

Presentation at Nomura Investment Forum 2008

December 2, 2008

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Place: The Ritz-Carlton, Tokyo
Speaker: Kenichi Watanabe, President and CEO, Nomura Holdings, Inc.

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1	Business Environment
2	Medium-term targets
3	Nomura-Lehman Integration
4	Business Division Strategies
5	Financial Strategy
6	In Conclusion

Opening Remarks

Good morning and thank you for joining us at Nomura Investment Forum 2008. I would also like to thank you for taking the time this morning to hear about Nomura's strategy for future growth.

I will first review with you the changes that have been sweeping the global business environment recently and then outline our medium-term business plan to transform ourselves into a new Nomura following the recent acquisitions of parts of the former Lehman Brothers.

Business Environment

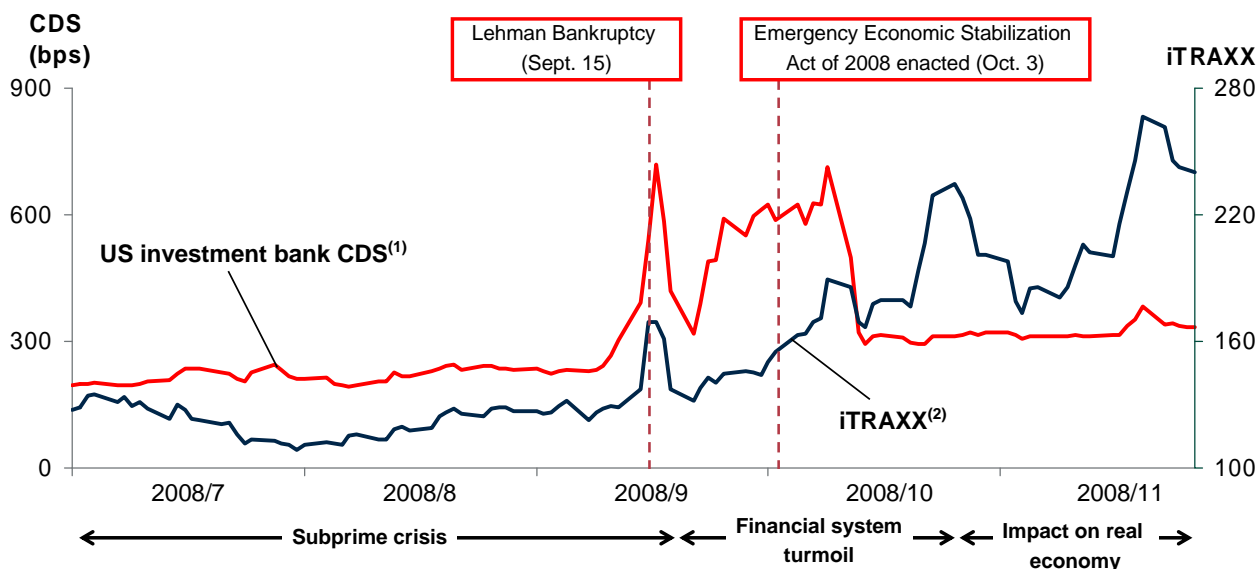
First, I'd like to share some thoughts on the business environment surrounding the future of the financial services industry.

In the time since I took over as president and CEO in April, the financial services industry has been hit by crisis centered on the US and Europe which has brought unprecedented turmoil to financial markets around the world.

1

**Business Environment:
Crisis spreading from Wall Street to Main Street and beyond**

US investment bank CDS and iTRAXX movements



Note 1: CDS is average of senior 5-yr for Goldman Sachs, Merrill Lynch, and Morgan Stanley.

Note 2: iTRAXX is average of iTRAXX Japan, iTRAXX Europe, and CDX North America.

The red line in this graph shows the CDS spread for major US investment banks and the blue line shows the spread for creditworthiness of corporates. As you can see, the crisis has gone through three stages, spreading from Wall Street to Main Street and beyond.

