

[English Translation]

# **NOMURA**

## **Notice of Convocation of the 107<sup>th</sup> Annual Meeting of Shareholders**

Nomura Holdings, Inc.

## To Our Shareholders

I would like to take this opportunity to express my deepest sympathies to the families and friends of those who lost their lives in the East Japan Earthquake and pray for a fast recovery from this disaster. Nomura has been actively engaged in the reconstruction efforts and we remain committed to ensuring the Japanese economy rebounds strongly.

In recent years, we have bolstered our business platform with the aim of achieving our management goal of being a globally competitive financial services group. During the financial crisis, we acquired parts of Lehman Brothers and expanded our global franchise. We are building out our operations in Europe, enhancing our platform in Asia, and rebuilding our operations in the U.S. These efforts have allowed us to grow our client base both in Japan and internationally, while enhancing our products and services. For the fiscal year ended March 31, 2011, net revenue totaled 1,130.7 billion yen, income before income taxes was 93.3 billion yen, and net income was 28.7 billion yen. We reported our eighth consecutive quarter of profitability and posted a profit in each of our three business divisions for the full year period.

The environment surrounding the financial services industry remains uncertain. In the U.S., although accommodative monetary policy has supported a mild economic recovery, the real estate market continues to struggle and the unemployment rate remains high. The economic situation in the euro zone is still adverse, and some countries in the region have experienced sovereign debt problems. In Japan, the earthquake has had a negative impact on economic activity. Amid this operating environment, we will continue to build out our business and gain momentum as we work towards achieving our management goal. We will maintain our focus on creating change and moving with speed to increase our corporate value by delivering world-class products and services tailored to the specific needs of our global client base.

At the 107<sup>th</sup> annual meeting of shareholders, we will ask our shareholders to elect a total of 14 directors (eight of whom are outside directors), as we aim to further enhance our corporate governance. This group of director nominees includes an outside director with expertise on Asia and another with expertise on risk management. Also, the Basel Committee on Banking Supervision and financial regulators around the world are introducing new financial regulations, one of which will be tougher capital requirements for financial institutions. In order to achieve sustained growth in this new competitive environment, we are asking shareholders to approve some revisions to our Articles of Incorporation aimed at increasing our future options with respect to capital.

Thank you and we look forward to your continued support.

June 2011

Kenichi Watanabe  
Director  
President and Chief Executive Officer  
Nomura Holdings, Inc.

To: The Shareholders of Nomura Holdings, Inc.

Kenichi Watanabe  
Director and President & CEO  
Nomura Holdings, Inc.  
1-9-1 Nihonbashi, Chuo-ku, Tokyo, JAPAN

**Notice of Convocation of the Annual Meeting of Shareholders**

Dear Shareholder,

I would like to take this opportunity to thank you, our shareholder, for your support of Nomura Holdings, Inc. (the "Company"). You are hereby invited to attend the 107<sup>th</sup> Annual Meeting of Shareholders to be held in accordance with the following details. You are respectfully requested to attend the meeting with the enclosed proxy card in your possession.

Details

1. **Date and Time:** 10:00 a.m. on Tuesday, June 28, 2011
2. **Place:** Hotel Okura Tokyo, Heian Room (Main Building, first floor)  
2-10-4 Toranomom, Minato-ku, Tokyo, JAPAN

3. **Agenda for the Meeting:**

Matters to be Reported:

1. Business report, report on the consolidated financial statements and report on the results of audits of the consolidated financial statements by the independent auditors and the Audit Committee for the fiscal year ended March 31, 2011 (covering the period from April 1, 2010 to March 31, 2011).
2. Report on the financial statements for the fiscal year ended March 31, 2011 (covering the period from April 1, 2010 to March 31, 2011).

Matters to be Resolved:

1. Election of Fourteen Directors
2. Amendment to the Articles of Incorporation

Notes: The following matters are available on the Company's website (<http://www.nomuraholdings.com/investor/shm/>) and are therefore omitted from the materials annexed to this Notice of Convocation pursuant to relevant laws and Article 25 of the Company's Articles of Incorporation:



1. The following sections of the business report: VI. Resolutions on Structures for Ensuring the Appropriate Operation of Nomura Holdings, Inc.; and VII. Fundamental Policies Regarding the Status of Persons Governing Decisions on the Company's Financial and Business Policies;
2. The notes to the consolidated financial statements; and
3. The notes to the financial statements.


Any subsequent revisions to this Notice of Convocation, the business report, the consolidated financial statements, the financial statements or other materials annexed to this Notice of Convocation shall also be posted on the Company's website.

## Proposal 1: Election of Fourteen Directors

As all of the twelve Directors will have finished their term of office at the conclusion of this Annual Meeting of Shareholders, the Company proposes the election of fourteen Directors including five new nominees (with eight Outside Directors) in accordance with a resolution of the Nomination Committee.

The nominees are as follows.

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
1.  Kenichi Watanabe (Oct. 28, 1952)	Apr. 1975 Joined the Company Jun. 1998 Director of the Company Jun. 2000 Managing Director of the Company Oct. 2001 Director of the Company Managing Director of Nomura Securities Co., Ltd. (NOTE) On October 2001, The Nomura Securities Co., Ltd. adopted the holding company structure, changed its name to “Nomura Holdings, Inc.” and transferred its securities business to its wholly-owned subsidiary “Nomura Securities Co., Ltd.” Apr. 2002 Executive Managing Director of Nomura Securities Co., Ltd. Jun. 2003 Senior Managing Director of the Company Director and Executive Vice President of Nomura Securities Co., Ltd. Apr. 2004 Executive Vice President of Nomura Securities Co., Ltd. Apr. 2006 Deputy President of Nomura Securities Co., Ltd. Apr. 2008 President & CEO of the Company Director and President & CEO of Nomura Securities Co., Ltd. (Current) Jun. 2008 Director and President & CEO of the Company (Current)	60,766
<b>(Responsibilities)</b>		
President & CEO		
2.  Takumi Shibata (Jan. 8, 1953)	Apr. 1976 Joined the Company Jun. 1998 Director of the Company Jun. 2000 Managing Director of the Company Oct. 2001 Managing Director of Nomura Securities Co., Ltd. (Please see the NOTE above.) Apr. 2003 Executive Managing Director of Nomura Securities Co., Ltd. Jun. 2003 Senior Managing Director of the Company Executive Vice President of Nomura Securities Co., Ltd. Apr. 2004 Director and Executive Vice President of Nomura Securities Co., Ltd. Apr. 2005 Director and President & CEO of Nomura Asset Management Co., Ltd. Apr. 2008 Deputy President & COO of the Company Director and Deputy President of Nomura Securities Co., Ltd. (Current) Jun. 2008 Director and Deputy President & COO of the Company (Current)	137,302
<b>(Responsibilities)</b>		
Deputy President & COO		

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
3.  Masanori Itatani (Oct. 13, 1953)	Apr. 1976 Joined the Company Jun. 1998 Director of the Company, responsible for Corporate Communications and Investor Relations Jun. 2000 Director of the Company, responsible for Corporate Planning and Communications Oct. 2001 Director of the Company, responsible for General Affairs Jun. 2003 Senior Managing Director of the Company, responsible for Global Corporate Communications, General Affairs and Secretariat Apr. 2004 Senior Managing Director of the Company, responsible for Internal Audit Apr. 2006 Executive Managing Director of the Company, responsible for Internal Audit Jun. 2007 Director of the Company (Current)  <b>(Responsibilities)</b> Audit Mission Director	107,422
4.  Masanori Nishimatsu (Feb. 3, 1958)	Apr. 1980 Joined the Company  Apr. 2003 Director of Nomura Securities Co., Ltd., responsible for retail branch supervision, Tokyo suburbs Jun. 2003 Senior Managing Director of Nomura Securities Co., Ltd., responsible for retail branch supervision, Tokyo suburbs Apr. 2006 Senior Managing Director of Nomura Securities Co., Ltd., responsible for retail branch supervision, Tokyo Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd., responsible for retail branch supervision, Tokyo Apr. 2008 Executive Managing Director of Nomura Securities Co., Ltd., Nagoya Oct. 2008 Senior Corporate Managing Director of Nomura Securities Co., Ltd., Nagoya Apr. 2010 Advisor of the Company Jun. 2010 Director of the Company (Current)  <b>(Responsibilities)</b> Audit Mission Director	68,800

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
5.	Mar. 1955    Joined Hayakawa Electric Industry Co., Ltd. (currently, Sharp Corporation) Jun. 1986    President of Sharp Corporation Jun. 1998    Corporate Advisor of Sharp Corporation (Current) Jun. 2001    Statutory Auditor of Nomura Jun. 2003    Director of Nomura (Current) Jun. 2008    Director of Kobayashi Pharmaceutical Co., Ltd. (Current) Jun. 2010    Outside Director of SEIREN Co., Ltd. (Current)	14,000



Haruo Tsuji  
(Dec. 6, 1932)

**(Responsibilities)**

Chairman of the Audit Committee


- **Nominee for Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of Tokyo Stock Exchange, Inc. (the “Exchange”) and similar regulations in other relevant exchanges in Japan, collectively, the “Exchanges”)**

Mr. Tsuji has rich managerial experience and held important positions including President of Sharp Corporation. His achievements and insights have been widely acknowledged within and outside the Company.

Mr. Tsuji is not considered to be in any situations where the degree of independence required by the Exchanges is called in doubt, and hence he is unlikely to have conflicts of interest with general investors.

The Company would like to request his continuation as Outside Director, expecting him to continue to play an exemplary role in determining important managerial matters and supervising the business execution of the Company by applying his rich experience and high degree of independence.

Mr. Tsuji will have been in office as Outside Director of the Company as a company with committees for eight years at the conclusion of this Annual Meeting of Shareholders (he had been in office as Statutory Auditor for two years when the Company was a company with auditors before the Company transformed into a company with committees).

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
6.  Tsuguoki Fujinuma (Nov. 21, 1944)	Apr. 1969 Joined Horie Morita Accounting Firm Jun. 1970 Joined Arthur & Young Accounting Firm Nov. 1974 Registered as a certified public accountant May 1991 Managing Partner of Asahi Shinwa Accounting Firm Jun. 1993 Managing Partner of Ota Showa & Co. (Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC)) May 2000 President of the International Federation of Accountants Jul. 2004 Chairman and President of the Japanese Institute of Certified Public Accountants Jun. 2007 Retired from Ernst & Young ShinNihon Jul. 2007 Advisor of the Japanese Institute of Certified Public Accountants (Current) Aug. 2007 Outside Director of Tokyo Stock Exchange Group, Inc. (Current) Oct. 2007 Governor of Tokyo Stock Exchange Regulation (Current) Apr. 2008 Specially-appointed Professor of Chuo Graduate School of Strategic Management (Current) Jun. 2008 Outside Statutory Auditor of Sumitomo Corporation (Current) Jun. 2008 Outside Statutory Auditor of Takeda Pharmaceutical Company Limited (Current) Jun. 2008 Outside Director of the Company (Current) Jul. 2008 Outside Director of Sumitomo Life Insurance Company (Current) May 2010 Outside Statutory Auditor of Seven & i Holdings Co., Ltd. (Current)	10,000

**(Responsibilities)**

Member of the Audit Committee

- **Nominee for Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)**


Mr. Fujinuma has thorough knowledge of international accounting standards, exhibited high professionalism as financial expert under Sarbanes-Oxley Act of 2002, and held important positions including the President of the International Federation of Accountants, the Chairman and President of the Japanese Institute of Certified Public Accountants and Trustee of the International Accounting Standards Committee Foundation. His achievements and insights have been widely acknowledged both within and outside the Company.

Mr. Fujinuma is not considered to be in any situations where the degree of independence required by the Exchanges is called in doubt, and hence he is unlikely to have conflicts of interest with general investors.

The Company would like to request his continuation as Outside Director, expecting him to continue to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company through applying his rich experience.

Mr. Fujinuma will have been in office as an Outside Director for three years at the conclusion of this Annual Meeting of Shareholders.

Although Mr. Fujinuma was, until June 2007, a partner of Ernst & Young ShinNihon LLC, the current corporate auditor of Nomura, he was never involved in an accounting audit of Nomura. Further, following his departure from that auditing firm, he has had no involvement whatsoever in the management or the financial policy of that firm. With respect to his role with the Tokyo Stock Exchange Group, Inc., Nomura Securities Co., Ltd. (a subsidiary of the Company) is merely one of many trading participants at the Exchange and the portion of the Company's shareholdings of the Exchange is minimal. Accordingly, it is concluded Mr. Fujinuma's past and current positions do not compromise his independence.

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
7.  Masahiro Sakane (Jan. 7, 1941)	Apr. 1963 Joined Komatsu Ltd. Jun. 2001 President of Komatsu Ltd. Jun. 2003 President & CEO of Komatsu Ltd. Jun. 2007 Representative Director and Chairman of Komatsu Ltd. Jun. 2008 Director of Tokyo Electron Limited (Current) Jun. 2008 Director of the Company (Current) Jun. 2010 Director and Chairman of Komatsu Ltd. (Current) Mar. 2011 Outside Director of ASAHI GLASS Co., Ltd. (Current)	6,400

**(Responsibilities)**

Member of the Nomination Committee  
 Member of the Compensation Committee

- **Nominee for Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)**


Mr. Sakane has rich managerial experience as the Director and Chairman of Komatsu Ltd. and has held important roles as Vice Chairman of Nippon Keidanren (Japan Business Federation). His achievements and insights have been widely acknowledged both within and outside the Company.

