structure

Type of change in capital structure	Adjustment date	Share price used
Rights offering	Ex-rights date	Issue price
Public offering	Business day following payment date (listing date of new shares when settlement is on issuance date)	Previous day's price
Capital increase via third-party placement	Five business days after placement date	Previous day's price
Conversion of CBs Conversion of preferred stock into common stock	Last business day of month in which conversion ratio becomes known (or on last business day of following month if the announcement is within five business days of month-end)	Previous day's price
Exercise of bonds with warrants Exercise of stock options	Last business day of month in which number of shares per warrant becomes known (or last business day of following month if announcement is within five business days of month-end)	Previous day's price
Merger	Swap date	Previous day's price
Retirement of treasury stock	Last business day of month following month in which shares are retired	Previous day's price
Rights offering refusal	Last business day of month in which rights offering refusal is announced (or last business day of following month if announcement is within five business days of month-end)	Previous day's price
Capital reduction with compensation	Effective date	Previous day's price
Stock swap	Swap date	Previous day's price
Corporate divestiture (new stock in continuing company)	Swap date	Previous day's price
Corporate divestiture (company/division spinoff)[11]	Ex-rights date	(Not used)
Stock replacement	Replacement date	Previous day's price
Other adjustments	Other adjustments to the base market capitalization, if required, are made on the last business day of the month of the announcement of the relevant report (or the last business day of the following month if the announcement is within five business days of month-end)	Previous day's price

Source: Nomura

[11] In the case of a corporate divestiture (company/division spinoff), the base market capitalization is adjusted for the reduction in capital. Definitions of reductions in capital are as follows:

(1) when the company does not announce the value of the divested division or of the shares of the divested company: capital reduction = amount by which shareholders' equity is expected to be reduced; and

(2) when the company does announce the value of the divested division or of the shares of the divested company: capital reduction = value of divested division or value of divested company's shares × total number of shares

5.3. Index maintenance

Component stocks and the number of shares in each stock included in the index are changed using the methods set out in this rulebook. Component stocks are also replaced in periodic and unscheduled reconfigurations and when necessary for other reasons.

When the following changes in capital structure result in a change in the number of shares outstanding for index calculation purposes, for a particular stock, the number of shares in the stock that are included in the index does not change.

- Capital increase via third-party placement
- Retirement of treasury stock
- Exercise of convertible bonds with stock acquisition rights, exercise of bonds with stock acquisition rights, conversion of preferred shares, exercise of stock acquisition rights
- Stock swap, stock transfer, merger[12]
- Rights offering, public offering, rights offering refusal
- Rights issue
- Corporate divestiture (new shares in surviving company)
- Other adjustments

However, in the case of stock splits and reverse stock splits, the number of shares in the stock that are included in the index is adjusted by multiplying the number of shares included in the index before the change in capital structure by the stock split (or reverse stock split) ratio.

[12] When a wholly owned subsidiary (merged company) is an index component, the number of shares in the parent company (merging company) is adjusted to reflect the exchange ratio (merger ratio).

6. Data services

Nomura Japan Equity High Dividend 70, Total Dividend Weighted access points

Information on the Nomura Japan Equity High Dividend 70, Total Dividend Weighted is available here:

Nomura Holdings website: http://qr.nomuraholdings.com/en/nhdivd/index.html

*Data on component stocks of the index are provided for a fee to subscribers of index data services.

Appendix A-1

Analyst Certification

We, Yukihiro Aiba and Sayuri Otsuka, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

Important Disclosures

The lists of issuers that are affiliates or subsidiaries of Nomura Holdings Inc., the parent company of Nomura Securities Co., Ltd., issuers that have officers who concurrently serve as officers of Nomura Securities Co., Ltd., issuers in which the Nomura Group holds 1% or more of any class of common equity securities and issuers for which Nomura Securities Co., Ltd. has lead managed a public offering of equity or equity linked securities in the past 12 months are available at http://www.nomuraholdings.com/jp/report/. Please contact the Research Product Management Dept. of Nomura Securities Co., Ltd. for additional information.

Online availability of research and conflict-of-interest disclosures

Nomura research is available on www.nomuranow.com/research, Bloomberg, Capital IQ, Factset, MarkitHub, Reuters and ThomsonOne. Important disclosures may be read at http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx or requested from Nomura Securities International, Inc., on 1-877-865-5752. If you have any difficulties with the website, please email grpsupport@nomura.com for help.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA/NYSE rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Nomura Global Financial Products Inc. ("NGFP") Nomura Derivative Products Inc. ("NDPI") and Nomura International plc. ("NIplc") are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and NIplc are generally engaged in the trading of swaps and other derivative products, any of which may be the subject of this report.

Any authors named in this report are research analysts unless otherwise indicated. *Industry Specialists* identified in some Nomura International plc research reports are employees within the Firm who are responsible for the sales and trading effort in the sector for which they have coverage. Industry Specialists do not contribute in any manner to the content of research reports in which their names appear.