While we can't say for sure that there's no risk of further systemic instability, I think the recent bailout of Citigroup by the US government shows that we won't see a repeat of what happened at Lehman Brothers. In addition, globally coordinated moves were agreed to at the recent G7 and G20 meetings. I think such dialog on measures to drive the global economy is very important.

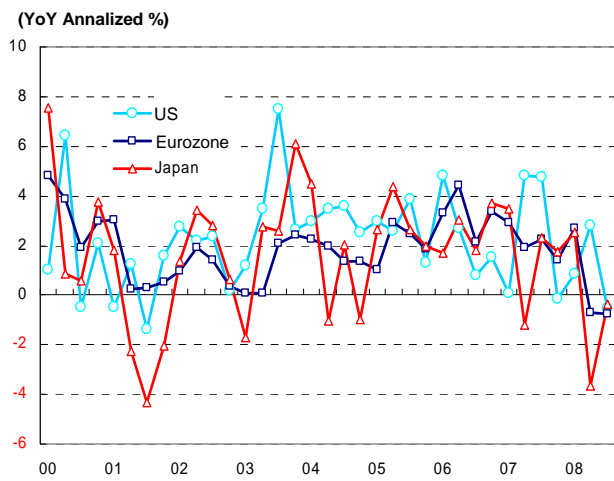
So, after going through a period of unprecedented volatility, the market seems to have bottomed in October and we can expect to see gradual improvement going forward.

Considering the impact that the financial crisis is having on the real economy, I think it will take about five years for the US and Europe to fully recover and about three years for Asia, including Japan, to recover.

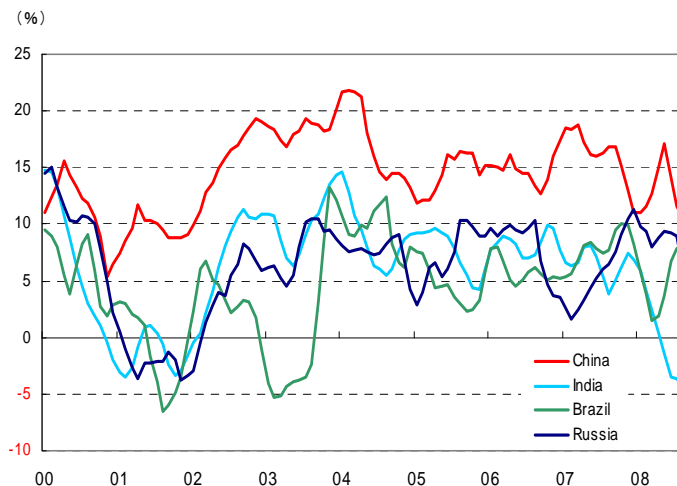
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Business Environment: Business confidence declining

Real GDP⁽¹⁾



Leading economic indicators⁽²⁾



Note 1: Most recent figures are for July to September, revised figure for US announced on Nov. 25, 1st preliminary figure for Japan announced on Nov. 17, and preliminary figure for eurozone announced on Nov. 4.

Note 2: Leading economic indicators compiled by OECD. Composition differs by country but mostly compiled from leading indicators for industrial production indices.