Mr. Sakane is not considered to be in any situations where the degree of independence required by the Exchanges is called in doubt, and hence he is unlikely to have conflicts of interest with general investors.

The Company would like to request his continuation as Outside Director, expecting him to continue to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company by applying his rich experience and high degree of independence.

Mr. Sakane will have been in office as an Outside Director for three years at the conclusion of this Annual Meeting of Shareholders.



Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
8.  Lord Colin Marshall (Nov. 16, 1933)	Feb. 1983 Chief Executive of British Airways plc Jan. 1993 Non-Executive Director of HSBC Holdings plc Feb. 1993 Chairman of British Airways plc Nov. 1995 Chairman of Inchcape plc May 1996 President of CBI (Confederation of British Industry) Jan. 1998 Chairman of Invensys plc Sept. 2003 Chairman of Pirelli UK plc (currently, Pirelli UK Limited) (Current) Oct. 2004 Chairman of Nomura International plc (Current) May 2009 Chairman of Nomura Europe Holdings plc (Current) Jun. 2010 Outside Director of the Company (Current)	—


- **Nominee for Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)**

Lord Marshall has rich managerial experience and held important positions including Chairman of British Airways plc. His achievements and insights have been widely acknowledged, and he was made a Knight Bachelor in 1987 and was later created a Life Peer.

Lord Marshall is not considered to be in any situations where the degree of independence required by the Exchanges is called in doubt, and hence he is unlikely to have conflicts of interest with general investors.

The Company would like to request his continuation as Outside Director, expecting him to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company by applying his rich and global experience, as well as his high degree of independence.

Lord Marshall will have been in office as an Outside Director for one year at the conclusion of this Annual Meeting of Shareholders.

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
9.  Dame Clara Furse (Sept. 16, 1957)	Feb. 1983 Joined Phillips & Drew/UBS Jun. 1990 Non-Executive Director of LIFFE (London International Financial Futures Exchange) Jun. 1997 Deputy Chairman of LIFFE May 1998 Group Chief Executive of Credit Lyonnais Rouse Jan. 2001 Chief Executive of London Stock Exchange Group Jun. 2009 Non-Executive Director of Legal & General Group plc (Current) Dec. 2009 Non-Executive Director of Nomura International plc (Current) Non-Executive Director of Nomura Europe Holdings plc (Current) Apr. 2010 Non-Executive Director of Amadeus IT Holding SA (Current) Jun. 2010 Outside Director of the Company (Current)	—


- **Nominee for Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)**

Dame Clara was Chief Executive of the London Stock Exchange Group from 2001 to 2009 and was made a Dame Commander of the British Empire in 2008. She has rich experience in financial markets, and her achievements and insights have been highly evaluated within and outside the Company.

Dame Clara is not considered to be in any situations where the degree of independence required by the Exchanges is called into doubt, and hence she is unlikely to have conflicts of interest with general investors.

The Company would like to request her continuation as Outside Director, expecting her to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company with her extensive relevant global financial markets experience and high level of independence.


Dame Clara will have been in office as Outside Director for one year at the conclusion of this Annual Meeting of Shareholders.

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
10.  Nobuyuki Koga (Aug. 22, 1950)	Apr. 1974    Joined the Company Jun. 1995    Director of the Company Apr. 1999    Managing Director of the Company Jun. 2000    Deputy President of the Company Apr. 2003    Director and President of the Company Jun. 2003    Director, President & CEO of the Company Apr. 2008    Director and Representative Executive Officer of the Company Chairman and Director of Nomura Securities Co., Ltd. (Current) Jun. 2008    Resigned as President & CEO of the Company	119,653

**New Nominee for Director**

Mr. Koga served as the President & CEO of the Company until the end of March 2008. Mr. Koga currently serves as Chairman and Director of Nomura Securities Co., Ltd., is Chairman of the Securities Strategy Board of the Japan Securities Dealers Association and has thorough knowledge of the Nomura Group's business as well as the securities industry as a whole.


The Company would like to request acceptance of his appointment as a new Director, expecting him to apply his rich experience in determining important managerial matters and in the oversight of the business execution of the Company.

11.  David Benson (Feb. 9, 1951)	Feb. 1997    Joined Nomura International plc Jul. 1999    Head of Risk Management, Nomura International plc Mar. 2005    COO, Nomura International plc Aug. 2007    Resigned from Nomura International plc Nov. 2008    Chief Risk Officer ("CRO"), Senior Managing Director of the Company Jan. 2011    Vice Chairman of the Company (Senior Managing Director) Risk and Regulatory Affairs Apr. 2011    Vice Chairman of the Company (Senior Managing Director) (Current)	—
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**New Nominee for Director**

Mr. Benson has held a number of significant positions in financial institutions mainly in Europe and has spent over 10 years with Nomura in a range of roles including CRO of the Company. He has thorough knowledge of the Nomura Group's business and in particular has strong expertise in risk management.

The Company would like to request acceptance of his appointment as a new Director, expecting him to apply his experience and expertise to further enhance the oversight function of the Board of Directors in the area of risk management.


Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
12.  Takao Kusakari (Mar. 13, 1940)	Apr. 1964 Joined Nippon Yusen Kabushiki Kaisha (NYK Line) Aug. 1999 President of NYK Line Apr. 2002 President, President Corporate Officer of NYK Line Apr. 2004 Chairman, Chairman Corporate Officer of NYK Line Apr. 2006 Chairman, Chairman Corporate Officer of NYK Line Apr. 2009 Director and Corporate Advisor of NYK Line Jun. 2009 Outside Statutory Auditor of Nippon Steel Corporation (Current) Jun. 2010 Corporate Advisor of NYK Line (Current)	—

- **New Nominee of Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)**

Mr. Kusakari has rich managerial experience as the Chairman of NYK Line and has held important roles as Vice Chairman of Nippon Keidanren (Japan Business Federation) and President of Council for Regulatory Reform. His achievements and insights have been widely acknowledged both within and outside the Company.

Mr. Kusakari is not considered to be in any situations where the degree of independence required by the Exchanges is called in doubt, and hence he is unlikely to have conflicts of interest with general investors.

The Company would like to request acceptance of his appointment as a new Outside Director, expecting him to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company by applying his rich experience as well as his high degree of independence.


Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
13.  Toshinori Kanemoto (Aug. 24, 1945)	Apr. 1968 Joined National Police Agency Apr. 1992 Kumamoto Prefecture Police Headquarters, Director-General Aug. 1995 Director General of the International Affairs Department, National Police Agency Oct. 1996 President of ICPO-INTERPOL Aug. 2000 President, National Police Academy Apr. 2001 Director of Cabinet Intelligence, Cabinet Secretariat, Government of Japan Jan. 2007 Registered as Attorney-at-Law (Dai-ichi Tokyo Bar Association) Sept. 2007 Of-Counsel, City-Yuwa Partners (Current) Jun. 2008 Outside Statutory Auditor of Kameda Seika Co., Ltd. (Current)	—

- **New Nominee of Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)**
- **Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)**

Following his experiences such as Director General of International Affairs in National Police Agency, as President of ICPO-INTERPOL and as Director of Cabinet Intelligence in Japan, Mr. Kanemoto is currently active as an attorney with sophisticated expertise in his field. His achievements have been widely acknowledged both within and outside the Company.

Mr. Kanemoto is not considered to be in any situations where the degree of independence required by the Exchanges is called in doubt, and hence he is unlikely to have conflicts of interest with general investors.

The Company would like to request acceptance of his appointment as a new Outside Director, expecting him to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company by applying his rich experience, advanced expertise as well as his high degree of independence.

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Shareholdings of the Company
14.  Michael Lim Choo San (Sept. 10, 1946)	Aug. 1972 Joined Price Waterhouse, Singapore Jan. 1992 Managing Partner of Price Waterhouse, Singapore Oct. 1998 Member of The Singapore Public Service Commission (Current) Jul. 1999 Executive Chairman of PricewaterhouseCoopers, Singapore Sept. 2002 Chairman of the Land Transport Authority of Singapore (Current) Jul. 2006 Non-Executive Chairman of Nomura Singapore Ltd. (Current) Nov. 2007 Member of the Legal Service Commission, Singapore (Current) Feb. 2009 Non-Executive Director of Nomura Asia Holding N.V. (Current)	—
	<ul style="list-style-type: none"> <li>• <b>New Nominee of Outside Director (Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)</b></li> <li>• <b>Acknowledged as Independent Director (An outside director who is acknowledged not to have conflicts of interest with general investors in accordance with Article 436-2 of Securities Listing Regulations of the Exchange and similar regulations in the other Exchanges)</b></li> </ul> <p>Mr. Lim has held a number of significant positions including as the Executive Chairman of PricewaterhouseCoopers, Singapore and has extensive knowledge of international accounting standards. He has also served in a number of public service related roles, and was awarded with national honors by the government of Singapore three times during the period between 1998 and 2010. His achievements and insights have been widely acknowledged both within and outside the Company.</p> <p>Mr. Lim is not considered to be in any situations where the degree of independence required by the Exchanges would be called into doubt, and hence he is unlikely to have conflicts of interest with general investors.</p> <p>The Company would like to request acceptance of his appointment as a new Outside Director, expecting him to play an exemplary role in determining important managerial matters and oversight of the business execution of the Company by applying his rich and global experience, as well as his high degree of independence.</p>	

Note 1: There are no particular conflicts of interest between the Company and the above-mentioned nominees.

Note 2: The Company has respectively entered into a limitation of liability agreement with each nominee currently serving as an Outside Director, Mr. Haruo Tsuji, Mr. Tsuguoki Fujinuma, Mr. Masahiro Sakane, Lord Colin Marshall and Dame Clara Furse, which limit his/her liabilities for damages to the Company pursuant to the provisions of Article 423, Paragraph 1 of the Companies Act. The liability under the agreement is limited to the higher of 20 million yen or the amount prescribed by laws and ordinances. If their reelections are approved, the Company shall continue said limitation of liability agreements. If the nominees Mr. Toshinori Kanemoto, Mr. Takao Kusakari and Mr. Michael Lim Choo San are elected as Directors, the Company shall enter into a similar limitation of liability agreement with each nominee.

Note 3: The Company adopted a holding company structure by way of a demerger and changed its corporate name, "The Nomura Securities Co., Ltd." to "Nomura Holdings, Inc." on October 2001. References to the Company prior to October 2001 in the personal histories above refer to responsibilities at The Nomura Securities Co., Ltd.

### Reference

Directors to be appointed to the Nomination Committee, Compensation Committee and Audit Committee:

Nomination Committee: Nobuyuki Koga (chairman), Masahiro Sakane and Toshinori Kanemoto

Compensation Committee: Nobuyuki Koga (chairman), Masahiro Sakane and Toshinori Kanemoto

Audit Committee: Haruo Tsuji (chairman), Tsuguoki Fujinuma and Masanori Itatani

## **Proposal 2: Amendments to the Articles of Incorporation**

### **1. Reasons for Amendment**

#### **(1) Responding to Basel III Capital Adequacy Requirements**

With the aim of preventing the reoccurrence of a financial crisis, the Basel Committee on Banking Supervision, an institution comprised of financial regulators from various major industrialized countries, has agreed to set higher and better-quality capital requirements applicable to global financial institutions (i.e., Basel III). Specifically, there will be a requirement to maintain a certain percentage of common equity capital (i.e. common shares and retained earnings) of risk assets, an increase in the minimum capital adequacy ratio and stricter standards on what can be included into capital.

In order to be included as capital under Basel III, preferred shares or subordinated debt must be designed with a provision in the relevant terms of issuance allowing for the security to be written-down or converted into common equity in the event deemed necessary by the relevant authority (a “supervisory trigger”).

The Company would like to take this opportunity to amend its Articles of Incorporation to respond to these Basel III capital adequacy requirements. The proposal is to add a provision that would make it possible to attach conditions to the issuance of each class of preferred stock allowing for compulsory conversion into common shares in the event of a supervisory trigger or other specified conditions. No other changes to the provisions concerning preferred shares are proposed at this time.

The Basel III rules will be phased in from January 2013 and take full effect in 2019. As it is not yet possible to determine the specific details of the shares that can be issued in this respect; the Company does not intend to issue securities attached with a conversion trigger at this time. Any evaluation of such issuances in the future will reflect regulatory announcements on the specific requirements for implementation.

(Please refer to proposed new Article 18 (Conditions for Redemption) in the Table of Proposed Amendments below.)

#### **(2) Additions to Business Purpose**

Nomura Group desires to proactively advocate a broad range of initiatives related to the economy, financial and capital markets, and infrastructure. The proposal is to add in the necessary amendments to expressly provide for these in the Articles of Incorporation. (Please refer to proposed new Article 2 (Purpose) in the Table of Proposed Amendments below.)

#### **(3) Procedures/Adaptability**

##### **(a) Chairman of Shareholders’ Meetings**

In order to maintain flexibility in conducting shareholders’ meetings, the requirement for the President & CEO of the Company to act as chairman at meetings of the shareholders shall be amended to allow for any director or executive officer designated by the Board of Directors in advance to assume such role. (Please refer to proposed new Article 24 (Chairman of Meetings) in the Table of Proposed Amendments below.)

##### **(b) Record Date for Holders of Class Shares**

The proposal is to set a record date for meetings of class shareholders in order to accommodate convocation procedures for meetings of class shareholders. (Please refer to proposed new Article 27 (Meetings of Class Shareholders) in the Table of Proposed Amendments below.)

(c) Executive Officers with Titles

Regarding the organization of executive officers with titles, the proposal is to make the necessary changes to in order to allow for an adaptable management system. (Please refer to proposed new Article 39 (Representative Executive Officers and Executive Officers with Special Titles) in the Table of Proposed Amendments below.)

2. Table of Proposed Amendments<sup>1</sup>

Current	(Proposed changes underlined.) Proposed Amendment
<b>CHAPTER I GENERAL PROVISIONS</b>	<b>CHAPTER I GENERAL PROVISIONS</b>
<b>Article 2. (Purpose)</b>	<b>Article 2. (Purpose)</b>
1. The purpose of the Company shall be, by means of holding shares, to control and manage the business activities of domestic companies which engage in the following businesses and the business activities of foreign companies which engage in the businesses equivalent to the following businesses:	1. The purpose of the Company shall be, by means of holding shares <u>or similar interests</u> , to control and manage the business activities of domestic companies which engage in the following businesses and the business activities of foreign companies which engage in the businesses equivalent to the following businesses:
(1) Financial instruments business prescribed in the Financial Instruments and Exchange Act;	(1) Financial instruments business prescribed in the Financial Instruments and Exchange Act;
(2) Banking business prescribed in the Banking Act and trust business prescribed in the Trust Business Act; and	(2) Banking business prescribed in the Banking Act and trust business prescribed in the Trust Business Act; and
(3) Any other financial services and any business incidental or related to such financial services.	(3) Any other financial services and any business incidental or related to such financial services.
[new addition]	(4) <u>Other than as prescribed in the Items above, any other business ancillary or related to survey and research in connection with the economy, financial or capital markets, or infrastructure or undertaking the outsourcing thereof.</u>
2. [omitted]	2. [no change]

<sup>1</sup> In the Articles of Incorporation, “executive officers” refers to specified officers with responsibilities and status as defined under the Companies Act of Japan (*shikkoyaku*).



## CHAPTER III PREFERRED SHARES

Article 18. (Provision for Redemption)

1. [omitted]
2. [omitted]

[new addition]

## CHAPTER III PREFERRED SHARES

Article 18. (Conditions for Redemption)

1. [no change]
2. [no change]
3. With respect to Class 1 preferred stock, Class 2 preferred stock, Class 3 preferred stock or Class 4 preferred stock, upon the occurrence of certain events specified in a resolution of the board of directors or a determination by executive officer(s) under authorities delegated by a resolution of the board of directors (including the event that the Company's capital adequacy ratio or other measure of regulatory capital falls below a pre-determined threshold, and/or the event that a supervisory agency (or an equivalent body) determines that a write-down, capital injection by a public institution or other equivalent action is necessary for the Company) prior to the issuance of the relevant class of preferred stock, the Company shall redeem in whole or in part any such preferred shares issued with such conditions. In such event, the Company shall deliver common shares of the Company to each relevant Preferred Shareholder in exchange for such preferred shares, in a number determined prior to the issuance of the such preferred shares by a resolution of the board of directors or a determination by executive officer(s) under authorities delegated by a resolution of the board of directors, considering the subscription price of the preferred shares, the market value of the Company's common stock and market conditions. An upper limit for the common stock to be delivered in exchange for the relevant preferred shares may also be set pursuant to such resolution or determination. In the event that the number of common shares to be delivered in exchange for the Company's redemption of such preferred shares includes a fraction of less than one (1) share, that fraction shall be handled pursuant to Article 234 of the Companies Act.

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**CHAPTER IV  
MEETINGS OF SHAREHOLDERS**

**Article 24. (Chairman of Meetings)**

President & Chief Executive Officer shall act as chairman of a meeting of shareholders; provided, however, that when President & Chief Executive Officer is unable so to act, one of the other representative executive officers shall take his/her place in accordance with the order of priority predetermined by a resolution of the board of directors.

**Article 27. (Meetings of Class Shareholders)**

1. [omitted]
2. [omitted]
3. The provisions of Article 21, Paragraph 2 and Articles 23 through 25 herein shall apply *mutatis mutandis* to the meetings of class shareholders.

**CHAPTER VII EXECUTIVE OFFICERS**

**Article 39. (Representative Executive Officers and Executive Officers with Special Titles)**

1. [omitted]
2. The Company may, by a resolution of the board of directors, appoint one (1) President & Chief Executive Officer, one (1) or more Deputy Presidents, Executive Vice Presidents and Senior Corporate Managing Director.

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**CHAPTER IV  
MEETINGS OF SHAREHOLDERS**

**Article 24. (Chairman of Meetings)**

A director or executive officer designated in advance by the board of directors shall act as the chairman of a meeting of shareholders; provided, however, that when the relevant director or executive officer is unable to so act, another person shall take his/her place in accordance with the order of priority predetermined by a resolution of the board of directors.

**Article 27. (Meetings of Class Shareholders)**

1. [no change]
2. [no change]
3. The provisions of Article 21, Paragraph 2 and Articles 22 through 25 herein shall apply *mutatis mutandis* to the meetings of class shareholders.

**CHAPTER VII EXECUTIVE OFFICERS**

**Article 39. (Representative Executive Officers and Executive Officers with Special Titles)**

1. [no change]
2. The Company may, by a resolution of the board of directors, appoint one President, one Chairman and one or more Vice Chairmen, Deputy Presidents or alternatively titled officers from among its executive officers.

[English Translation]

(Attachments to Notice of Convocation of the Annual Meeting of Shareholders)

## Report for the 107<sup>th</sup> Fiscal Year

From April 1, 2010 to March 31, 2011

### I. Current State of Nomura Group

#### 1. Fundamental Management Policy and Structure of Business Operations

##### Fundamental Management Policy

Nomura Group is committed to a management vision of firmly establishing itself as a globally competitive financial services group. We will seek to realize this vision and increase shareholder value by strengthening our base in the Japanese securities businesses, developing world-class businesses in other regions, and consolidating our comprehensive global strength.

We will establish our new growth model by working with our clients, providing them with the best solutions, and realizing the expansion of our business in new domains. Our management target is to maintain an average consolidated return on shareholders' equity (ROE) of 10% to 15% over the medium to long term. However, we cannot deny that the capital requirements that are under consideration by Basel Committee on Banking Supervision or other financial regulators may impact us.

In addition, we put high priority on compliance with applicable laws, regulations and proper corporate behavior, and we build compliance into our daily business operations.

##### Structure of Business Operations

Nomura Group is organized around globally-linked business divisions under a unified strategy, rather than individual legal entities. Nomura Group's operations are comprised of Retail, Asset Management, and Wholesale divisions. We will strive to achieve a higher level of specialization in each division, advance and expand our business in each respective area, and maximize the collective strength of Nomura Group by enhancing cross-divisional and regional collaboration.

#### 2. Progress and Results of the Nomura Group's Business Activities

##### (1) Summary

In the beginning of fiscal 2010, emerging countries drove economic activity in Japan and throughout the world. In April 2010, the Tokyo Stock Price Index (TOPIX) hit 998 points, the highest level of the period, while the S&P500 Index topped 1,200 points.

In May, bond markets became unstable in the face of sovereign debt problems in Greece and other countries in Europe. This resulted in a significant decline in liquidity, creating an adverse business environment.

In the second half of the year, the market settled down and client-flow businesses recovered. In the United States of America ("U.S."), the FRB continued its quantitative easing measures and otherwise tried to spur the economy in response to the delay in recovery of the employment situation and continued weakness in the housing market. The economy responded by showing signs of recovery, which helped the S&P500 Index rebound from its fiscal year low of 1,022 points in July 2010 to 1,325 points at the end of March 2011.

During this time, China and other emerging countries continued to enjoy strong economic growth on the back of robust domestic demand and enhanced economic partnerships within Asia. A few countries, including India and China, shifted to a monetary tightening policy upon sensing some economic overheating. Meanwhile, sovereign debt problems continued to be a cause of concern in certain European countries.

The East Japan Earthquake in March negatively impacted business sentiment in Japan. The TOPIX temporarily dropped below 800 points, but subsequently rebounded to end the fiscal year at 869 points. The yen-dollar exchange rate also fell to a post-war high in the 76 yen range at one point, but then closed the fiscal year in the 83 yen range.

Concerning financial regulations, the outline for Basel III (new capital requirement regulations for financial institutions) has become clearer as regulations on and oversight of financial institutions is becoming more stringent. Going forward, we must continue to carefully address related developments.

Amid this environment, in line with our client-focused business strategy, the Retail division promoted investment consultation services and diversified its product offering, while the Asset Management division made efforts to expand assets under management and enhance investment performance, both in Japan and overseas. In the Wholesale division, created in April 2010, collaboration between businesses was bolstered, while initiatives were undertaken to increase revenues from client-flow businesses as well as to diversify the products and solutions offered. Investments aimed at building up the business platform, along with initiatives to manage costs, allowed us to post an overall profit for the eighth consecutive quarter, as well as to record profits in all three segments.

We posted net revenue of 1,130.7 billion yen for the fiscal year ended March 31, 2011, a 1.7% decline from the previous year. Non-interest expenses decreased 0.8% from the previous year to 1,037.4 billion yen, income before income taxes was 93.3 billion yen, and net income attributable to the shareholders of Nomura Holdings, Inc. (“NHI”) was 28.7 billion yen. Consequently, ROE for the full fiscal year was 1.4%.

## Consolidated Financial Results

	Billions of yen		% Change
	For the year ended		(A-B)/(B)
	March 31, 2011 (A)	March 31, 2010 (B)	
Net revenue	1,130.7	1,150.8	(1.7)
Non-interest expenses	1,037.4	1,045.6	(0.8)
Income (loss) before income taxes	93.3	105.2	(11.4)
Income tax expense	61.3	37.2	65.0
Net income (loss)	31.9	68.1	(53.1)
Less: Net income (loss) attributable to noncontrolling interests	3.3	0.3	—
Net income (loss) attributable to NHI shareholders	28.7	67.8	(57.7)
Return on shareholders' equity*	1.4%	3.7%	—

\* Return on shareholders' equity is a ratio of Net income (loss) attributable to NHI shareholders to Total NHI shareholders' equity.

## (2) Segment Information

In April 2010, we realigned our reporting segments in relation to how we operate and manage our business by merging the Global Markets, Investment Banking, and Merchant Banking divisions into the Wholesale division. We now divide our business segments into three divisions of Retail, Asset Management and Wholesale.

## Business Segment Results

	Billions of yen		% Change
	For the year ended		(A-B)/(B)
	March 31, 2011 (A)	March 31, 2010 (B)	
Net revenue	1,147.6	1,141.4	0.5
Non-interest expenses	1,037.4	1,045.6	(0.8)
Income (loss) before income taxes	110.2	95.8	14.9

In business segment totals, which exclude unrealized gain (loss) on investments in equity securities held for operating purposes, net revenue for the fiscal year ended March 31, 2011 was 1,147.6 billion yen, an increase of 0.5% from the previous year. Non-interest expenses decreased by 0.8% from the previous year to 1,037.4 billion yen. Income before income taxes was 110.2 billion yen for the fiscal year ended March 31, 2011.

## Operating Results of Retail

	Billions of yen		% Change
	For the year ended		
	March 31, 2011 (A)	March 31, 2010 (B)	(A-B)/(B)
Net revenue	392.4	388.3	1.1
Non-interest expenses	291.2	274.9	5.9
Income (loss) before income taxes	101.2	113.4	(10.7)

Net revenue increased by 1.1% from the previous year to 392.4 billion yen, due primarily to increasing revenues from bond related products and investment trust related products. Non-interest expenses increased by 5.9% to 291.2 billion yen. As a result, income before income taxes decreased by 10.7% to 101.2 billion yen.

The Retail division focused on providing clients investment consultation services to accommodate client needs. To accommodate increasing client needs, five new branches were opened, and services provided by both the Call Center and via the internet were enhanced.

Investment consultation services resulted in balanced business growth, centered on equities, bonds, investment trusts and insurance products. There was a 3.9 trillion yen net inflow in retail client assets during the fiscal year. Due to the impact of the March earthquake on the stock market, total retail client assets dropped to 70.6 trillion yen at the end of the fiscal year, from 73.5 trillion yen at the end of the previous fiscal year. However, the number of client accounts increased by 50,000 to end the fiscal year at 4.94 million accounts, indicating steady growth in the business base.

## Operating Results of Asset Management

	Billions of yen		% Change
	For the year ended		
	March 31, 2011 (A)	March 31, 2010 (B)	(A-B)/(B)
Net revenue	80.7	70.4	14.8
Non-interest expenses	55.7	51.8	7.6
Income (loss) before income taxes	25.1	18.6	34.7

Net revenue increased by 14.8% from the previous year to 80.7 billion yen. Non-interest expenses increased by 7.6% to 55.7 billion yen. As a result, income before income taxes increased by 34.7% to 25.1 billion yen.

In the investment trust business, multi-currency funds and funds investing in Japanese equities continued to see an inflow of money, helping to expand our share of the publicly offered investment trusts market. In the investment advisory business, there was a steady increase in mandates from institutional investors, especially overseas pension funds and government-related institutions. Assets under management were 24.7 trillion yen as of March 31, 2011.

Also, LIC Nomura Mutual Fund Asset Management Company began operations during the fiscal year, marking our full-fledged entry into the investment trust business in India. LIC Nomura Mutual Fund Asset Management Company is a joint venture with Life Insurance Corporation of India Group, India's largest life insurance company.

## Operating Results of Wholesale

	Billions of yen		% Change
	For the year ended		
	March 31, 2011 (A)	March 31, 2010 (B)	(A-B)/(B)
Net revenue	630.5	789.5	(20.1)
Non-interest expenses	623.8	614.3	1.5
Income (loss) before income taxes	6.7	175.2	(96.2)

Net revenue decreased by 20.1% from the previous year to 630.5 billion yen. Our performance was most challenged in the first quarter, due primarily to the financial market turmoil related to Greece and the European sovereign crisis. As we shifted to a more profit-oriented strategy, our performance stabilized and improved from second quarter to fourth quarter, demonstrating good business momentum. Non-interest expenses increased by 1.5% to 623.8 billion yen, mostly as a result of international business expansion in the first half of the fiscal year. Personnel costs were kept tight through increased discipline and a pay for performance culture. Nevertheless, income before income taxes dropped to 6.7 billion yen.

The formal establishment of the Wholesale division from April 2010 led to closer collaboration between business lines, and as a result we executed a number of cross-divisional transactions between Global Markets and Investment Banking.

### Global Markets

Despite the overall drop in revenues amid difficult market conditions, client revenues increased as our investments in our client franchise and a broader product offering continued to produce results.

In Equities, we continued to round out our research and execution platforms overseas, and execution services again provided the largest revenue contribution. We also responded effectively to client needs and provided substantial liquidity to clients after the East Japan Earthquake, thus capturing a higher market share in Japan.

In Fixed Income, we successfully diversified our revenue mix between products and regions. From a regional point of view, we saw a big jump in contribution from the Americas (in our first full year of operation), and Asia revenues also rose year on year. In terms of products, securitized products showed the largest revenue increase, and FX was also up, while rates and credit performed relatively well.

Our #1 research ranking in Japan Equity and Fixed Income, and now in the top 10 in most other regions, demonstrates notable progress in our client franchise.

### Investment Banking

We executed a number of landmark transactions globally, in many cases with new clients. We won multiple mandates for large international deals, including major cross-border M&A transactions and important equity financings in EMEA and Asia, including China. We also established a meaningful yet focused presence in the Americas. In Japan, we maintained our dominant position in equity underwriting, bond underwriting and M&A advisory, ranking number one in the fiscal year league tables in each area. In addition, we improved our product mix, by successfully executing a number of leveraged finance and high yield transactions.

We have diversified revenue sources by strengthening our product mix and by deepening our coverage in target markets.

### **Other**

	<u>Billions of yen</u>		<u>% Change</u>
	<u>For the year ended</u>		
	<u>March 31, 2011 (A)</u>	<u>March 31, 2010 (B)</u>	<u>(A-B)/(B)</u>
Net revenue	43.9	(106.8)	—
Non-interest expenses	66.7	104.5	(36.2)
Income (loss) before income taxes	(22.8)	(211.3)	—

Net revenue was 43.9 billion yen. Loss before income taxes was 22.8 billion yen.

## **3. Funding Situation**

### **(1) Funding Situation**

In terms of funding, NHI, Nomura Securities Co., Ltd., Nomura Europe Finance N.V. and Nomura Bank International plc are the main entities for external borrowings and bond issuances. Optimization of the funding structure has been aimed at by matching with the liquidity of assets and the currencies for usage.

NHI issued domestic unsecured bonds of 180 billion yen in total for the fiscal year ended March 31, 2011. Unsecured subordinated bonds of 153.2 billion yen in total were issued in November and December 2010. Moreover, NHI funded 1.25 billion dollar by issuing U.S. dollar denominated five-year straight bond in January 2011.

Nomura Europe Finance N.V. funded 0.760 billion U.S. dollar and 1.707 billion Australian dollar in total by issuing U.S. dollar denominated straight bonds and Australian dollar denominated straight bonds in September 2010 and March 2011.

## (2) Capital Expenditures

Capital expenditures focus primarily on investment in systems related to various businesses within the Nomura Group, with the objective of supporting the promotion of business lines in Japan and overseas. In the Retail division, we are building a stronger and more functional system infrastructure to meet the anticipated increase in clients' accounts and transaction volumes due to the expansion of Nomura Securities Co., Ltd.'s domestic branch office network and large client IPOs and so forth. We are also improving the capabilities and enhancing the foundation of our internet trading system. Moreover, we are continuing to make capital expenditures to upgrade our host system, which manages our clients' accounts. In the Wholesale division, we are enhancing the trading systems and strengthening the infrastructure system in order to respond to global orders from institutional investors.

## 4. Results of Operations and Assets

Item	Period	(in billions of yen except per share data in yen)			
		104 <sup>th</sup> Fiscal Year (April 1, 2007 to March 31, 2008)	105 <sup>th</sup> Fiscal Year (April 1, 2008 to March 31, 2009)	106 <sup>th</sup> Fiscal Year (April 1, 2009 to March 31, 2010)	107 <sup>th</sup> Fiscal Year (April 1, 2010 to March 31, 2011)
Revenue		1,593.7	664.5	1,356.8	1,385.5
Net revenue		787.3	312.6	1,150.8	1,130.7
Income (loss) before income taxes		(64.9)	(780.3)	105.2	93.3
Net income (loss) attributable to NHI shareholders		(67.8)	(708.2)	67.8	28.7
Basic-Net income (loss) attributable to NHI shareholders per share		(35.55)	(364.69)	21.68	7.90
Diluted-Net income (loss) attributable to NHI shareholders per share		(35.57)	(366.16)	21.59	7.86
Total assets		25,236.1	24,837.8	32,230.4	36,693.0
Total NHI shareholders' equity		1,988.1	1,539.4	2,126.9	2,082.8

(Note) Stated in accordance with accounting principles generally accepted in the U.S.

## 5. Management Challenges and Strategies

Although the global economy was moving gradually toward normality supported by emerging markets, it is facing uncertainty due to the unstable political situation in the Middle East, sovereign crisis in Europe and the East Japan Earthquake in March. In this environment, in order to meet our social responsibility to contribute to a stable forum for providing steady liquidity through properly functioning market, we plan to address the needs of our clients globally by taking advantage of our strengthened business platform and will continue to strategically allocate management resources to grow our client base and improve our market share.

In addition, we will continue to proceed with our plans to reduce costs by reengineering businesses to fit the market environment and increase operational efficiency.

We will also implement the following initiatives:

### Retail Division

In the Retail division, we will continue to enhance our products and service offerings, which are provided through Financial Advisors, online or via call centers to accommodate increasingly sophisticated and diverse client needs. We aim to enhance investment consultation services and to continue being a trusted partner to our clients by providing world-class products and services that meet their individual needs.

### Asset Management Division

In our investment trust business, we aim to provide individual clients with a diverse range of investment opportunities to meet investors' needs, and in investment advisory business, we aim to provide institutional clients globally with value-added investment service. Together, we intend to increase assets under management and expand our client base.

We aim to increase our world-class competitive advantage in Japan and the rest of Asia by making continuous efforts to improve investment performance and to gain trust from investors worldwide.

## **Wholesale Division**

Global Markets will enhance our product development expertise to continue acting as the product supply hub for the Nomura Group and also work to expand profitability. We will focus on delivering high value-added products and solutions to our clients by leveraging our global trading infrastructure and making full use of our strengthened business franchise. In Fixed Income, we will strengthen not only our global marketing structure but also our trading and product development capabilities. In Equities, we will continue to act as a world-class liquidity provider. Through even closer co-operation between Fixed Income and Equities we will aim for synergies in structuring, research, distribution, and risk management.

In Investment Banking, we are expanding our M&A advisory and corporate finance businesses to diversify sources of profit by providing high value-added solutions to meet the individual needs of each client. We aim to enhance our presence as a global investment bank headquartered in Asia that provides world-class services, while continuing to build our business in Japan.

In implementing the initiatives outlined above, we will enhance collaboration between the divisions. We aim to consolidate our comprehensive global strength to realize our management objectives and maximize shareholder value by enhancing profitability across our businesses, while helping to strengthen the global financial and capital markets.

## **Other**

We are working to further enhance our management systems, which support continued growth.

With respect to regulatory tightening, we will continue to closely monitor global regulatory trends, namely with respect to regulatory capital and move forward with measures for preparedness. We have been closely monitoring developments concerning Basel III regulations since it was first announced at the end of 2010.

We understand that it is necessary to further strengthen our global risk management systems. By adopting a proactive, rather than a reactive, risk management approach, senior management has directly engaged in risk management-related decision-making. We will continue to strengthen this system.

The East Japan Earthquake heightened our awareness of the importance of a crisis management structure and business continuity plans. We will work to further enhance our existing crisis management scheme including our system infrastructure and business recovery system.

As our business becomes increasingly international, we recognize the growing importance of compliance. In addition to complying with laws and regulations, we view compliance in a wider context, and will further enhance Nomura Group's overall compliance system.

We view talented personnel as key assets. In line with our basic client-oriented business approach, we have established a uniform, global personnel system firmly rooted in the belief that employees should be rewarded for their overall performance. We will continue to build a professional organization capable of delivering a comprehensive range of services that satisfy our customers.

## **6. Major Business Activities**

Nomura Group primarily operates in investment and financial services focusing on the securities business. We provide wide-ranging services to customers for both financing and investment through operations in Japan and other major financial capital markets around the world. Such services include securities trading and brokerage, underwriting, distribution, arrangement of offering and distribution, arrangement of private placement, principal finance, asset management, and other securities and financial business. We divide our business segments into three divisions of Retail, Asset Management and Wholesale.

## **7. Organizational Structure**

### **(1) NHI and Domestic Significant Subsidiaries**

NHI: Head office (Tokyo)

Nomura Securities Co., Ltd. (Head office and local branches — 174 locations in total): Tokyo (Head office and local branches — 43 locations in total), Kanto area excluding Tokyo (42 branches), Hokkaido area (5 branches), Tohoku area (9 branches), Hokuriku area (4 branches), Chubu area (16 branches), Kinki area (31 branches), Chugoku area (8 branches), Shikoku area (4 branches) and Kyushu and Okinawa area (12 branches)

Nomura Asset Management Co., Ltd. (Tokyo, Osaka, etc.)

The Nomura Trust & Banking Co., Ltd. (Tokyo, Osaka)

Nomura Facilities, Inc. (Tokyo)



## (2) Overseas Significant Subsidiaries

Nomura Securities International, Inc. (New York, U.S.)

Nomura International plc (London, U.K.)

Nomura International (Hong Kong) Limited

Nomura Singapore Limited

Instinet Incorporated (New York, U.S.)

## (3) Status of Employees

	<u>Employees</u>	<u>Increase / Decrease</u>
Total	26,871	497 Increase

(Notes)

1: Number of employees consists of the total number of employees of NHI and its consolidated subsidiaries (excluding temporary employees).

2: Number of employees excludes employees seconded outside NHI and its consolidated subsidiaries.

## (4) Status of Significant Subsidiaries

<u>Name</u>	<u>Location</u>	<u>Capital (in millions)</u>	<u>Percentage of Voting Rights</u>	<u>Type of Business</u>
Nomura Securities Co., Ltd.	Tokyo, Japan	¥ 10,000	100%	Securities
Nomura Asset Management Co., Ltd.	Tokyo, Japan	¥ 17,180	100%	Investment Trust Management / Investment Advisory
The Nomura Trust & Banking Co., Ltd.	Tokyo, Japan	¥ 30,000	100%	Banking / Trust
Nomura Facilities, Inc.	Tokyo, Japan	¥ 480	100%	Business Space / Facility Management
Nomura Holding America Inc.	New York, U.S.	US\$ 4,938.59	100%	Holding Company
Nomura Securities International, Inc.	New York, U.S.	US\$ 3,650	100%*	Securities
Nomura America Mortgage Finance, LLC	New York, U.S.	US\$ 1,580.89	100%*	Holding Company
Instinet Incorporated	New York, U.S.	US\$ 1,306.29	100%*	Holding Company
Nomura Europe Holdings plc	London, U.K.	US\$ 4,880.50	100%	Holding Company
Nomura International plc	London, U.K.	US\$ 5,349.13	100%*	Securities
Nomura Bank International plc	London, U.K.	US\$ 555.00	100%*	Financial
Nomura Principal Investment plc	London, U.K.	£ 997.45	100%	Investment Company
Nomura Capital Markets plc	London, U.K.	US\$ 2,692.50	100%	Financial
Nomura Asia Holding N.V.	Amsterdam, The Netherlands	¥ 122,122	100%	Holding Company
Nomura International (Hong Kong) Limited	Hong Kong Special Administrative Region	¥ 132,711	100%*	Securities
Nomura Singapore Limited	Singapore, Singapore	S\$ 239	100%*	Securities / Financial

(Notes)

1: "Capital" is stated in the currency on which each subsidiary's books of record are maintained. "Capital" amount of subsidiaries whose paid-in capital is zero or nominal amount (subsidiaries primarily located in the U.S.) is disclosed in amount including additional paid-in capital. Percentages with "\*" in the "Percentage of Voting Rights" column include voting rights from indirect ownership of shares.

2: The total number of consolidated subsidiaries and consolidated variable interest entities as of March 31, 2011 was 687. The total number of entities accounted for under the equity method of accounting such as Nomura Research Institute, Ltd. and Nomura Land and Building Co., Ltd. was 18 as of March 31, 2011.

## 8. Major Lenders

Lender	Type of Loan	Loan Amount (in millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Long-term borrowing	220,732
Sumitomo Mitsui Banking Corporation	Long-term borrowing	165,000
	Short-term borrowing	55,000
Mizuho Corporate Bank, Ltd.	Long-term borrowing	55,000
	Short-term borrowing	120,000
Resona Bank, Ltd.	Long-term borrowing	70,000
	Short-term borrowing	30,000
Mitsubishi UFJ Trust and Banking Corporation	Long-term borrowing	67,000
	Short-term borrowing	33,000
The Chuo Mitsui Trust and Banking Company, Limited	Long-term borrowing	50,000
The Sumitomo Trust and Banking Co., Ltd.	Long-term borrowing	30,000
The Chiba Bank, Ltd.	Long-term borrowing	35,000
	Short-term borrowing	5,000
The Shizuoka Bank, Ltd.	Long-term borrowing	25,000
	Short-term borrowing	10,000
The Hachijuni Bank, Ltd.	Long-term borrowing	17,000
	Short-term borrowing	13,000
The Norinchukin Bank	Long-term borrowing	50,000
Shinkin Central Bank	Short-term borrowing	40,000
The Dai-ichi Life Insurance Company, Limited	Long-term borrowing	40,000
Nippon Life Insurance Company	Long-term borrowing	30,000

(Notes)

All short-term borrowings are long-term borrowings due within one year.

## 9. Capital Management Policy

We seek to enhance shareholder value and to capture growing business opportunities by maintaining sufficient levels of capital. We will continue to review our levels of capital as appropriate, taking into consideration the economic risks inherent to operating our businesses, the regulatory requirements, and maintaining our ratings necessary to operate businesses globally.

We believe that pursuing sustainable increase in shareholder value and paying dividends are essential to generating returns to our shareholders. We will strive to pay stable dividends using a consolidated payout ratio of 30 percent as a key indicator.

Dividend payments will be determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment, as well as the Nomura's consolidated operating results.

As a general rule, payment of dividends is on a semi-annual basis (record dates: September 30 and March 31), although pursuant to Article 459, Paragraph 1 of the Companies Act, we have established in our Articles of Incorporation the capability of the Board of Directors to declare a distribution of surplus on the basis of any of the following record dates in a fiscal year: June 30, September 30, December 31, and March 31.

With respect to the retained earnings, in order to implement measures to adapt to regulatory changes and to increase shareholder value, we seek to efficiently invest in business areas where high profitability and growth may reasonably be expected, including the development and expansion of infrastructure.

We will consider repurchase of treasury stock as an option in our financial strategy to respond quickly to changes in the business environment and to increase shareholder value. We will make announcements immediately after any decision to set up a share buyback program and conduct such programs in accordance with internal guidelines.

## Dividends for the Fiscal Year

Based on our Capital Management Policy for the fiscal year ended March 31, 2011, we paid a dividend of 4.0 yen per share to shareholders of record as of September 30, 2010 and 4.0 yen per share to shareholders of record as of March 31, 2011. As a result, the total annual dividend was 8.0 yen per share.

The following table sets forth the details of dividends paid for the fiscal year ended March 31, 2011:

<u>Resolution of Board of Directors</u>	<u>Record Date</u>	<u>Total Amount of Dividends (in millions of yen)</u>	<u>Dividend Per Share (yen)</u>
October 29, 2010	September 30, 2010	14,402	4.00
April 28, 2011	March 31, 2011	14,408	4.00

## 10. Other Important Matters Related to the Situation of the Corporate Group

### Mergers

On May 13, 2011, NHI passed a resolution to acquire additional shares of common stock issued by one of its related companies, Nomura Land and Building Co., Ltd. (“NLB”) converting NLB into a subsidiary of NHI, and then to implement a stock for stock exchange converting NLB into a wholly owned subsidiary of NHI, effective from July 1, 2011. NHI plans to issue 103,429,360 new shares (approximately 2.8% of the total number of NHI’s issued shares as of March 31, 2011) for the stock for stock exchange to be implemented by way of a simplified procedure (*kan’i kabushiki kokan*) in accordance with Article 796, Paragraph 3 of the Companies Act. Consequently, NLB’s subsidiaries, including Nomura Real Estate Holdings, Inc., will also become consolidated subsidiaries of NHI.

## II. Stocks

### 1. Total Number of Authorized Shares: 6,000,000,000 shares

The total number of classes of shares authorized to be issued in each class is as follows.

<u>Type</u>	<u>Total Number of Shares Authorized to be Issued in Each Class</u>
Common Stock	6,000,000,000
Class 1 Preferred Stock	200,000,000
Class 2 Preferred Stock	200,000,000
Class 3 Preferred Stock	200,000,000
Class 4 Preferred Stock	200,000,000

### 2. Total Number of Issued Shares: Common Stock 3,719,133,241 shares

### 3. Number of Shareholders: 457,297

### 4. Major Shareholders (Top 10):

<u>Names of Shareholders</u>	<u>Number of Shares Owned and Percentage of Shares Owned</u>	
	<u>(in thousand shares)</u>	<u>(%)</u>
Japan Trustee Services Bank, Ltd. (Trust Account)	188,035	5.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	150,819	4.2
State Street Bank and Trust Company	117,076	3.3
SSBT OD 05 Omnibus Account — Treaty Clients	83,328	2.3
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	64,758	1.8
The Bank of New York Mellon as Depository Bank for Depository Receipt Holders	45,808	1.3
Japan Trustee Services Bank, Ltd. (Trust Account 9)	43,832	1.2
The Bank of New York JASDEC Treaty Account	33,840	0.9
Japan Trustee Services Bank, Ltd. (Trust Account 4)	33,420	0.9
State Street Bank West Client Treaty	31,064	0.9

(Notes)

- 1: NHI has 117,183 thousand shares of treasury stock as of March 31, 2011 which is not included in the major shareholders list above.
- 2: Figures for Percentage of Shares Owned are calculated excluding treasury stock.

## 5. Status of Treasury Stock Repurchase, Disposition and Number of Shares Held in Treasury:

### (1) Repurchased shares

Common Stock	75,030,934 shares
Total Repurchase Amount (in thousands of yen)	37,377,744
of which, shares repurchased pursuant to a resolution of the Board	
Common Stock	75,000,000 shares
Total Repurchase Amount (in thousands of yen)	37,361,695
Reason for Repurchase	

To use the acquired treasury stock to issue shares upon the exercise of stock options (stock acquisition rights).

### (2) Shares Disposed

Common Stock	6,873,009 shares
Aggregate Amount of Disposition (in thousands of yen)	8,158,313

### (3) Number of Shares Held in Treasury as of March 31, 2011

Common Stock	117,183,399 shares
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## III. Stocks Acquisition Rights

### 1. Stock Acquisition Rights as of March 31, 2011

<u>Name of Stock Acquisition Rights</u>	<u>Allotment Date</u>	<u>Number of Stock Acquisition Rights</u>	<u>Number of Shares under Stock Acquisition Rights</u>	<u>Period for the Exercise of Stock Acquisition Rights</u>	<u>Exercise Price per Share under Stock Acquisition Rights (yen)</u>
Stock Acquisition Rights No.3	June 4, 2004	79	79,000	From June 5, 2006 to June 4, 2011	1
Stock Acquisition Rights No.4	August 16, 2004	1,224	1,224,000	From July 1, 2006 to June 30, 2011	1,311
Stock Acquisition Rights No.5	April 25, 2005	6	6,000	From April 26, 2007 to April 25, 2012	1
Stock Acquisition Rights No.6	June 3, 2005	172	172,000	From June 4, 2007 to June 3, 2012	1
Stock Acquisition Rights No.8	July 25, 2005	14,888	1,488,800	From July 1, 2007 to June 30, 2012	1,152
Stock Acquisition Rights No.9	April 24, 2006	1,357	135,700	From April 25, 2008 to April 24, 2013	1
Stock Acquisition Rights No.10	June 12, 2006	3,427	342,700	From June 13, 2008 to June 12, 2013	1
Stock Acquisition Rights No.11	July 14, 2006	17,600	1,760,000	From July 7, 2008 to July 6, 2013	1,793
Stock Acquisition Rights No.12	October 10, 2006	47	4,700	From October 11, 2008 to October 10, 2013	1
Stock Acquisition Rights No.13	April 25, 2007	6,172	617,200	From April 26, 2009 to April 25, 2014	1
Stock Acquisition Rights No.14	June 21, 2007	5,536	553,600	From June 22, 2009 to June 21, 2014	1
Stock Acquisition Rights No.15	August 1, 2007	1,130	113,000	From August 2, 2009 to August 1, 2014	1,940
Stock Acquisition Rights No.16	August 1, 2007	18,350	1,835,000	From August 2, 2009 to August 1, 2014	1,940
Stock Acquisition Rights No.17	August 1, 2007	4,002	400,200	From August 2, 2009 to August 1, 2014	1
Stock Acquisition Rights No.18	October 19, 2007	218	21,800	From October 20, 2009 to October 19, 2014	1

<u>Name of Stock Acquisition Rights</u>	<u>Allotment Date</u>	<u>Number of Stock Acquisition Rights</u>	<u>Number of Shares under Stock Acquisition Rights</u>	<u>Period for the Exercise of Stock Acquisition Rights</u>	<u>Exercise Price per Share under Stock Acquisition Rights (yen)</u>
Stock Acquisition Rights No.19	April 23, 2008	12,251	1,225,100	From April 24, 2010 to April 23, 2015	1
Stock Acquisition Rights No.20	June 23, 2008	1,227	122,700	From June 24, 2010 to June 23, 2015	1
Stock Acquisition Rights No.21	June 23, 2008	4,536	453,600	From June 24, 2010 to June 23, 2015	1
Stock Acquisition Rights No.22	August 5, 2008	1,100	110,000	From August 6, 2010 to August 5, 2015	1,333
Stock Acquisition Rights No.23	August 5, 2008	19,160	1,916,000	From August 6, 2010 to August 5, 2015	1,333
Stock Acquisition Rights No.24	August 5, 2008	30	3,000	From August 6, 2010 to August 5, 2015	1
Stock Acquisition Rights No.26	November 10, 2008	156	15,600	From November 11, 2010 to November 10, 2015	1
Stock Acquisition Rights No.27	November 10, 2008	594	59,400	From November 11, 2010 to November 10, 2015	1
Stock Acquisition Rights No.28	April 30, 2009	76,074	7,607,400	From May 1, 2011 to April 30, 2016	1
Stock Acquisition Rights No.29	June 16, 2009	4,811	481,100	From June 17, 2011 to June 16, 2016	1
Stock Acquisition Rights No.30	June 16, 2009	10,674	1,067,400	From June 17, 2011 to June 16, 2016	1
Stock Acquisition Rights No.31	August 5, 2009	1,760	176,000	From August 6, 2011 to August 5, 2016	757
Stock Acquisition Rights No.32	August 5, 2009	23,400	2,340,000	From August 6, 2011 to August 5, 2016	757
Stock Acquisition Rights No.33	November 25, 2009	5,781	578,100	From November 26, 2011 to November 25, 2016	1
Stock Acquisition Rights No.34	May 18, 2010	22,086	2,208,600	From May 19, 2012 to May 18, 2017	1
Stock Acquisition Rights No.35	May 18, 2010	78,304	7,830,400	From May 19, 2012 to May 18, 2017	1
Stock Acquisition Rights No.36	May 18, 2010	22,118	2,211,800	From May 19, 2013 to May 18, 2017	1
Stock Acquisition Rights No.37	July 28, 2010	329,000	32,900,000	From April 30, 2012 to April 29, 2017	1
Stock Acquisition Rights No.38	July 28, 2010	106,899	10,689,900	From April 30, 2013 to April 29, 2018	1
Stock Acquisition Rights No.39	November 6, 2010	28,550	2,855,000	From November 16, 2012 to November 15, 2017	487

(Notes)

- 1: Stock acquisition rights are issued in conjunction with NHI's equity-based compensation plan and no payment is required for stock acquisition rights.
- 2: Any transfer of stock acquisition rights is subject to approval by the Board of Directors of NHI.
- 3: No stock acquisition rights shall be exercised partially. Grantees who lose their positions as executives or employees due to retirement or other similar reasons before the commencement of the exercise period will, in principle, forfeit their stock acquisition rights.
- 4: Number of shares per a stock acquisition right is 1,000 shares of common stock of NHI for Stock Acquisition Rights No.3 to No.6, and 100 shares of common stock of NHI for Stock Acquisition Rights No.8 to No.39.
- 5: Number of stock acquisition rights and number of shares under stock acquisition rights are as of March 31, 2011.
- 6: Stock Acquisition Rights No.3 to No.14, No.16 to No.19, No.21, No.23, No.27, No.28, No.30, No.32, No.33, No.35 and No.36 were issued in accordance with the approval of "issuance under especially favorable conditions" at the Annual Meeting of Shareholders.

7: Stock Acquisition Rights No.1, No.2, No.7 and No.25 were all extinguished by exercise, forfeiture as referred to in Note 3 above, or expiration of exercise period.

## 2. Stock Acquisition Rights Held by the Directors and Executive Officers of NHI as of the end of the fiscal year

<u>Name of Stock Acquisition Rights</u>	<u>Directors and Executive Officers (excluding Outside Directors)</u>		<u>Outside Directors</u>	
	<u>Number of Stock Acquisition Rights</u>	<u>Number of Holders</u>	<u>Number of Stock Acquisition Rights</u>	<u>Number of Holders</u>
Stock Acquisition Rights No.3	—	—	3	1
Stock Acquisition Rights No.4	97	9	10	2
Stock Acquisition Rights No.6	10	1	3	1
Stock Acquisition Rights No.8	850	9	80	2
Stock Acquisition Rights No.10	581	4	40	1
Stock Acquisition Rights No.11	700	10	40	2
Stock Acquisition Rights No.14	599	5	60	2
Stock Acquisition Rights No.15	230	4	40	2
Stock Acquisition Rights No.16	450	6	—	—
Stock Acquisition Rights No.20	514	5	60	2
Stock Acquisition Rights No.21	267	3	—	—
Stock Acquisition Rights No.22	430	6	80	4
Stock Acquisition Rights No.23	300	4	20	1
Stock Acquisition Rights No.24	—	—	30	1
Stock Acquisition Rights No.29	2,224	9	120	4
Stock Acquisition Rights No.30	180	1	30	1
Stock Acquisition Rights No.31	680	9	100	5
Stock Acquisition Rights No.32	50	1	—	—
Stock Acquisition Rights No.34	14,429	9	—	—
Stock Acquisition Rights No.35	235	1	—	—

(Note)

Number of stock acquisition rights is as of March 31, 2011.

## 3. Stock Acquisition Rights Issued to the Employees and Others during the fiscal year ended March 31, 2011

<u>Name of Stock Acquisition Rights</u>	<u>Employees (excluding employees who are concurrently serving as Directors/Executive Officers of NHI)</u>		<u>Executives and Employees in subsidiary companies (excluding employees who are concurrently serving as Directors/Executive Officers and Employees of NHI)</u>	
	<u>Number of Stock Acquisition Rights</u>	<u>Number of Holders</u>	<u>Number of Stock Acquisition Rights</u>	<u>Number of Holders</u>
Stock Acquisition Rights No.34	3,761	9	—	—
Stock Acquisition Rights No.35	—	—	85,056	98
Stock Acquisition Rights No.36	—	—	28,780	9
Stock Acquisition Rights No.37	—	—	343,689	701
Stock Acquisition Rights No.38	—	—	112,266	346
Stock Acquisition Rights No.39	—	—	28,700	1,146

(Note)

Number of stock acquisition rights as of each allotment date.

## 4. Other Significant Matters concerning Stock Acquisition Rights

On May 19, 2011, NHI passed a resolution to issue Stock Acquisition Rights No. 40, Stock Acquisition Rights No. 41 and Stock Acquisition Rights No. 42 as equity-based compensation to executives and employees of NHI as well as executives and employees of subsidiaries of NHI. The allotment date was set for June 7, 2011. A total of 641,613 stock acquisition rights were granted, and the number of shares of common stock under the stock acquisition rights is expected to be 64,161,300 shares. The exercise price of the stock acquisition rights was set at 1.0 yen per share.

## IV. Management

### 1. Directors

Position	Name	Responsibilities	Significant Concurrent Positions
Chairman of the Board of Directors	Junichi Ujii	Chairman of the Nomination Committee Chairman of the Compensation Committee	
Director	Kenichi Watanabe	President & Chief Executive Officer	Director and President & Chief Executive Officer of Nomura Securities Co., Ltd.
Director	Takumi Shibata	Deputy President & Chief Operating Officer	Director and Deputy President & COO of Nomura Securities Co., Ltd.
Director (Outside)	Hideaki Kubori	Member of the Nomination Committee Member of the Compensation Committee	Chairman of Hibiya Park Law Offices Outside Statutory Auditor of SOURCENEXT CORPORATION Supervisory Committee of The Norinchukin Bank Outside Director of Nomura Securities Co., Ltd.
Director (Outside)	Masahiro Sakane	Member of the Nomination Committee Member of the Compensation Committee	Chairman of Komatsu Ltd. Outside Director of Tokyo Electron Limited Outside Director of ASAHI GLASS Co., Ltd. Outside Director of Nomura Securities Co., Ltd.
Director (Outside)	Haruo Tsuji	Chairman of the Audit Committee	Corporate Advisor of Sharp Corporation Outside Director of Kobayashi Pharmaceutical Co., Ltd. Outside Director of SEIREN Co., Ltd. Outside Director of Nomura Securities Co., Ltd.
Director (Outside)	Tsuguoki Fujinuma	Member of the Audit Committee	Outside Director of Tokyo Stock Exchange Group, Inc. Governor of Tokyo Stock Exchange Regulation Outside Statutory Auditor of Sumitomo Corporation Outside Statutory Auditor of Takeda Pharmaceutical Company Limited Outside Director of Sumitomo Life Insurance Company Outside Statutory Auditor of Seven & i Holdings Co., Ltd. Outside Director of Nomura Securities Co., Ltd.
Director (Outside)	Hajime Sawabe	Member of the Audit Committee	Chairman of TDK Corporation Outside Director of Asahi Glass Co., Ltd. Outside Director of TEIJIN LIMITED Outside Director of Nomura Securities Co., Ltd.
Director	Masanori Itatani	Audit Mission Director	Director of Nomura Securities Co., Ltd.
Director	Masanori Nishimatsu	Audit Mission Director	Outside Director of Nomura Asset Management Co., Ltd. Outside Director of The Nomura Trust & Banking Co., Ltd.
Director (Outside)	Colin Marshall	—	Chairman of Pirelli UK Limited Chairman of Nomura Europe Holdings plc Chairman of Nomura International plc
Director (Outside)	Clara Furse	—	Non-Executive Director of Legal & General Group plc Non-Executive Director of Nomura Europe Holdings plc Non-Executive Director of Nomura International plc Non-Executive Director of Amadeus IT Holding SA

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(Notes)

- 1: Directors Hideaki Kubori, Masahiro Sakane, Haruo Tsuji, Tsuguoki Fujinuma, Hajime Sawabe, Colin Marshall and Clara Furse satisfy the requirements for Outside Directors respectively stipulated in Article 2, Item 15 of the Companies Act and the requirements for Independent Directors as specified in Article 436-2 of Securities Listing Regulations of Tokyo Stock Exchange, Inc.
- 2: Director Tsuguoki Fujinuma, a member of the Audit Committee, is a certified public accountant with considerable expertise in financial and accounting related matters.
- 3: Nomura Securities Co., Ltd., Nomura Europe Holdings plc and Nomura International plc are wholly-owned subsidiaries of NHI. There are no special relationships between other companies in which Outside Directors hold posts and NHI.
- 4: Masanori Nishimatsu, Colin Marshall and Clara Furse were newly elected and appointed as Directors at the 106<sup>th</sup> annual meeting of shareholders held on June 25, 2010.

## 2. Matters Relating to Outside Directors

### Status of Activities of Outside Directors

Name	Status of Principal Activities
Hideaki Kubori	Attended all of the ten Board of Directors meetings, all of the four Nomination Committee meetings and all of the three Compensation Committee meetings held during the fiscal year and contributed comments based on his expertise as a lawyer with extensive knowledge in corporate law.
Masahiro Sakane	Attended nine of the ten Board of Directors meetings, all of the four Nomination Committee meetings and all of the three Compensation Committee meetings held during the fiscal year and contributed comments based on his rich knowledge and experience as a corporate manager for many years.
Haruo Tsuji	Attended all of the ten Board of Directors meetings and all of the 23 Audit Committee meetings held during the fiscal year and contributed comments based on his rich knowledge and experience as a corporate manager for many years.  As chairman of the Audit Committee, he reported to the Board of Directors on the status of activities by the Audit Committee and its audit-related findings.
Tsuguoki Fujinuma	Attended nine of the ten Board of Directors meetings and 22 of the 23 Audit Committee meetings held during the fiscal year and contributed comments based on his expertise as a certified public accountant with extensive knowledge of international accounting systems.
Hajime Sawabe	Attended all of the ten Board of Directors meetings and 22 of the 23 Audit Committee meetings held during the fiscal year and contributed comments based on his rich knowledge and experience as a corporate manager for many years.
Colin Marshall	After taking office as a Director, he attended six of the eight Board of Directors meetings held during the fiscal year and contributed comments based on his rich knowledge and experience as a corporate manager for many years and engaging his experience in managing British Airways and other companies.
Clara Furse	After taking office as a Director, she attended all of the eight Board of Directors meetings held during the fiscal year and contributed comments based on her rich knowledge and experience in the financial business and engaging her experience in managing the London Stock Exchange.

### Overview of the content of Limitation of Liability Agreement

NHI has entered into agreements with all seven Outside Directors that limit their liabilities to NHI under Article 423, Paragraph 1 of the Companies Act. The liability under the agreement is limited up to the higher of 20 million yen or the amount prescribed by laws and ordinances.



### 3. Executive Officers

<u>Position</u>	<u>Name</u>	<u>Responsibilities</u>	<u>Significant Concurrent Positions</u>
Representative Executive Officer President	Kenichi Watanabe	Chief Executive Officer (CEO)	See "1. Directors"
Representative Executive Officer Deputy President	Takumi Shibata	Chief Operating Officer (COO) Wholesale Chairman & CEO	See "1. Directors"
Executive Managing Director	Hitoshi Tada	Retail CEO	Deputy President of Nomura Securities Co., Ltd.
Executive Managing Director	Atsushi Yoshikawa	Asset Management CEO	Director and President of Nomura Asset Management Co., Ltd.
Executive Managing Director	Hiroshi Tanaka	Group CAO* (Group Compliance Head Chief Information Officer (CIO), Head of Global Operations) *CAO: Chief Administrative Officer	Representative Executive Officer and Executive Vice President of Nomura Securities Co., Ltd.
Executive Managing Director	Masafumi Nakada	Chief Financial Officer (CFO)	Executive Managing Director of Nomura Securities Co., Ltd.
Executive Managing Director	Noriaki Nagai	Head of Corporate Office	Executive Managing Director of Nomura Securities Co., Ltd.

(Notes)

- 1: Kenichi Watanabe and Takumi Shibata are serving concurrently as Directors.
- 2: Hiroshi Tanaka, Masafumi Nakada and Noriaki Nagai resigned from the post of Executive Managing Director effective as of March 31, 2011.
- 3: Junko Nakagawa was appointed as Executive Managing Director effective as of April 1, 2011.

### 4. Compensation paid to Directors and Executive Officers

	<u>Number of People</u> <sup>(1)</sup>	<u>Total Amount Paid</u> <u>(in millions of yen)</u>	<u>Notes</u>
Directors	13	447	
(Outside Directors)	(8)	(172)	
Executive Officers	10	899	
Total	23	1,346	(2)

(Notes)

- 1: Number of people includes 3 Directors (with 1 Outside Director) who have finished their term of office as of June 25, 2010 and 3 Executive Officers. There are 12 Directors, 7 Executive Officers as of March 31, 2011, of which 2 Directors are concurrently serving as the Executive Officers. Their compensation is included in the figure for the Executive Officers.
- 2: 1,346 million yen of Total Amount Paid include 431 million yen in stock option based compensation (equity-based compensation) (number of grantees: 21) and 38 million yen in cash bonuses (number of grantees: 6).

## **5. Matters relating to Individual Directors and Executive Officers' Compensation Determined by Compensation Committee**

### **(1) Method of Determining Compensation Policies**

As NHI is organized under the Committee System, the Compensation Committee has set the “Compensation Policy of Nomura Group” and “Compensation Policy for Directors and Officers of Nomura Holdings, Inc.”

### **(2) Compensation Policy of Nomura Group**

The “Compensation Policy of Nomura Group” is as follows:

Nomura Group is establishing its status firmly as a globally competitive financial services group. To support this, we recognize that our people are our most valuable asset. We have therefore established and maintained a competitive compensation structure that reflects and supports our values and business strategy.

We have developed our Compensation Policy for both executives and employees of Nomura Group to ensure we attract, retain, motivate and develop talent that enables us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver client excellence, compete in a global market and enhance our reputation.

Our Compensation Policy is based around six key themes:

#### **i) Align with Nomura Values and Strategies**

- Compensation is designed to support delivery against the broader strategic aims of our group.
- Levels and structures of compensation reflect the needs of each business line and allow our group to effectively compete for key talent in the market.
- We develop our staff to support the Nomura values.

#### **ii) Reflect Firm, Division and Individual Performance**

- “Pay for Performance” is our fundamental principle to motivate and reward our key talent regardless of personal background.
- We manage compensation on a firm-wide basis, taking into account the performance of the whole Group and supporting our ethos of sustainable growth, collaboration and client service. This enables us to manage strategic investments and still operate market-competitive compensation practices.
- An individual’s compensation is determined by properly reflecting the whole Group, division and individual performance, ensuring that it is aligned with both the business strategy and market considerations.
- Individual compensation award decisions are underpinned by valid and rigorous performance management processes and supporting systems.

#### **iii) Establish Appropriate Performance Measurement with a Focus on Risk**

- Compensation is not determined by reference solely to revenues. Risk-adjusted profits are being emphasized in our management information and performance systems and processes.
- In addition, qualitative factors such as cross-divisional collaboration, risk management, alignment with organizational values, and compliance are stressed when evaluating performance.
- Performance measurement reflects the business needs, taking account of risk associated with each business. Such risk includes market, credit, operational, and liquidity risk among others.
- In assessing and measuring risk for compensation, input and advice is received from the risk management and finance divisions.

#### **iv) Align Employee and Shareholder Interests**

- Compensation of Group executives and higher paid employees should reflect the achievement of targets which are in line with the creation of shareholder value.
- For higher paid executives and employees, a part of their compensation is delivered in equity-based compensation with appropriate non-exercise periods to ensure that their interests are closely aligned with those of shareholders.
- Longer term compensation for key staff is set to reflect sustainable share price performance.

v) Appropriate Compensation Structures

- The compensation structure reflects our desire to grow and develop our talent. It is merit based, reflecting performance and is regularly reviewed to ensure its fairness.
- For higher paid executives and employees, a significant portion of compensation is deferred, balancing short-term interests with longer-term stewardship of our group.
- Deferred compensation should be subject to forfeiture or “clawback” in the event of a material restatement of earnings or other significant harm to our business.
- The percentage of deferral increases as an employee’s total compensation increases. A part of deferred compensation is delivered in mid/long-term incentive plans, such as equity based compensation with appropriate non-exercise periods.
- Guarantees of bonus/compensation should be allowed only in limited circumstances such as new hiring or strategic business needs, and multi-year guarantees should not be used as a matter of course.
- There should be no special or expensive retirement/severance guarantees for senior executives.
- We will respect all areas in which it operates and will seek to ensure pay structures reflect the needs of the organization as well as regulatory and government bodies.

vi) Ensure Robust Governance and Control Processes

- This Policy and any change hereof must be approved by Nomura Holdings’ Compensation Committee, a majority of which consists of non-executive outside directors.
- The Compensation Committee of Nomura Holdings decides individual amounts as well as compensation policy for Directors and Executive Officers of Nomura Holdings, in line with this Policy.
- Globally, we have instituted a review and authorization policy for senior or high-level contracts ensuring consistency with this Policy. This is administered by Human Resources, involves Finance, Risk Management and Regional Compensation Committees and is reviewed by the Executive Managing Board.
- Compensation for employees of risk management and compliance functions is determined independently of other business divisions.
- The Compensation Committee uses market and specialist advisory groups to advice on appropriate compensation structures and levels as necessary.

(3) Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.

“Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.” is as follows:

Compensation of Directors and Executive Officers is composed of base salary, cash bonus and long-term incentive plans.

i) Base Salary

- Base salary is determined based on factors such as professional background, career history, responsibilities and compensation standards of related business fields.
- A portion of base salary may be paid in equity-based compensation form with a certain non-exercise period to ensure that interests of Directors and Executive Officers are closely aligned with those of shareholders.

ii) Cash Bonus

- Cash bonuses of Directors and Executive Officers are determined by taking into account both quantitative and qualitative factors. Quantitative factors include performance of the whole Group and business division results. Qualitative factors include achievement of individual goals and subjective assessment of individual contribution.
- Depending on the level of bonus payment, a portion of payment in cash may be deferred. In addition, a portion of deferred bonus may be paid in equity-based compensation form with a certain non-exercise period in lieu of cash to ensure that interests of Directors and Executive Officers are closely aligned with those of shareholders. Such deferred bonus may be unpaid or forfeited under specific circumstances.

iii) Long-term Incentive Plan

- Long-term incentive plans may be awarded to Directors and Executive Officers, depending on their individual responsibilities and performance.
- Payments under long-term incentive plans are made when a certain degree of achievements are accomplished. Payments are made in equity-based compensation form with a certain non-exercise period to ensure that their mid/long-term interests are closely aligned with those of shareholders.

**V. Matters Relating to Independent Auditor**

**1. Name: Ernst & Young ShinNihon LLC**

**2. Audit Fees**

<u>Item</u>	<u>Amount</u>
(1) Audit fees	806 million yen
(2) Total amount of cash and other financial benefits payable by NHI and its subsidiaries to the Independent Auditor	1,276 million yen

(Notes)

1. The audit contract between NHI and the Independent Auditor does not separate the audit fees based on the Companies Act and the Financial Instruments and Exchange Act. Since the audit fees based on the Companies Act and the Financial Instruments and Exchange Act could not be substantively separated, the amount of audit fees above includes the audit fees based on the Financial Instruments and Exchange Act.
2. In addition to the services pursuant to the Article 2, Paragraph 1 of the Certified Public Accountant Act, NHI and its subsidiaries pay compensation to the Independent Auditor with respect to verification services on compliance with the segregation of customers' assets requirements etc.
3. Significant overseas subsidiaries of NHI are subject to audit (pursuant to the Companies Act or the Financial Instruments and Exchange Act and their equivalent foreign regulations) by certified public accountants or auditing firms (who hold equivalent qualifications in foreign countries) other than NHI's Independent Auditor.

**3. Dismissal or Non-Reappointment Policy**

- (1) The Audit Committee shall dismiss the Independent Auditor in cases where the committee determines that any of the items stipulated under Article 340, Paragraph 1 of the Companies Act applies to the Independent Auditor.
- (2) In cases where the Audit Committee determines that the Independent Auditor has issues in terms of the fairness of its auditing, or that a more appropriate audit structure needs to be built, the committee shall place the dismissal or non-reappointment of the Independent Auditor on the agenda to be deliberated at the annual meeting of shareholders.

Note: Monetary values and number of shares stated in this report are rounded up or down to the nearest unit of disclosure.

**Consolidated Balance Sheet (As of March 31, 2011)**

	<u>(Millions of yen)</u>
<b>ASSETS</b>	
Cash and cash deposits:	2,150,453
Cash and cash equivalents	1,620,340
Time deposits	339,419
Deposits with stock exchanges and other segregated cash	190,694
Loans and receivables:	2,227,822
Loans receivable	1,271,284
Receivables from customers	32,772
Receivables from other than customers	928,626
Allowance for doubtful accounts	(4,860)
Collateralized agreements:	15,156,318
Securities purchased under agreements to resell	9,558,617
Securities borrowed	5,597,701
Trading assets and private equity investments:	15,241,931
Trading assets	14,952,511
Private equity investments	289,420
Other assets:	1,916,466
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of 300,075 million yen)	392,036
Non-trading debt securities	591,797
Investments in equity securities	91,035
Investments in and advances to affiliated companies	273,105
Other	568,493
<b>TOTAL ASSETS</b>	<b><u>36,692,990</u></b>
<b>LIABILITIES</b>	
Short-term borrowings	1,167,077
Payables and deposits:	2,103,608
Payables to customers	880,429
Payables to other than customers	410,679
Deposits received at banks	812,500
Collateralized financing:	13,686,438
Securities sold under agreements to repurchase	10,813,797
Securities loaned	1,710,191
Other secured borrowings	1,162,450
Trading liabilities	8,688,998
Other liabilities	552,316
Long-term borrowings	8,402,917
<b>TOTAL LIABILITIES</b>	<b><u>34,601,354</u></b>
<b>Commitments and contingencies</b>	
<b>EQUITY</b>	
Common stock	594,493
Authorized – 6,000,000,000 shares	
Issued – 3,719,133,241 shares	
Outstanding – 3,600,886,932 shares	
Additional paid-in capital	646,315
Retained earnings	1,069,334
Accumulated other comprehensive income	(129,696)
Common stock held in treasury, at cost – 118,246,309 shares	(97,692)
Total Nomura Holdings, Inc. shareholders' equity	2,082,754
Noncontrolling interests	8,882
<b>TOTAL EQUITY</b>	<b><u>2,091,636</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>36,692,990</u></b>

**Consolidated Statement of Income** (April 1, 2010 — March 31, 2011)

	<u>(Millions of Yen)</u>
Commissions	405,463
Fees from investment banking	107,005
Asset management and portfolio service fees	143,939
Net gain on trading	336,503
Gain on private equity investments	19,292
Interest and dividends	346,103
Loss on investments in equity securities	(16,677)
Other	43,864
Total revenue	<u>1,385,492</u>
Interest expense	<u>254,794</u>
Net revenue	<u>1,130,698</u>
Compensation and benefits	518,993
Commissions and floor brokerage	92,088
Information processing and communications	182,918
Occupancy and related depreciation	87,843
Business development expenses	30,153
Other	125,448
Non-interest expenses	<u>1,037,443</u>
Income before income taxes	93,255
Income tax expense	<u>61,330</u>
Net income	31,925
Less: Net income attributable to noncontrolling interests	<u>3,264</u>
Net income attributable to Nomura Holdings Inc.'s shareholders	<u>28,661</u>

## **Consolidated Statement of Changes in Equity**

(April 1, 2010 — March 31, 2011)

	<u>(Millions of Yen)</u>
<b>Common Stock</b>	
Balance at beginning of year	594,493
Balance at end of year	<u>594,493</u>
<b>Additional paid-in capital</b>	
Balance at beginning of year	635,828
Gain on sales of treasury stock	3,191
Issuance and exercise of common stock options	7,296
Balance at end of year	<u>646,315</u>
<b>Retained earnings</b>	
Balance at beginning of year	1,074,213
Cumulative effect of change in accounting principle <sup>(1)</sup>	(4,734)
Net income attributable to Nomura Holdings Inc.'s shareholders	28,661
Cash dividends	(28,806)
Balance at end of year	<u>1,069,334</u>
<b>Accumulated other comprehensive income:</b>	
<b>Cumulative translation adjustments</b>	
Balance at beginning of year	(74,330)
Net change during the year	(23,096)
Balance at end of year	(97,426)
<b>Defined benefit pension plans</b>	
Balance at beginning of year	(34,802)
Pension liability adjustment	2,532
Balance at end of year	<u>(32,270)</u>
Balance at end of year	<u>(129,696)</u>
<b>Common stock held in treasury</b>	
Balance at beginning of year	(68,473)
Repurchases of common stock	(37,378)
Sales of common stock	4
Common stock issued to employees	8,155
Balance at end of year	<u>(97,692)</u>
<b>Total NHI shareholders' equity</b>	
Balance at end of year	<u>2,082,754</u>
<b>Noncontrolling Interests</b>	
Balance at beginning of year	6,085
Cash dividends	(100)
Net income attributable to noncontrolling interests	3,264
Accumulated other comprehensive income (loss) attributable to noncontrolling interest Cumulative translation adjustments	(1,055)
Purchase/Sale (Disposition) of subsidiary shares, etc., net	0
Other net change in noncontrolling interests	688
Balance at end of year	<u>8,882</u>
<b>Total equity Balance at end of year</b>	<u>2,091,636</u>

- (1) *Cumulative effect of change in accounting principle* are adjustments to initially apply Accounting Standards Updates "ASU" No. 2009-17, "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities" ("ASU 2009-17").

## Report of Independent Auditors

May 10, 2011

The Board of Directors  
Nomura Holdings, Inc.

Ernst & Young ShinNihon LLC

Koichi Hanabusa  
Certified Public Accountant  
Designated and Engagement Partner

Hiroki Matsumura  
Certified Public Accountant  
Designated and Engagement Partner

Yuichiro Sakurai  
Certified Public Accountant  
Designated and Engagement Partner

Junko Kamei  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Nomura Holdings, Inc. (the "Company") applicable to the fiscal year from April 1, 2010 through March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which consisted of Nomura Holdings, Inc. and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2011 in conformity with accounting principles generally accepted in the United States pursuant to Article 3, Paragraph 1 of the Supplementary Provisions of the Ordinance for Company Calculation (Ministry of Justice Ordinance No.46 of 2009)(refer to No.1 of Significant Basis of Presentation of Consolidated Financial Statements of the notes to the consolidated financial statements).

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of Nomura Holdings, Inc., prepared in Japanese, for the year ended March 31, 2011. Ernst & Young ShinNihon LLC have not audited the English language version of the consolidated financial statements for the above-mentioned year.



## Report of the Audit Committee on the Consolidated Financial Statements

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of Nomura Holdings, Inc. (the “Company”) has audited the Company’s consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements) applicable to the 107th fiscal year (from April 1, 2010 to March 31, 2011) and, based on the method, details and result of the audit, we hereby report as follows:

#### 1. METHOD AND DETAILS OF THE AUDIT

In accordance with the auditing principles and assignment of duties determined by the Audit Committee, each member of the Audit Committee received the report from the Executive Managing Directors of the Company regarding to the consolidated financial statements of the Company, and asked for the explanations as necessary. In addition, we have monitored and verified whether the Independent Auditor maintained its independent position and implemented appropriate audit, and we received reports from Independent Auditor regarding the status of the performance of its duties and, whenever necessary, asked for explanations. Furthermore, we have been notified by the Independent Auditor that the “Structure for Ensuring Appropriate Operation” (matters set forth in each items prescribed in Article 131 of the Ordinance for Company Calculation) is organized in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and the like, and, when necessary, asked for explanations.

Based on the above methods, we have examined the consolidated financial statements.

#### 2. RESULT OF THE AUDIT

We acknowledge that both the method and result of the audit by Ernst & Young ShinNihon LLC, the Company’s Independent Auditor, are appropriate.

#### 3. SUBSEQUENT EVENTS

1. As referred in I-10. “Other Important Matters Related to the Situation of the Corporate Group” in the Report for the 107th fiscal year, a resolution for the Company to acquire further shares of common stock issued by Nomura Land and Building Co., Ltd. (“NLB”) and convert NLB into a subsidiary of the Company was passed on May 13, 2011. Consequently, the subsidiaries of NLB, including Nomura Real Estate Holdings, Inc., will also become consolidated subsidiaries of the Company.
2. As referred in III-4. “Other Significant Matters concerning Stock Acquisition Rights” in the Report for the 107th fiscal year, a resolution to issue Stock Acquisition Rights as stock options to executives and employees of the Company as well as executives and employees of subsidiaries of the Company was passed on May 19, 2011.

May 19, 2011

THE AUDIT COMMITTEE OF  
NOMURA HOLDINGS, INC.

Haruo Tsuji, Chairman

Tsuguoki Fujinuma

Hajime Sawabe

Note: Messrs. Haruo Tsuji, Tsuguoki Fujinuma and Hajime Sawabe are outside directors as stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

**Balance Sheet** (As of March 31, 2011)

		<u>(Millions of yen)</u>
<b>ASSETS</b>		
Current Assets:		2,891,397
Cash and time deposits		2,830
Certificate deposits		17,000
Money held in trust		28,767
Short-term loans receivable		2,790,756
Accounts receivable		15,739
Deferred tax assets		1,116
Others		35,190
Fixed Assets:		2,387,184
Tangible fixed assets:		46,290
Buildings		17,437
Furniture & fixtures		20,013
Land		8,839
Intangible assets:		96,817
Software		96,816
Others		1
Investments and others:		2,244,077
Investment securities		123,632
Investments in subsidiaries and affiliates (at cost)		1,451,145
Other securities of subsidiaries and affiliates		8,691
Long-term loans receivable from subsidiaries and affiliates		477,565
Long-term guarantee deposits		34,839
Deferred tax assets		110,548
Others		37,690
Allowance for doubtful accounts		(32)
<b>TOTAL ASSETS</b>		<u>5,278,581</u>
<b>LIABILITIES</b>		
Current Liabilities:		831,833
Short-term borrowings		562,641
Bond due within one year		166,638
Collaterals received		42,339
Accrued income taxes		223
Accrued bonuses		975
Others		59,016
Long-term Liabilities:		2,681,854
Bonds payable		1,502,484
Long-term borrowings		1,175,248
Others		4,123
<b>TOTAL LIABILITIES</b>		<u>3,513,687</u>
<b>NET ASSETS</b>		
Shareholders' equity:		1,681,019
Common stock		594,493
Additional paid-in capital:		531,582
Capital reserves		524,197
Other capital reserves		7,384
Retained earnings:		650,449
Retained earnings reserve		81,858
Other retained earnings		568,591
Reserve for specified fixed assets		8
Retained earnings carried forward		568,582
Treasury stock		(95,504)
Valuation and translation adjustments:		52,339
Net unrealized gain on investments		22,234
Deferred gains or loss on hedges		30,105
Stock acquisition rights		31,536
<b>TOTAL NET ASSETS</b>		<u>1,764,894</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>5,278,581</u>

**Statement of Operations** (April 1, 2010 – March 31, 2011)

	<u>(Millions of yen)</u>
<b>Operating revenue</b>	219,875
Property and equipment fee revenue	108,470
Rent revenue	38,076
Royalty on trademark	19,347
Dividend from subsidiaries and affiliates	11,391
Others	42,590
<b>Operating expenses</b>	210,064
Compensation and benefits	27,360
Occupancy and equipment costs	46,619
Data processing and office supplies	41,067
Depreciation and amortization	44,951
Others	8,820
Interest expenses	41,247
Operating income	<u>9,812</u>
Non-operating income	5,926
Non-operating expenses	<u>4,048</u>
Ordinary income	<u>11,690</u>
Extraordinary income	1,442
Gain on sales of investment securities	1,299
Gain on reversal of subscription rights to shares	143
Extraordinary losses	22,325
Loss on sales of investment securities	111
Loss on devaluation of investment securities	970
Loss on devaluation of investments in subsidiaries and affiliates	17,591
Loss on retirement of fixed assets	<u>3,653</u>
Loss before income taxes	<u>9,193</u>
Income taxes - current	<u>5,194</u>
Income taxes - deferred	<u>707</u>
Net loss	<u>15,094</u>

**Statement of Changes in Net Assets (April 1, 2010 - March 31, 2011)**

	<u>(Millions of yen)</u>
Shareholders' Equity	
Common stock	
Balance at beginning of the year	594,493
Balance at end of the year	<u>594,493</u>
Additional paid-in capital	
Capital reserve	
Balance at beginning of the year	524,197
Balance at end of the year	524,197
Other capital reserve	
Balance at beginning of the year	4,542
Change in the year	
Disposal of treasury stock	2,842
Total change in the year	2,842
Balance at the end of the year	7,384
Total capital reserve	
Balance at beginning of the year	528,740
Change in the year	
Disposal of treasury stock	2,842
Total change in the year	2,842
Balance at end of the year	<u>31,582</u>
Retained earnings	
Retained earnings reserve	
Balance at beginning of the year	81,858
Balance at end of the year	81,858
Other retained earnings	
Reserve for specified fixed assets	
Balance at beginning of the year	11
Change in the year	
Reversal of reserve for specified fixed assets	(2)
Total change in the year	(2)
Balance at end of the year	8
General reserve	
Balance at beginning of the year	994,000
Change in the year	
Reversal of general reserve	(994,000)
Total change in the year	(994,000)
Balance at end of the year	—
Retained earnings carried forward	
Balance at beginning of the year	(381,243)
Change in the year	
Cash dividends	(29,083)
Reversal of reserve for specified fixed assets	2
Reversal of general reserve	994,000
Net loss	(15,094)
Total change in the year	949,825
Balance at end of the year	568,582
Total retained earnings	
Balance at beginning of the year	694,625
Change in the year	
Cash dividends	(29,083)
Net loss	(15,094)
Total change in the year	(44,177)
Balance at end of the year	<u>650,449</u>

	<u>(Millions of yen)</u>
Treasury stock	
Balance at beginning of the year	(66,285)
Change in the year	
Purchases of treasury stock	(37,378)
Disposal of treasury stock	8,158
Total change in the year	<u>(29,219)</u>
Balance at end of the year	<u>(95,504)</u>
Total shareholders' equity	
Balance at beginning of the year	1,751,573
Change in the year	
Cash dividends	(29,083)
Net loss	(15,094)
Purchases of treasury stock	(37,378)
Disposal of treasury stock	11,000
Total change in the year	<u>(70,554)</u>
Balance at end of the year	<u>1,681,019</u>
Valuation and translation adjustments	
Net unrealized gain on investments	
Balance at beginning of the year	21,801
Change in the year	
Other-net	433
Total change in the year	433
Balance at end of the year	22,234
Deferred gains or loss on hedges	
Balance at beginning of the year	8,899
Change in the year	
Other-net	21,206
Total change in the year	21,206
Balance at end of the year	30,105
Total valuation and translation adjustments	
Balance at beginning of the year	30,700
Change in the year	
Other-net	21,639
Total change in the year	<u>21,639</u>
Balance at end of the year	<u>52,339</u>
Stock acquisition rights	
Balance at beginning of the year	24,033
Change in the year	
Other-net	7,503
Total change in the year	<u>7,503</u>
Balance at end of the year	<u>31,536</u>
Total net assets	
Balance at beginning of the year	1,806,307
Change in the year	
Cash dividends	(29,083)
Net Income	(15,094)
Purchases of treasury stock	(37,378)
Disposal of treasury stock	11,000
Other-net	29,142
Total change in the year	<u>(41,413)</u>
Balance at end of the year	<u>1,764,894</u>

## Report of Independent Auditors

May 10, 2011

The Board of Directors  
Nomura Holdings, Inc.

Ernst & Young ShinNihon LLC

Koichi Hanabusa  
Certified Public Accountant  
Designated and Engagement Partner

Hiroki Matsumura  
Certified Public Accountant  
Designated and Engagement Partner

Yuichiro Sakurai  
Certified Public Accountant  
Designated and Engagement Partner

Junko Kamei  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the balance sheet, the statement of operations, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Nomura Holdings, Inc. (the "Company") applicable to the 107th fiscal year from April 1, 2010 through March 31, 2011. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Nomura Holdings, Inc. applicable to the 107th fiscal year ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the financial statements of Nomura Holdings, Inc., prepared in Japanese, for the year ended March 31, 2011. Ernst & Young ShinNihon LLC have not audited the English language version of the financial statements for the above-mentioned year.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Nomura Holdings, Inc. (the “Company”) audited the execution by the Directors and Executive Officers of the Company of their duties during the 107th fiscal year (from April 1, 2010 to March 31, 2011) and, based on the result of the audit, hereby reports as follows:

1. METHOD AND DETAILS OF THE AUDIT

Based on the auditing principles and assignment of duties determined by us, with the cooperation of the Company’s departments in charge of internal control, we have investigated the procedure and details of the decision making at the important meetings, reviewed important authorized documents and other material documents regarding to the business execution, investigated the performance of the duties by the Directors, Executive Officers, Senior Managing Directors and others, and investigated the conditions of the businesses and assets of the Company.

With respect to the resolution of the Board of Directors regarding the internal control system as stipulated in Article 416, Paragraph 1, Items 1(ii) and 1(v) of the Companies Act and the status of the establishment and maintenance of the system based on such resolution, we received reports at regular intervals from the Directors, Executive Officers and others, asked for explanations as necessary and provided our opinion. In relation to internal control over financial reporting required under the Financial Instruments and Exchange Act, we have received the report from the Executive Officers and Independent Auditor of the Company regarding to the conditions of the assessment and audit of the Company, and asked for explanations as necessary.

With respect to subsidiaries, we have communicated and exchanged information with the subsidiary company’s Directors, Executive Officers, Senior Managing Directors, members of the Audit Committee and statutory auditors, and when necessary, requested the subsidiaries to report on their business.

Furthermore, we have monitored and verified whether the Independent Auditor maintained its independent position and implemented appropriate audit, and we received reports from the Independent Auditor regarding the status of the performance of its duties and, whenever necessary, asked for explanations. In addition, we have been notified from the Independent Auditor that “Structure for Ensuring Appropriate Operation” (matters set forth in each items prescribed in Article 131 of the Ordinance for Company Calculation) is organized in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and the like, and, when necessary, asked for explanations.

Based on the above methods, we have examined the business report, financial statements (balance sheet, statement of operations, statement of changes in net assets and notes to the financial statements) and supplementary schedules for this fiscal year.

2. RESULT OF THE AUDIT

(1) Result of the audit

1. We have found that business report and supplementary schedules fairly present the status of the Company, in conformity with the applicable laws and regulations and the Articles of Incorporation.
2. In relation to the performance of the duties by the Directors and the Executive Officers, we have found no misconduct or material matter that violates applicable laws and regulations or the Articles of Incorporation.
3. We have found that the content of the resolution of the Board of Directors regarding the internal control system is adequate. Moreover, we have no remarks to point out on the execution of the duties by the Directors and the Executive Officers regarding status of the establishment and maintenance of the internal control system based on such resolution, including internal control over financial reporting required under the Financial Instruments and Exchange Act.

(2) Result of Audit of Non-consolidated Financial Statements and Supplementary Schedules

We acknowledge that both the method and result of the audit by Ernst & Young ShinNihon LLC, the Company’s Independent Auditor, are appropriate.

3. SUBSEQUENT EVENTS

- (1) As referred in I-10. “Other Important Matters Related to the Situation of the Corporate Group” in the Report for the 107th fiscal year, a resolution for the Company to acquire further shares of common stock issued by Nomura Land and Building Co., Ltd. (“NLB”) and convert NLB into a subsidiary of the Company was passed on May 13, 2011. Consequently, the subsidiaries of NLB, including Nomura Real Estate Holdings, Inc., will also become consolidated subsidiaries of the Company.

- (2) As referred in III-4. “Other Significant Matters concerning Stock Acquisition Rights” in the Report for the 107<sup>th</sup> fiscal year, a resolution to issue Stock Acquisition Rights as stock options to executives and employees of the Company as well as executives and employees of subsidiaries of the Company was passed on May 19, 2011.

May 19, 2011

THE AUDIT COMMITTEE OF  
NOMURA HOLDINGS, INC.

Haruo Tsuji, Chairman

Tsuguoki Fujinuma

Hajime Sawabe

Note: Messrs. Haruo Tsuji, Tsuguoki Fujinuma and Hajime Sawabe are outside directors as defined in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.



## Shareholder Notes

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Fiscal Year	April 1 to March 31
Number of Shares Constituting One Trading Unit	One Hundred (100)
Record Date for Dividend Payments	September 30, March 31
Meeting of the Shareholders	Held in June

### <Special Note Regarding Forward-Looking Statements>

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “estimate”, “plan” or similar words. These statements discuss future expectations, identify strategies, contain projections of our results of operations or financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position expressed or implied by any forward-looking statement in this report.