Distribution of ratings (Global)

The distribution of all ratings published by Nomura Global Equity Research is as follows:
48% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 43% of companies with this rating are investment banking clients of the Nomura Group*.
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; 23% of companies with this rating are investment banking clients of the Nomura Group*.
As at 30 September 2014. **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

A **'Bullish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation. A **'Neutral'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation. A **'Bearish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

Target Price

A Target Price, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

Disclaimers

This document contains material that has been prepared by the Nomura entity identified on page 1 and/or with the sole or joint contributions of one or more Nomura entities whose employees and their respective affiliations are also specified on page 1 or identified elsewhere in the document. The term "Nomura Group" used herein refers to Nomura Holdings, Inc. or any of its affiliates or subsidiaries and may refer to one or more Nomura Group companies including: Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan; Nomura International plc ('NIplc'), UK; Nomura Securities International, Inc. ('NSI'), New York, US; Nomura International (Hong Kong) Ltd. ('NIHK'), Hong Kong; Nomura Financial Investment (Korea) Co., Ltd. ('NFIK'), Korea (Information on Nomura analysts registered with the Korea Financial Investment Association ('KOFIA') can be found on the KOFIA Intranet at http://dis.kofia.or.kr); Nomura Singapore Ltd. ('NSL'), Singapore (Registration number 197201440E, regulated by the Monetary Authority of Singapore); Nomura Australia Ltd. ('NAL'), Australia (ABN 48 003 032 513), regulated by the Australian Securities and Investment Commission ('ASIC') and holder of an Australian financial services licence number 246412; P.T. Nomura Indonesia ('PTNI'), Indonesia; Nomura Securities Malaysia Sdn. Bhd. ('NSM'), Malaysia; NIHK, Taipei Branch ('NITB'), Taiwan; Nomura Financial Advisory and Securities (India) Private Limited ('NFASL'), Mumbai, India (Registered Address: Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India; Tel: +91 22 4037 4037, Fax: +91 22 4037 4111; CIN No : U74140MH2007PTC169116, SEBI Registration No: BSE INB011299030, NSE INB231299034, INF231299034, INE 231299034, MCX: INE261299034) and NIplc, Madrid Branch ('NIplc, Madrid'). 'CNS Thailand' next to an analyst's name on the front page of a research report indicates that the analyst is employed by Capital Nomura Securities Public Company Limited ('CNS') to provide research assistance services to NSL under a Research Assistance Agreement.

THIS MATERIAL IS: (I) FOR YOUR PRIVATE INFORMATION, AND WE ARE NOT SOLICITING ANY ACTION BASED UPON IT; (II) NOT TO BE CONSTRUED AS AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE ILLEGAL; AND (III) BASED UPON INFORMATION FROM SOURCES THAT WE CONSIDER RELIABLE, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY NOMURA GROUP.

Nomura Group does not warrant or represent that the document is accurate, complete, reliable, fit for any particular purpose or merchantable and does not accept liability for any act (or decision not to act) resulting from use of this document and related data. To the maximum extent permissible all warranties and other assurances by Nomura group are hereby excluded and Nomura Group shall have no liability for the use, misuse, or distribution of this information.

Opinions or estimates expressed are current opinions as of the original publication date appearing on this material and the information, including the opinions and estimates contained herein, are subject to change without notice. Nomura Group is under no duty to update this document. Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. Nomura Group does not provide tax advice.

Nomura Group, and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. Nomura Group companies may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Any MSCI sourced information in this document is the exclusive property of MSCI Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, re-disseminated or used to create any financial products, including