Source: Nomura, based on Reuters Ecowin data

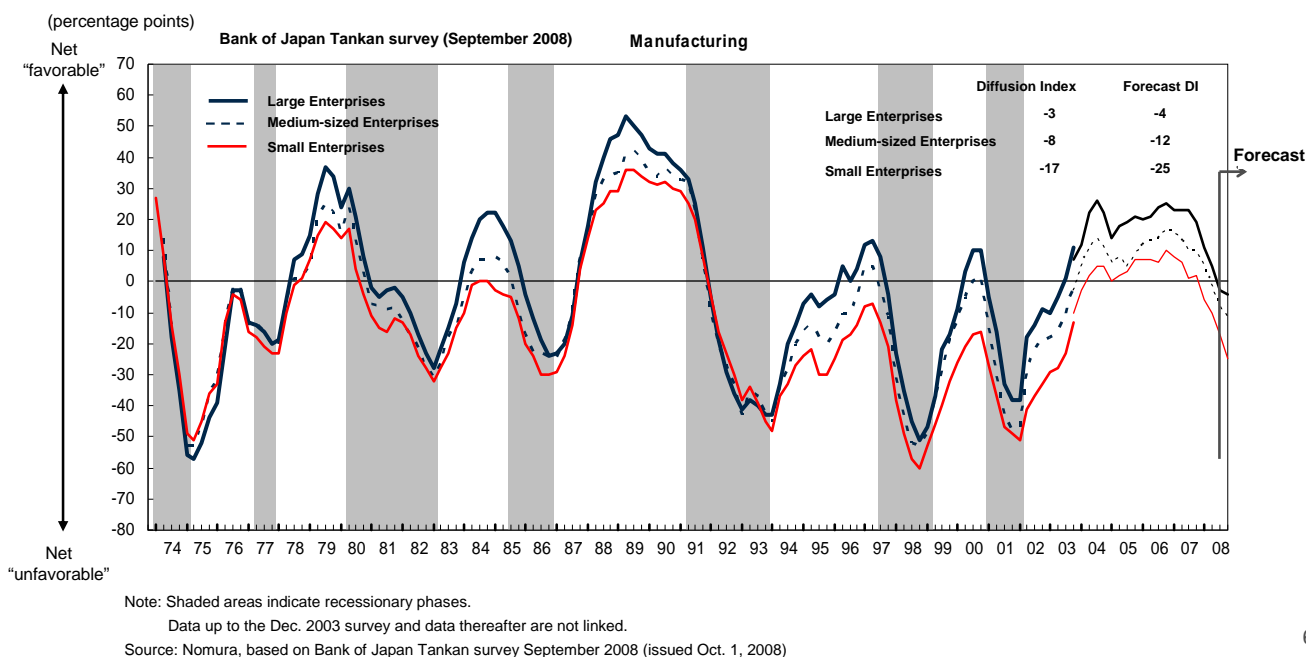
Along with the US and Europe, Japan has entered a recessionary phase which could last twice as long as the post-war average of 16 months.

That said, we expect it to be a relatively shallow adjustment with a recovery starting towards the latter half of 2010.

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Business Environment: Business confidence declining in Japan

Assessment of business confidence



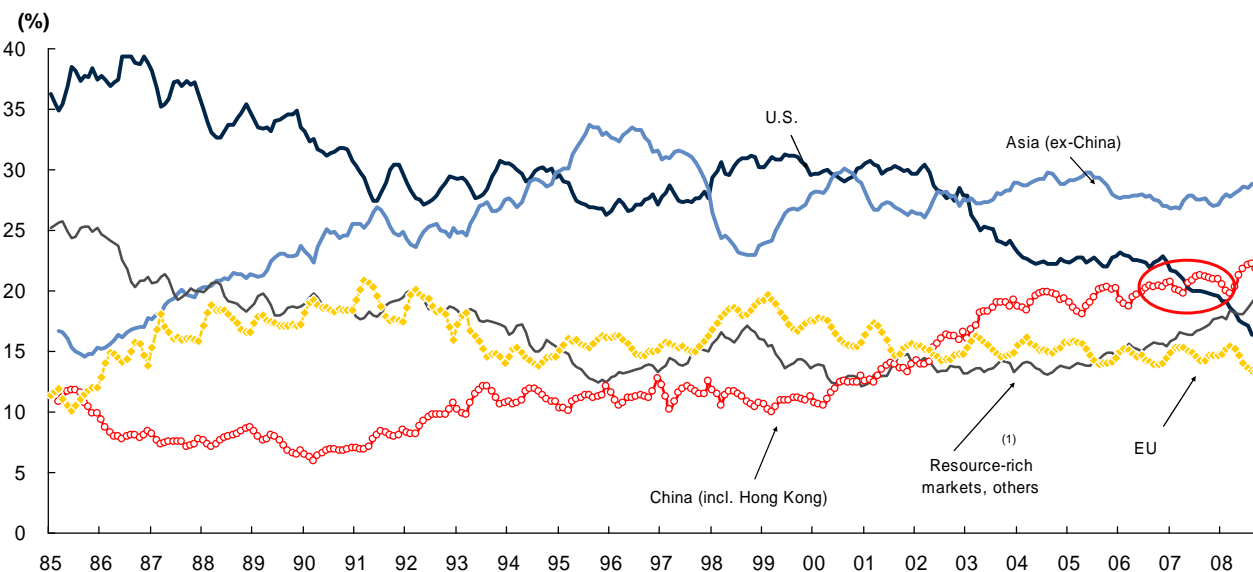
One reason we expect the adjustment to be shallow is that Japanese corporates are not weighed down by excess headcount or capacity.

In my position I get to meet with a lot of CEOs of Japanese companies and they are bullish. They look at the current crisis as an opportunity to step up their international operations. That goes for Nomura as well.

1

Business Environment: Japanese exports shifting from US to Asia

Japanese exports by destination



Note: Three month moving average

1. Resource-rich markets include the Middle East, eastern Europe, Russia, South America, Africa, Australia, and New Zealand.

Source: Nomura, based on Ministry of Finance Japan data

To be sure, the Japanese economy is heavily dependent on external demand and the economic slowdown in the US will no doubt have an impact on Japan. However, as you can see here, there has been a structural change underway and Japan now relies more on China and the rest of Asia for its exports.

To rev up its economic engine, China has lowered interest rates a number of times and announced a stimulus package to the tune of 57 trillion yen. Indeed, the spotlight is very much on China and the rest of Asia as the region has room to move in terms of fiscal policy.

Although Japan's political climate remains unsteady, the Liberal Democratic Party and The Democratic Party of Japan both agree on the need for economic stimulus. And in the US, one of the first priorities of the new Obama administration is expected to be a new economic package, a kind of modern-day New Deal. Such monetary and fiscal measures around the world may help prompt a positive response in stock markets.

Given this, I think we will see a recovery in the market next year as investors buy on increased sentiment about the future and expectations of policy initiatives. This will probably be followed by a further adjustment as the slowdown hits the broader economy. However, even in the expansive auto industry, suppliers make adjustments fairly quickly. And other industries will also take prompt measures to address the slowdown. So I think we will see a quick recovery. Corporate earnings should recover around the end of 2010 and we are focusing on how the market will factor this in.

Next, let's take a look at the investment banking environment. To give you the conclusion first: When the flood recedes, Nomura won't just be a survivor, we'll be a leader.

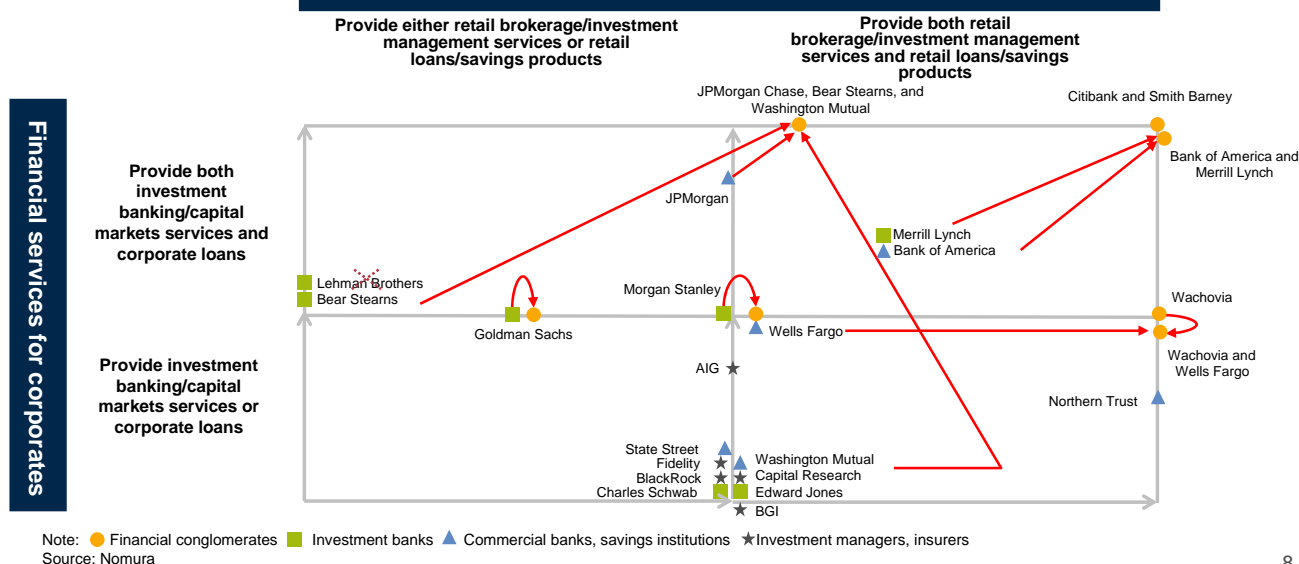
How will the investment banking model change?

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Investment banking environment: Client-focused investment banks needed

- There will always be a need for traditional investment banking businesses such as supporting capital raising activities and providing M&A advisory and intermediary services aimed at boosting the corporate value of clients
- Bank lending is the main form of financing in Japan and the rest of Asia; more risk transfer and diversification is needed

Financial services for retail investors



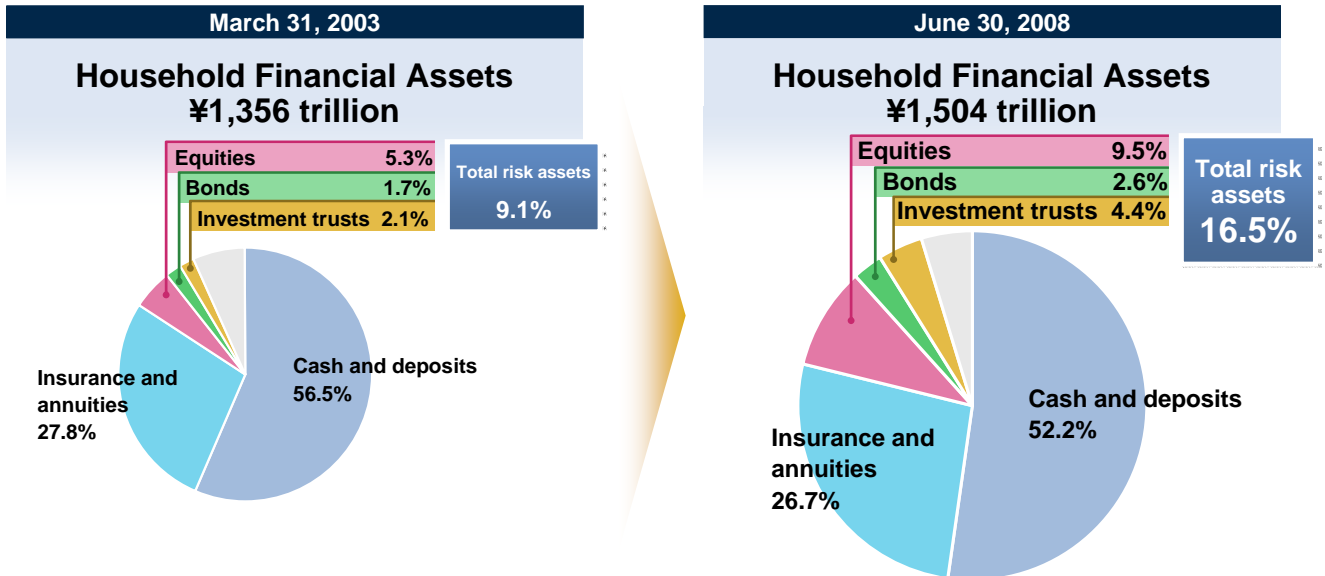
Some pundits have called the current financial crisis the end of the investment banking business. But the problems of the crisis lie in businesses loaded with too much leverage. What has come to an end is the investment banking model that adds leverage to an asset bubble premised on continually rising prices—in the case of the US, that asset was houses. However, traditional investment banking services focused on increasing the value of clients such as M&A intermediary and advisory services and support for fund raising will always be required.

