

**Nomura Investment Forum 2001
Q&A Session (Summary)**

Date: December 7, 2001 (Friday)

Place: Tokyo Kaikan LEVEL 21 Urbannet Otemachi Building

Speaker: Junichi Ujiie, President and Chief Executive Officer

Q1 The value per M&A business deal is much smaller compared to overseas securities companies in Japan. Also, revenues earned from M&A deals are appreciably smaller compared with revenues across the Nomura Group. Can you tell us what your thoughts on this are?

A1 With M&A deals, it does not necessarily follow that the bigger the deal is the greater the revenue. Revenue directly from individual M&A deals is not our immediate concern. Progress in M&A has given rise to business in underwriting and asset disposal. As such, I would not recommend discussion that focuses solely on M&A revenues.

Q2 What merits have there been in reorganizing into a holding company structure?

A2 First, a holding company structure has greatly increased flexibility in the allocation of management resources in the Nomura Group, such as capital, funds and human resources. Second, our securities company is no longer a parent company of our asset management company, and since we made them sister companies they are now organized in a more ideal format from a firewall viewpoint. Third, as a certain capital adequacy ratio is required of securities companies in Japan, we have decided that our securities companies will only hold those assets necessary for their business.

Q3 You have integrated your wholesale businesses. Does this mean a specific department will act as the point of contact for all services?

A3 No. To offer you an example, when clients decide to sell their cross-shareholdings from investment securities, there exist several approaches, including disposal via block trading through our equity business. Alternatively, shares can be broadly distributed via offerings made through our Investment Banking business. What we have done is to bring together our wholesale businesses under one command structure to provide information and solve problems, which best matches our clients' needs.

Q4 What are your thoughts on forming an alliance with an overseas financial institution?

A4 I do not believe overseas financial institutions have any large advantage over us. Our market share in cross-border M&A transactions is appreciating. There are certain advantages to remaining a purely Japanese company. At this stage, we do not feel a full-fledged tie-up is necessary with a financial institution in Europe or the United States. However, in the event that it was more efficient to enhance our business portfolio through an alliance rather than by doing so on our own, we are of the opinion it would be necessary to form a tie-up aimed at supplementing the requisite functions. Our strategic alliance with Thomas Weisel Partners and the establishment of an asset advisory company through our joint venture with BlackRock are based on this philosophy.

Q5 What approaches are you taking to earn the trust of individual investors and gather more individual financial assets? Also, how long do you think the start of a full-scale shift of individual financial assets to securities products will take?

A5 As shown in the presentation material, it is my firm belief that since our shift to an investment advisory-based domestic retail business model in 1997, movements in the Nikkei Stock Average have ceased to bear relevance on our retail assets under management, and we are experiencing a certain amount of success.

We are conducting a wide-range of investment education activities, including courses on securities markets at approximately 80 universities and investment education programs on cable television. While such activities require sustained effort over the long term, there are signs of a shift of individual financial assets to the securities markets, as evidenced by the discussion taking place on the effects of recent low interest rates and the end of special measures to fully protect deposits.

Q6 What revenue does your investment advisory business bring in?

A6 For the six months ended September 2001, Nomura Asset Management's non-consolidated revenue for its investment advisory business and investment trust business stood at 3.7 billion yen and 41.3 billion yen respectively.

Unquestionably, there is downward pressure on asset management fees amid competition with other companies. However, favorable relations have been maintained with corporate pension funds and our investment advisory assets under management may well increase.

Q7 Are you going to expand or scale back business with clients overseas?

A7 We will be expanding our customer-oriented businesses overseas. Even overseas we do not do any proprietary trading and are developing business based on clients' needs. We will continue to invest our management resources in customer-oriented businesses.

Q8 When do you think Japan will see an active M&A market?

A8 Recently, corporate activities such as buyouts have become increasingly common in Japan. In the near future, we believe there will be greater business chances for merchant banking in Japan too.

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