any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI and the MSCI indexes are services marks of MSCI and its affiliates.
Russell/Nomura Japan Equity Indexes are protected by certain intellectual property rights of Nomura Securities Co., Ltd. and Russell Investments. Nomura Securities Co., Ltd. and Russell Investments do not guarantee the accuracy, completeness, reliability, or usefulness thereof and do not account for business activities and services that any index user and its affiliates undertake with the use of the Indexes.
Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. Nomura Group publishes research product in a number of different ways including the posting of product on Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.
Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns.
Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.
The securities described herein may not have been registered under the US Securities Act of 1933 (the ‘1933 Act’), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.
This document has been approved for distribution in the UK and European Economic Area as investment research by NIplc. NIplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NIplc is a member of the London Stock Exchange. This document does not constitute a personal recommendation within the meaning of applicable regulations in the UK, or take into account the particular investment objectives, financial situations, or needs of individual investors. This document is intended only for investors who are 'eligible counterparties' or 'professional clients' for the purposes of applicable regulations in the UK, and may not, therefore, be redistributed to persons who are 'retail clients' for such purposes. This document has been approved by NIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. This document has been approved for distribution in Australia by NAL, which is authorized and regulated in Australia by the ASIC. This document has also been approved for distribution in Malaysia by NSM. In Singapore, this document has been distributed by NSL. NSL accepts legal responsibility for the content of this document, where it concerns securities, futures and foreign exchange, issued by their foreign affiliates in respect of recipients who are not accredited, expert or institutional investors as defined by the Securities and Futures Act (Chapter 289). Recipients of this document in Singapore should contact NSL in respect of matters arising from, or in connection with, this document. Unless prohibited by the provisions of Regulation S of the 1933 Act, this material is distributed in the US, by NSI, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. The entity that prepared this document permits its separately operated affiliates within the Nomura Group to make copies of such documents available to their clients.
This document has not been approved for distribution to persons other than ‘Authorised Persons’, ‘Exempt Persons’ or ‘Institutions’ (as defined by the Capital Markets Authority) in the Kingdom of Saudi Arabia (‘Saudi Arabia’) or 'professional clients' (as defined by the Dubai Financial Services Authority) in the United Arab Emirates (‘UAE’) or a ‘Market Counterparty’ or ‘Business Customers’ (as defined by the Qatar Financial Centre Regulatory Authority) in the State of Qatar (‘Qatar’) by Nomura Saudi Arabia, NIplc or any other member of Nomura Group, as the case may be. Neither this document nor any copy thereof may be taken or transmitted or distributed, directly or indirectly, by any person other than those authorised to do so into Saudi Arabia or in the UAE or in Qatar or to any person other than ‘Authorised Persons’, ‘Exempt Persons’ or ‘Institutions’ located in Saudi Arabia or 'professional clients' in the UAE or a ‘Market Counterparty’ or ‘Business Customers’ in Qatar . By accepting to receive this document, you represent that you are not located in Saudi Arabia or that you are an ‘Authorised Person’, an ‘Exempt Person’ or an ‘Institution’ in Saudi Arabia or that you are a 'professional client' in the UAE or a ‘Market Counterparty’ or ‘Business Customers’ in Qatar and agree to comply with these restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the UAE or Saudi Arabia or Qatar.
NO PART OF THIS MATERIAL MAY BE (I) COPIED, PHOTOCOPIED, OR DUPLICATED IN ANY FORM, BY ANY MEANS; OR (II) REDISTRIBUTED WITHOUT THE PRIOR WRITTEN CONSENT OF A MEMBER OF NOMURA GROUP. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this document, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Disclaimers required in Japan

Investors in the financial products offered by Nomura Securities may incur fees and commissions specific to those products (for example, transactions involving Japanese equities are subject to a sales commission of up to 1.404% on a tax-inclusive basis of the transaction amount or a commission of ¥2,808 for transactions of ¥200,000 or less, while transactions involving investment trusts are subject to various fees, such as commissions at the time of purchase and asset management fees (trust fees), specific to each investment trust). In addition, all products carry the risk of losses owing to price fluctuations or other factors. Fees and risks vary by product. Please thoroughly read the written materials provided, such as documents delivered before making a contract, listed securities documents, or prospectuses.

Transactions involving Japanese equities (including Japanese REITs, Japanese ETFs, and Japanese ETNs) are subject to a sales commission of up to 1.404% of the transaction amount (or a commission of ¥2,808 for transactions of ¥200,000 or less). When Japanese equities 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. Japanese equities carry the risk of losses owing to price fluctuations. Japanese REITs carry the risk of losses owing to fluctuations in price and/or earnings of underlying real estate. Japanese ETFs carry the risk of losses owing to fluctuations in the underlying indexes or other benchmarks.
Transactions involving foreign equities are subject to a domestic sales commission of up to 1.026% of the transaction amount (which equals the local transaction amount plus local fees and taxes in the case of a purchase or the local transaction amount minus local fees and taxes in the case of a sale) (for transaction amounts of ¥750,000 and below, maximum domestic sales commission is ¥7,668). Local fees and taxes in foreign financial instruments markets vary by country/territory. When foreign equities 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. Foreign equities carry the risk of losses owing to factors such as price fluctuations and foreign exchange rate fluctuations.

Margin transactions are subject to a sales commission of up to 1.404% of the transaction amount (or a commission of ¥2,808 for transactions of ¥200,000 or less), as well as management fees and rights handling fees. In addition, long margin transactions are subject to interest on the purchase amount, while short margin transactions are subject to fees for the lending of the shares borrowed. A margin equal to at least 30% of the transaction amount and at least ¥300,000 is required. With margin transactions, an amount up to roughly 3.3x the margin may be traded. Margin transactions therefore carry the risk of losses in excess of the margin owing to share price fluctuations. For details, please thoroughly read the written materials provided, such as listed securities documents or documents delivered before making a contract.

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.

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.

Nomura Securities Co., Ltd.

Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 142)

Member associations: Japan Securities Dealers Association; Japan Investment Advisers Association; The Financial Futures Association of Japan; and Type II Financial Instruments Firms Association.

Nomura Group manages conflicts with respect to the production of research through its compliance policies and procedures (including, but not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese walls and employee training.

Additional information is available upon request and disclosure information is available at the Nomura Disclosure web page: http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx