

Quantitative Research

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QUANTITATIVE ANALYSIS

Japanese Dividend Yield Strategy

High Yield and Low Payout

Continuing our previous dividend studies in the U.S., Canada and U.K., we examined the influence of dividend yield and payout ratio on the performance of Japanese equities trading on the Tokyo Stock Exchange (the second largest exchange in the world). Japanese equities pay dividend yields that are among the lowest in developed markets. Yet, the effects of dividend yields and payout ratios are clearly visible and similar to what we have found in our previous studies.

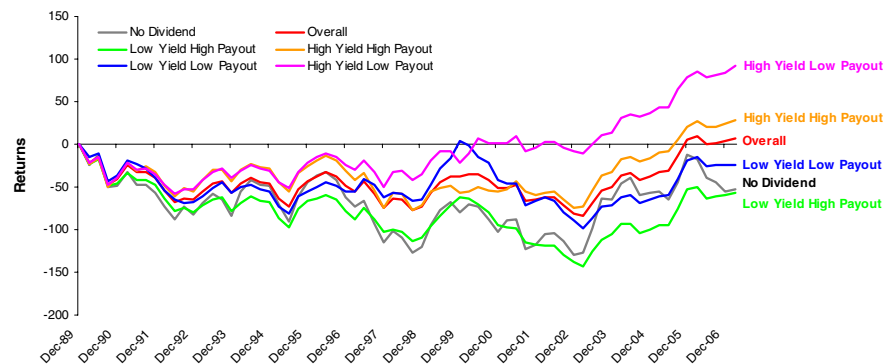
To obtain the highest returns, investors should seek out firms with high dividend yields and low payout ratios. These firms returned the best performance from 1990 to 2007, the duration of our backtest. Nondividend-paying firms underperformed and were at or near the bottom of the performance rankings.

Dividend Yield

Stocks paying higher dividend yields outperformed stocks with lower yields. Firms paying less than the average dividend yields decreased in value over the course of our backtest.

Exhibit 1: Dividend Yield and Payout Ratio

equal-weighted performance from January 1990 to March 2007



Source: Credit Suisse Quantitative Equity Research, Compustat.

ANALYST CERTIFICATIONS AND INFORMATION ON TRADING ALERTS AND ANALYST MODEL PORTFOLIOS ARE IN THE DISCLOSURE APPENDIX. FOR OTHER IMPORTANT DISCLOSURES, visit www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683 U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of Credit Suisse in the United States can receive independent, third party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at www.credit-suisse.com/ir or call 1 877 291 2683 or email equity.research@credit-suisse.com to request a copy of this research.

Dividend Yield and Payout Ratio

To determine what combination of dividend yield and payout ratio produced the highest returns, we performed a backtest over data from 1990 to March 2007. Portfolios were created and their performance measured quarterly.

We applied a two-stage process to create the portfolios. First, the universe of stocks was divided into high and low groups based on dividend yield. Each group was then further divided into two groups based on payout ratio. Equal-weighted portfolios were created from each of the four groups. A fifth portfolio contained nondividend-paying firms. We limited our universe to firms trading on the Tokyo Stock Exchange. We further restricted the universe to firms making up the top 85% of the total market cap.

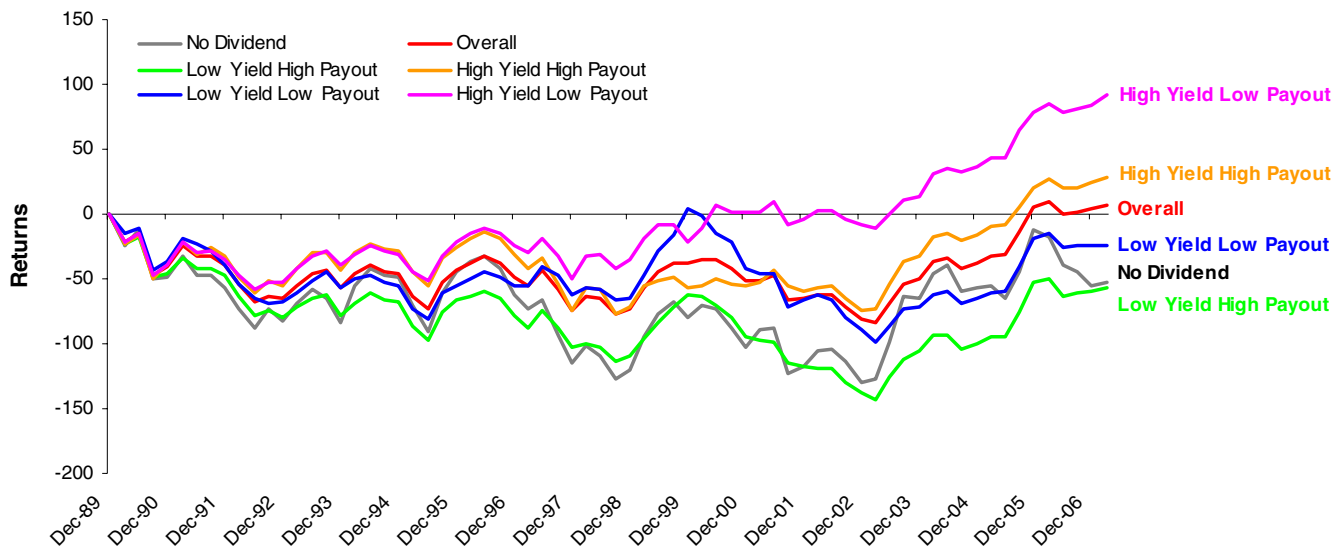
Exhibit 2 shows that firms with high dividend yields and low payout ratios produced the highest performance.

Backtest methodology

High yield, low payout produced the highest returns

Exhibit 2: Dividend Yield and Payout Ratio

equal-weighted performance from January 1990 to March 2007, top 85% of the Tokyo Stock Exchange



Source: Credit Suisse Quantitative Equity Research, Compustat.

The results obtained from this test are similar to the results previously found when testing the U.S., Canadian, and U.K. markets. In all markets we reviewed, the top portfolio group was high yield, low payout. In the three previous studies, the second place group was low yield, low payout. However, we can see that in Japan, high yield, high payout was the second highest performing group. This seems to indicate a greater preference for dividend yield in the Japanese market, regardless of payout ratio.

In Japan, we see that low yield, high payout and nondividend-paying firms ranked at the bottom of the scale. This differs from the U.K. where nondividend-paying stocks underperformed by a greater margin. In the U.S., nondividend payers performed near the average return.

Exhibit 3 shows the different portfolios that were created and compared in our backtest.

Exhibit 3: Portfolio Groups

		Payout Ratio	
		High	Low
Dividend Yield	High	High Yield High Payout	High Yield Low Payout
	Low	Low Yield High Payout	Low Yield Low Payout
	No Dividend	No Dividend	Overall (Equal-Weight)

Exhibit 4: Annualized Returns
January 1990 to March 2007

		Payout Ratio	
		High	Low
Dividend Yield	High	1.7%	5.3%
	Low	-3.3%	-1.4%
	No Dividend	-3.1%	0.4%

High yield, low payout portfolios generated an annualized return of 5.3% versus an overall return of 0.4%

Source: Credit Suisse Quantitative Equity Research.

Source: Credit Suisse Quantitative Equity Research.

Exhibit 5: Dividend Yield and Payout Ratio Portfolio Performance Rankings

equal-weighted annualized performance from January 2001 to December 2006

		2001	2002	2003	2004	2005	2006	1990 - 2006
Performance	Best	High Yield High Payout	High Yield Low Payout	No Dividend	High Yield Low Payout	Low Yield High Payout	High Yield Low Payout	High Yield Low Payout
		High Yield Low Payout	No Dividend	High Yield High Payout	High Yield High Payout	Low Yield Low Payout	High Yield High Payout	High Yield High Payout
		Overall (Equal-Weight)	High Yield High Payout	Low Yield High Payout	Overall (Equal-Weight)	No Dividend	Overall (Equal-Weight)	Overall (Equal-Weight)
		No Dividend	Overall (Equal-Weight)	Overall (Equal-Weight)	No Dividend	Overall (Equal-Weight)	Low Yield Low Payout	Low Yield Low Payout
		Low Yield High Payout	Low Yield High Payout	High Yield Low Payout	Low Yield Low Payout	High Yield Low Payout	Low Yield High Payout	No Dividend
	Worst	Low Yield Low Payout	Low Yield Low Payout	Low Yield Low Payout	Low Yield High Payout	High Yield High Payout	No Dividend	Low Yield High Payout

Low yield firms underperformed

Source: Credit Suisse Quantitative Equity Research.

High Yield and Low Payout Firms

Exhibit 6: Companies with High Dividend Yields and Low Payout Ratios
data as of May 9, 2007, selected from the top 85%, by market cap, of the Tokyo Stock Exchange

Ticker	Company Name	Dividend Yield (%)	5 Yr Avg Dividend Yield (%)	Dividend Payout Ratio (%)	5 Yr Avg Dividend Payout Ratio (%)	Sector
9432	NIPPON TEL&TEL CP	1.3%	1.1%	25.4%	16.6%	Communications
6460	SEGA SAMMY HLDGS I	2.0%	2.0%	29.4%	27.8%	Consumer Durables
6417	SANKYO CO LTD	1.9%	1.3%	26.1%	18.4%	Consumer Durables
7267	HONDA MOTOR CO	2.0%	1.0%	23.0%	11.3%	Consumer Durables
7270	FUJI HEAVY INDS	1.6%	1.7%	20.2%	28.4%	Consumer Durables
5110	SUMITOMO RUBBER	1.5%	1.6%	19.0%	28.9%	Consumer Durables
7262	DAIHATSU MOTOR CO	1.3%	1.2%	16.0%	20.3%	Consumer Durables
8058	MINITSUBISHI CORP	1.6%	1.2%	18.5%	16.6%	Distribution Services
6770	ALPS ELECTRIC CO	1.7%	1.0%	73.0%	21.0%	Electronic Technology
5007	COSMO OIL COMPANY	1.5%	2.3%	16.8%	31.0%	Energy Minerals
8473	SBI HOLDINGS INC	3.0%	1.0%	26.6%	16.1%	Finance
8572	ACOM CO	2.2%	1.8%	30.0%	19.7%	Finance
8515	AIFUL CORP	1.2%	0.9%	10.8%	10.4%	Finance
1721	COMSYS HOLDINGS	1.3%	1.3%	16.1%	29.3%	Industrial Services
1801	TAISEI CORP	1.4%	1.5%	23.1%	30.4%	Industrial Services
5411	JFE HOLDINGS INC	1.6%	1.4%	13.6%	21.5%	Non-Energy Minerals
5406	KOBE STEEL	1.6%	0.7%	11.3%	10.1%	Non-Energy Minerals
5407	NISSHIN STEEL CO	1.3%	1.7%	15.1%	29.5%	Non-Energy Minerals
5016	NIPPON MINING HLDG	1.6%	1.5%	11.5%	23.1%	Non-Energy Minerals
4203	SUMITOMO BAKELITE	1.7%	1.5%	17.0%	123.7%	Process Industries
4021	NISSAN CHEMICAL IN	1.3%	1.2%	26.3%	29.4%	Process Industries
4188	MINITSUBISHI CHEM HL	1.6%	1.3%	21.9%	14.2%	Process Industries
4114	NIPPON SHOKUBAI CO	1.3%	1.2%	22.0%	24.1%	Process Industries
4042	TOSOH CORP	1.4%	1.3%	18.7%	71.2%	Process Industries
5334	NGK SPARK PLUG CO	1.3%	1.1%	19.8%	25.2%	Producer Manufacturing
5706	MITSUI MINING & SM	1.9%	1.5%	21.9%	43.6%	Producer Manufacturing
6041	BOSCH CORPORATION	1.7%	1.2%	21.8%	16.2%	Producer Manufacturing
5101	YOKOHAMA RUBBER CO	1.6%	2.0%	25.8%	23.6%	Producer Manufacturing
8270	UNY CO LTD	1.2%	1.3%	36.5%	27.7%	Retail Trade
9101	NIPPON YUSEN KK	1.6%	2.1%	34.4%	41.1%	Transportation
9531	TOKYO GAS CO	1.3%	1.6%	21.3%	29.0%	Transportation

Source: Credit Suisse Quantitative Equity Research.

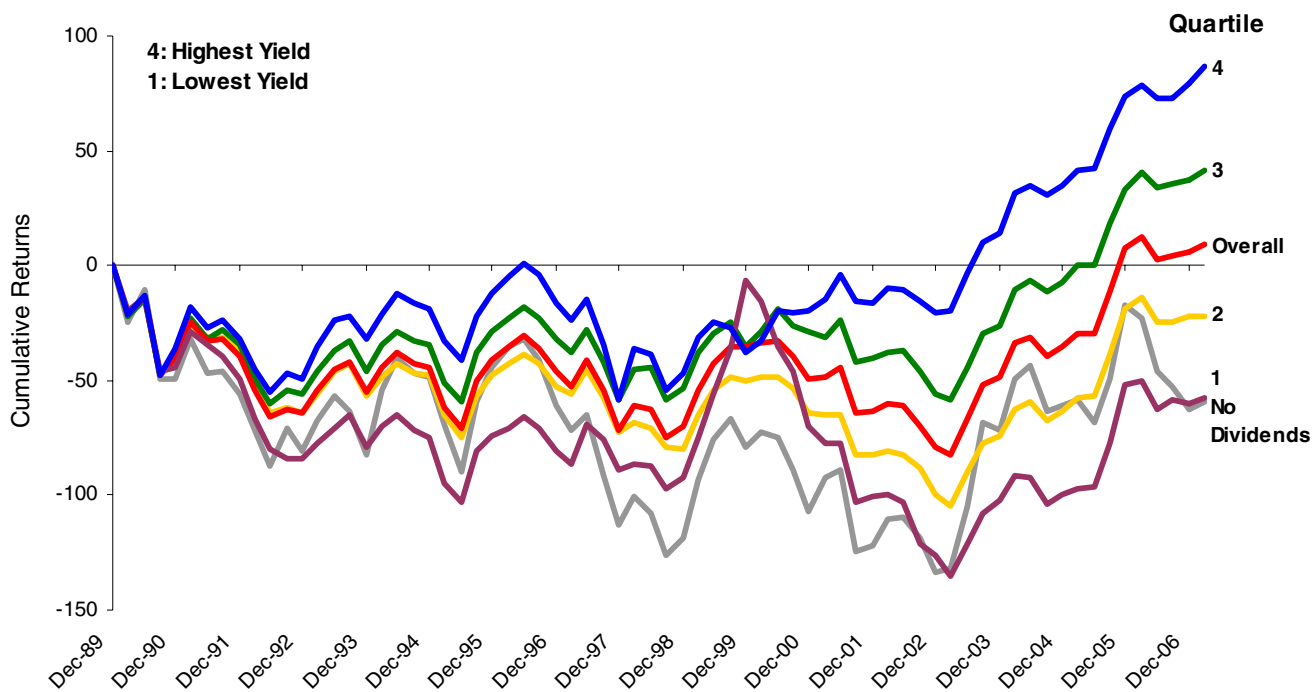
Dividend Yield

Given high yield's top performance in the dividend yield and payout ratio analysis above, we expected firms with high dividend yields would perform well.

Using dividend yield alone: firms that paid higher dividends outperformed

We found that the highest dividend-paying firms outperformed lower dividend payers. To reach this conclusion, we took the top 85%, by market cap, of firms trading on the Tokyo Stock Exchange. We divided the firms into four groups based on their dividend yield. A fifth group contained nondividend-paying firms. We rebalanced these portfolios quarterly from January 1990 to March 2007 and measured their performance. Viewing Exhibit 7, we see that top dividend payers produced the highest returns. The lowest dividend and nondividend-paying firms remained at the bottom of the rankings over time.

Exhibit 7: Dividend Yield Strategy
equal-weighted performance from January 1990 to March 2007



Source: Credit Suisse Quantitative Equity Research.

Firms in the fourth quartile were the top performers in the Japanese and U.K. markets. However, in Canada, the quartile paying the second highest dividend yield returned the best performance. In our U.S. study, firms were divided into deciles. The top performers were those in the eight decile.

Dividend Yield Screen

Exhibit 8: Tokyo Stock Exchange Firms with the Highest Dividend Yields
data as of May 9, 2007, selected from the top 85%, by market cap, of the Tokyo Stock Exchange

Ticker	Company Name	Dividend Yield (%)	5 Yr Avg Dividend Yield (%)	Dividend Payout Ratio (%)	5 Yr Avg Dividend Payout Ratio (%)	Sector
9437	NTT DOCOMO	2.3%	1.0%	42.5%	59.8%	Communications
7201	NISSAN MOTOR CO	3.2%	1.9%	45.4%	19.2%	Consumer Durables
6581	HITACHI KOKI CO	2.0%	1.8%	24.7%	30.7%	Consumer Durables
6460	SEGA SAMMY HLDGS I	2.0%	2.0%	29.4%	27.8%	Consumer Durables
7267	HONDA MOTOR CO	2.0%	1.0%	23.0%	11.3%	Consumer Durables
6845	YAMATAKE CORP	2.1%	1.5%	44.6%	46.9%	Electronic Technology
5012	TONEN GEN SEKIYU	2.8%	3.7%	54.2%	117.1%	Energy Minerals
5002	SHOWA SHELL SEKIYU	2.5%	2.8%	29.3%	78.3%	Energy Minerals
8564	TAKEFUJI CORP	5.5%	2.2%	49.5%	28.5%	Finance
8473	SBI HOLDINGS INC	3.0%	1.0%	26.6%	16.1%	Finance
8616	TOKAI TOKYO SECS	2.8%	2.2%	37.8%	33.5%	Finance
8961	MORI TRUST SOGO RE	2.7%	3.4%	97.0%	91.4%	Finance
8628	MATSUI SECURITIES	2.5%	1.6%	46.0%	42.9%	Finance
8955	JAPAN PRIME REALTY	2.5%	4.1%	100.0%	95.5%	Finance
8953	JAPAN RETAIL FUND	2.4%	3.9%	100.4%	96.9%	Finance
8954	ORIX JREIT INC	2.3%	4.7%	89.8%	93.8%	Finance
8572	ACOM CO	2.2%	1.8%	30.0%	19.7%	Finance
8258	OMC CARD INC	2.2%	0.6%	30.3%	11.1%	Finance
8959	NOMURA REAL ESTATE	2.1%	3.2%	101.9%	99.4%	Finance
8601	DAIWA SECS GROUP	2.1%	1.6%	41.2%	49.5%	Finance
8952	JAPAN REAL ESTATE	2.1%	3.7%	101.8%	96.7%	Finance
8606	SHINKO SECURITIES	2.0%	1.3%	42.2%	35.8%	Finance
8957	TOKYU REIT INC	2.0%	3.5%	100.0%	95.7%	Finance
8586	HITACHI CAP CORP	1.9%	1.9%	28.1%	43.0%	Finance
4523	EISAI CO	2.1%	1.4%	51.0%	29.7%	Health Technology
4502	TAKEDA PHARMACEUTI	2.1%	1.5%	47.0%	25.7%	Health Technology
3893	NIPPON PAPER GROUP	2.0%	1.6%	37.1%	83.1%	Process Industries
3861	OJI PAPER CO	1.9%	1.7%	69.2%	45.6%	Process Industries
5706	MITSUI MINING & SM	1.9%	1.5%	21.9%	43.6%	Producer Manufacturing
2651	LAWSON INC	2.5%	1.6%	49.6%	38.1%	Retail Trade
8252	MARUI CO	2.0%	1.4%	52.0%	40.6%	Retail Trade
4704	TREND MICRO INC	2.4%	0.9%	65.3%	28.0%	Technology Services
9506	TOHOKU ELEC POWER	2.1%	2.5%	56.3%	54.5%	Utilities
9509	HOKKAIDO ELECTRIC	2.0%	2.5%	36.7%	33.8%	Utilities

Source: Credit Suisse Quantitative Equity Research.

Indicated Annual Dividend

In Exhibit 9, we list the firms from our Japanese universe with the highest annual indicated dividend. This number is calculated by taking the last dividend paid by each firm and multiplying it by the number of times the firm paid such dividends over the year. This can be seen as a rough projection of what dividends the firm will pay in the coming year. The estimated payout ratio is calculated using the indicated annual dividend and IBES consensus fiscal year-one estimates for earnings.

Exhibit 9: Companies with the Highest Indicated Annual Dividends
data as of May 9, 2007, selected from the top 85%, by market cap, of the Tokyo Stock Exchange

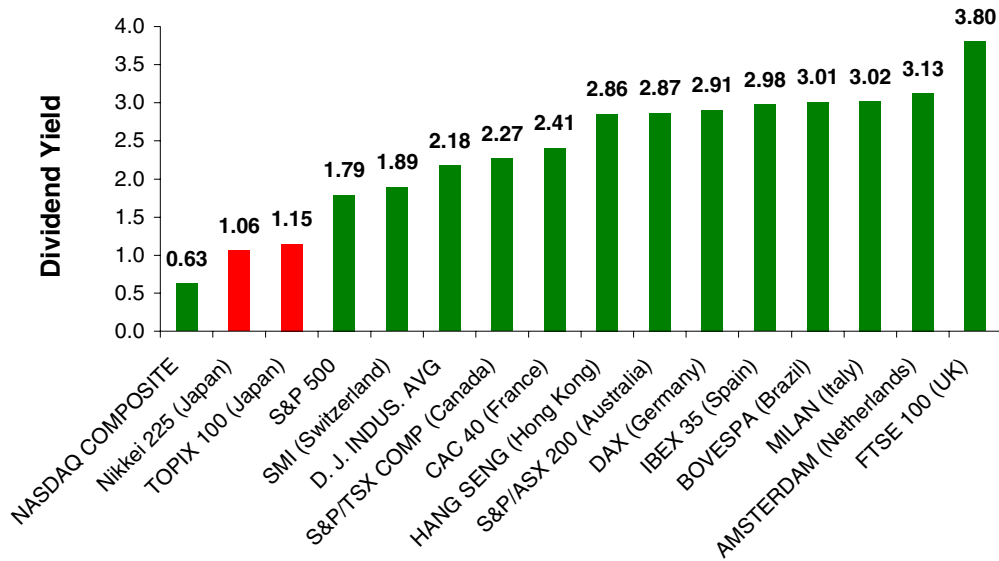
Ticker	Company Name	Total Indicated Annual Dividend (¥)	Estimated Dividend Payout Ratio (%)	Sector
7203	TOYOTA MOTOR CORP	383,703	22.3%	Consumer Durables
9437	NTT DOCOMO	209,658	44.2%	Communications
7201	NISSAN MOTOR CO	180,829	33.7%	Consumer Durables
7267	HONDA MOTOR CO	145,773	23.5%	Consumer Durables
4502	TAKEDA PHARMACEUTI	137,501	42.6%	Health Technology
7751	CANON INC	133,165	25.6%	Electronic Technology
9432	NIPPON TEL&TEL CP	110,559	22.3%	Communications
8306	mitsubishi UFJ FIN	101,081	10.9%	Finance
9501	TOKYO ELEC POWER	94,701	30.0%	Utilities
8411	MIZUHO FINL GP	81,251	13.3%	Finance
8058	MITSUBISHI CORP	77,620	19.0%	Distribution Services
6752	MATSUSHITA ELC IND	76,015	30.7%	Electronic Technology
5411	JFE HOLDINGS INC	73,400	21.8%	Non-Energy Minerals
8031	MITSUI & CO	72,343	20.7%	Distribution Services
5401	NIPPON STEEL CORP	68,070	18.0%	Non-Energy Minerals
8604	NOMURA HOLDINGS	64,840	25.6%	Finance
9503	KANSAI ELEC POWER	57,762	34.1%	Utilities
8316	SUMITOMO MITSUI FG	52,921	10.5%	Finance
3382	SEVEN & I HOLDINGS	49,582	31.7%	Retail Trade
9502	CHUBU ELEC POWER	46,929	31.8%	Utilities
8053	SUMITOMO CORP	45,712	19.4%	Distribution Services
9433	KDDI CORP	44,848	19.3%	Communications
2914	JAPAN TOBACCO INC	44,000	18.4%	Consumer Non-Durables
4568	DAIICHI SANKYO COM	43,741	59.9%	Health Technology
6902	DENSO CORP	42,435	18.0%	Producer Manufacturing
8601	DAIWA SECS GROUP	41,872	38.2%	Finance
4503	ASTELLAS PHARMA	41,146	35.0%	Health Technology
9020	EAST JAPAN RAILWAY	40,000	20.7%	Transportation
5405	SUMITOMO METAL IND	38,448	18.1%	Non-Energy Minerals
6954	FANUC LTD	37,363	29.3%	Producer Manufacturing
6301	KOMATSU	35,955	19.8%	Producer Manufacturing
6502	TOSHIBA CORP	35,409	31.1%	Electronic Technology
4063	SHIN-ETSU CHEMICAL	34,569	19.3%	Process Industries
4523	EISAI CO	34,104	47.6%	Health Technology
8564	TAKEFUJI CORP	32,362	-10.4%	Finance

Source: Credit Suisse Quantitative Equity Research.

Dividends in Developed Markets

Currently, 96% of the Japanese firms in our large-cap universe pay dividends. This percentage is the highest among the markets we have studied so far. From 1990 to 2002, the percentage of all Japanese firms paying dividends remained nearly constant. This is especially visible when viewed relative to the declining percentages in the U.S. and Canada over the same period. A likely cause is the requirement by the Tokyo Stock Exchange that firms pay dividends in order to be eligible for listing.

Exhibit 10: Dividend Yields for Major International Indices
data as of May 10, 2007



Source: Credit Suisse Quantitative Equity Research, Bloomberg.

Appendix: Dividend Yield and Payout Ratio

Exhibit 11: Dividend Yield and Payout Ratio Backtest
equal-weighted performance from January 1990 to December 2006, quarterly rebalance

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1990 - 2006	
Performance ↑ Best ↓ Worst	Low Yield Low Payout	High Yield High Payout	High Yield Low Payout	High Yield Low Payout	No Dividend	High Yield Low Payout	Low Yield Low Payout	Low Yield Low Payout	High Yield Low Payout	Low Yield Low Payout	High Yield Low Payout	High Yield High Payout	High Yield Low Payout	No Dividend	High Yield Low Payout	Low Yield High Payout	High Yield Low Payout	High Yield Low Payout	
	High Yield High Payout	High Yield Low Payout	High Yield High Payout	High Yield High Payout	High Yield High Payout	No Dividend	High Yield Low Payout	Low Yield High Payout	High Yield High Payout	Low Yield High Payout	High Yield High Payout	High Yield Low Payout	No Dividend	High Yield High Payout	High Yield High Payout	Low Yield Low Payout	High Yield High Payout	High Yield High Payout	
	High Yield Low Payout	Overall (Equal-Weight)	Overall (Equal-Weight)	Low Yield Low Payout	Low Yield High Payout	Overall (Equal-Weight)	Overall (Equal-Weight)	High Yield Low Payout	Overall (Equal-Weight)	No Dividend	Overall (Equal-Weight)	Overall (Equal-Weight)	High Yield High Payout	Low Yield High Payout	Overall (Equal-Weight)	No Dividend	Overall (Equal-Weight)	Overall (Equal-Weight)	Overall (Equal-Weight)
	Overall (Equal-Weight)	Low Yield High Payout	No Dividend	Overall (Equal-Weight)	Overall (Equal-Weight)	High Yield High Payout	High Yield High Payout	Overall (Equal-Weight)	Low Yield Low Payout	Overall (Equal-Weight)	No Dividend	No Dividend	Overall (Equal-Weight)	Overall (Equal-Weight)	No Dividend	Overall (Equal-Weight)	Low Yield Low Payout	Low Yield Low Payout	Low Yield Low Payout
	Low Yield High Payout	Low Yield Low Payout	Low Yield Low Payout	Low Yield High Payout	High Yield Low Payout	Low Yield High Payout	Low Yield High Payout	High Yield High Payout	No Dividend	High Yield High Payout	Low Yield High Payout	Low Yield High Payout	Low Yield High Payout	Low Yield High Payout	High Yield Low Payout	Low Yield Low Payout	High Yield Low Payout	Low Yield High Payout	No Dividend
No Dividend	No Dividend	Low Yield High Payout	No Dividend	Low Yield Low Payout	Low Yield Low Payout	No Dividend	No Dividend	No Dividend	Low Yield High Payout	High Yield Low Payout	Low Yield Low Payout	Low Yield Low Payout	Low Yield Low Payout	Low Yield Low Payout	Low Yield High Payout	High Yield High Payout	No Dividend	Low Yield High Payout	

Source: Credit Suisse Quantitative Equity Research.

References

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Denis, David J. and Osobov, Igor V., "Why Do Firms Pay Dividends? International Evidence on the Determinants of Dividend Policy" (April 2007)

Conroy, Eades, and Harris. "A Test of the Relative Pricing Effects of Dividends and Earnings: Evidence from Simultaneous Announcements in Japan" (June 1, 2000)

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Quantitative Research: U.K. Dividend Yield Strategy, April 4, 2007

Quantitative Research: Canadian Dividend Yield Strategy, February 13, 2007

Quantitative Research: High Yield, Low Payout, August 15, 2006

Quantitative Research: Dividends and Earnings, July 29, 2005

Quantitative Research: Earnings Quality and Dividends, May 18, 2004

Quantitative Research: Sizing UP S&P 500 Dividend Payers, March 25, 2004

Quantitative Research: Myth Dividends Are Disappearing, March 31, 2004

Quantitative Research: Dividend Foiled? (For Now), October 30, 2003

Quantitative Strategy: Wrinkle in the Yield Strategy, September 5, 2002

Quantitative Strategy: Analyze Those Dividends, December 17, 2002

Companies Mentioned (Price as of 09 May 07)

Acom (8572, ¥4,420)
 Aiful (8515, ¥3,330)
 Alps Electric (6770, ¥1,171, UNDERPERFORM, TP ¥1,100, MARKET WEIGHT)
 Astellas Pharma (4503, ¥5,220, OUTPERFORM, TP ¥5,800, MARKET WEIGHT)
 Bosch (6041, ¥566)
 Canon (7751, ¥7,040, NEUTRAL, TP ¥6,900, MARKET WEIGHT)
 Chubu Electric Power (9502, ¥3,580, NEUTRAL, TP ¥4,200, MARKET WEIGHT)
 Comsys Holdings (1721, ¥1,335, OUTPERFORM, TP ¥1,630, UNDERWEIGHT)
 Cosmo Oil (5007, ¥519)
 Daihatsu Motor Co., Ltd (7262, ¥960)
 Daiichi Sankyo (4568, ¥3,470, OUTPERFORM, TP ¥4,900, MARKET WEIGHT)
 Daiwa Securities Group (8601, ¥1,418, NEUTRAL, TP ¥1,380, MARKET WEIGHT)
 Denso Corp (6902, ¥4,080, OUTPERFORM, TP ¥5,200, MARKET WEIGHT)
 East Japan Railway (9020, ¥974,000, NEUTRAL, TP ¥940,000, MARKET WEIGHT)
 Eisai (4523, ¥5,540, NEUTRAL, TP ¥6,000, MARKET WEIGHT)
 Fanuc (6954, ¥11,370, OUTPERFORM, TP ¥12,500, MARKET WEIGHT)
 Fuji Heavy Industries (7270, ¥560, NEUTRAL, TP ¥680, MARKET WEIGHT)
 Hitachi Capital Corp (8586, ¥1,989)
 Hitachi Koki (6581, ¥1,845)
 Hokkaido Electric Power (9509, ¥2,975, NEUTRAL, TP ¥3,500, MARKET WEIGHT)
 Honda Motor Corp. (7267, ¥4,040, NEUTRAL, TP ¥4,000, MARKET WEIGHT)
 Japan Prime Realty Investment Corp (8955, ¥543,000)
 Japan Real Estate Investment Corp. (8952, ¥1,650,000)
 Japan Retail Fund Management (8953, ¥1,280,000)
 Japan Tobacco (2914, ¥594,000, NEUTRAL, TP ¥470,000, MARKET WEIGHT)
 JFE Holdings Inc (5411, ¥7,330, UNDERPERFORM, TP ¥5,100, UNDERWEIGHT)
 Kansai Electric Power (9503, ¥3,070, NEUTRAL, TP ¥3,700, MARKET WEIGHT)
 KDDI (9433, ¥989,000, NEUTRAL, TP ¥725,000, MARKET WEIGHT)
 Kobe Steel (5406, ¥444, NEUTRAL, TP ¥380, UNDERWEIGHT)
 Komatsu (6301, ¥3,040, OUTPERFORM, TP ¥3,100, MARKET WEIGHT)
 Lawson (2651, ¥4,400, NEUTRAL, TP ¥4,800, MARKET WEIGHT)
 Marui (8252, ¥1,395, UNDERPERFORM, TP ¥1,250, MARKET WEIGHT)
 Matsui Securities (8628, ¥1,001)
 Matsushita Electric Industrial (6752, ¥2,450, NEUTRAL, TP ¥2,600, OVERWEIGHT)
 Mitsubishi Chemical Holdings (4188, ¥985, NEUTRAL, TP ¥860, MARKET WEIGHT)
 Mitsubishi Corp (8058, ¥2,790, NEUTRAL, TP ¥2,840, OVERWEIGHT)
 Mitsubishi UFJ Financial Group (8306, ¥1,340,000, NEUTRAL, TP ¥1,554,000, MARKET WEIGHT)
 Mitsui & Co (8031, ¥2,380, OUTPERFORM, TP ¥2,370, OVERWEIGHT)
 Mitsui Mining & Smelting (5706, ¥608, NEUTRAL, TP ¥600, MARKET WEIGHT)
 Mizuho Financial Group (8411, ¥774,000, OUTPERFORM, TP ¥947,000, MARKET WEIGHT)
 Mori Trust Sogo REIT Inc. (8961, ¥1,540,000)
 NGK Spark Plug (5334, ¥1,985)
 Nippon Mining Holdings (5016, ¥1,005, NEUTRAL, TP ¥840, MARKET WEIGHT)
 Nippon Paper Group (3893, ¥421,000, OUTPERFORM, TP ¥520,000, MARKET WEIGHT)
 Nippon Shokubai (4114, ¥1,099)
 Nippon Steel (5401, ¥876, NEUTRAL, TP ¥570, UNDERWEIGHT)
 Nippon Telegraph and Telephone (9432, ¥605,000, OUTPERFORM, TP ¥700,000, MARKET WEIGHT)
 Nippon Yusen (9101, ¥1,098, NEUTRAL, TP ¥1,030, MARKET WEIGHT)
 Nissan Chemical Industries (4021, ¥1,313)
 Nissan Motor Co. (7201, ¥1,226, NEUTRAL, TP ¥1,300, MARKET WEIGHT)
 Nisshin Steel (5407, ¥509, UNDERPERFORM, TP ¥310, UNDERWEIGHT)
 Nomura Holdings (8604, ¥2,540, OUTPERFORM, TP ¥2,600, MARKET WEIGHT)
 Nomura Real Estate Office Fund Inc. (8959, ¥1,490,000)
 NTT DoCoMo (9437, ¥209,000, OUTPERFORM, TP ¥240,000, MARKET WEIGHT)
 Oji Paper Co. (3861, ¥630, NEUTRAL, TP ¥700, MARKET WEIGHT)
 OMC Card (8258, ¥925)
 Orix JREIT Inc. (8954, ¥1,230,000)
 Sankyo (6417, ¥5,080, OUTPERFORM, TP ¥6,800, MARKET WEIGHT)
 SBI Holdings (8473, ¥39,150)
 Sega Sammy Holdings (6460, ¥2,940, NEUTRAL, TP ¥3,200, OVERWEIGHT)

Seven & I Holdings (3382, ¥3,500, NEUTRAL, TP ¥3,700, MARKET WEIGHT)
 Shin-Etsu Chemical (4063, ¥7,930, OUTPERFORM, TP ¥9,400, MARKET WEIGHT)
 Shinko Securities (8606, ¥597)
 Showa Shell Sekiyu (5002, ¥1,421)
 Sumitomo Bakelite (4203, ¥884, NEUTRAL, TP ¥870, MARKET WEIGHT)
 Sumitomo Corp (8053, ¥2,335, NEUTRAL, TP ¥2,250, OVERWEIGHT)
 Sumitomo Metal Industries (5405, ¥667, NEUTRAL, TP ¥470, UNDERWEIGHT)
 Sumitomo Mitsui Financial Group (8316, ¥1,100,000, OUTPERFORM, TP ¥1,398,000, MARKET WEIGHT)
 Sumitomo Rubber Industries (5110, ¥1,345)
 Taisei (1801, ¥432, NEUTRAL, TP ¥430, UNDERWEIGHT)
 Takeda Pharmaceutical (4502, ¥7,670, NEUTRAL, TP ¥8,000, MARKET WEIGHT)
 Takefuji (8564, ¥4,180)
 Tohoku Electric Power (9506, ¥2,810, NEUTRAL, TP ¥3,500, MARKET WEIGHT)
 Tokai Tokyo Securities (8616, ¥724)
 Tokyo Electric Power (9501, ¥3,850, RESTRICTED)
 Tokyo Gas (9531, ¥598, NEUTRAL, TP ¥630, MARKET WEIGHT)
 Tokyu REIT Inc. (8957, ¥1,410,000)
 TonenGeneral Sekiyu (5012, ¥1,285)
 Toshiba (6502, ¥933, NEUTRAL, TP ¥700, OVERWEIGHT)
 Tosoh (4042, ¥588, NEUTRAL, TP ¥640, MARKET WEIGHT)
 Toyota Motor Corp. (7203, ¥7,070, OUTPERFORM, TP ¥10,000, MARKET WEIGHT)
 Trend Micro Incorporated (4704, ¥3,720)
 Uny (8270, ¥1,426)
 Yamatake (6845, ¥2,975)
 Yokohama Rubber (5101, ¥777)

Disclosure Appendix

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