As you can see in the graph, the business field for traditional investment banking businesses, shown here on the bottom left, has actually increased as US financial institutions go down the path of becoming financial conglomerates amid the current turmoil.

Demand for traditional investment banking businesses will increase particularly in emerging growth markets in Asia, the former CIS including Russia, central and eastern Europe, and the Middle East.

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Investment banking environment:
Personal savings in Japan moving to investments



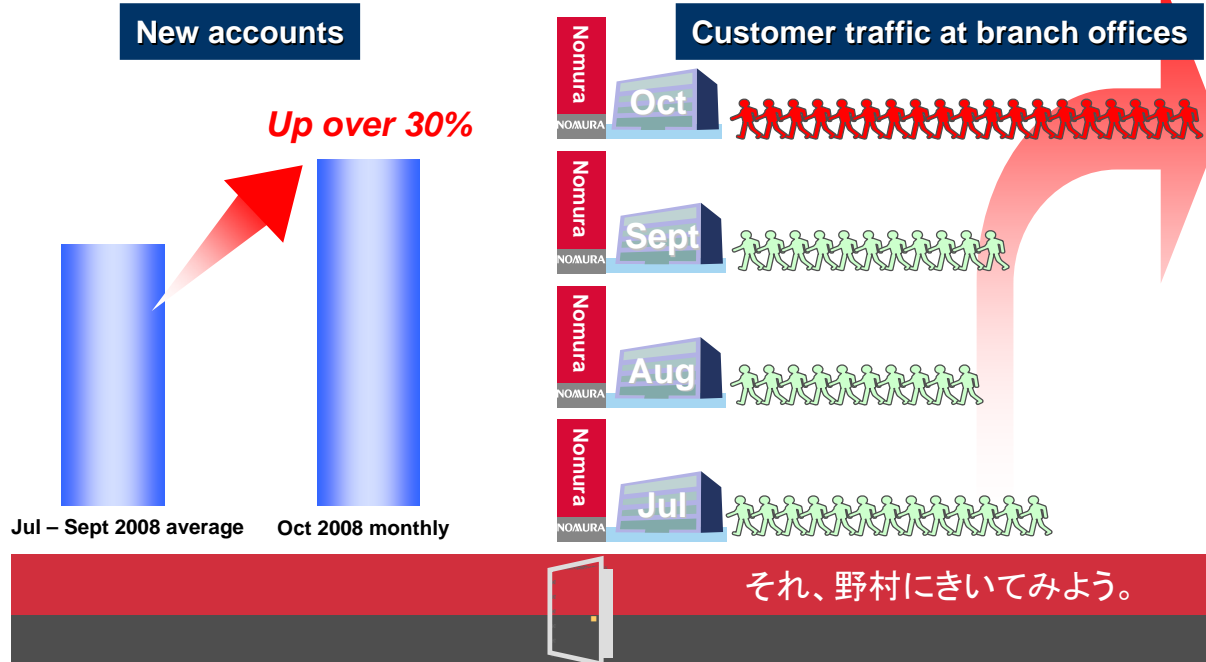
Source: Nomura, based on Bank of Japan data. Figures for June 30, 2008, are preliminary.

This slide shows a breakdown of Japan's 1,500 trillion yen in personal financial assets. Compared to five years ago, portfolios have become more diversified and the ratio of risk assets held by individuals has increased on the back of a continued low-interest environment, concerns over the pension system, and the removal of a blanket guarantee on bank deposits.

To be sure, the recent turmoil in the financial markets has had an impact on risk assets held by retail investors in Japan. But that means now, more than ever, investors need to receive the right advice and products matched exactly to their own unique requirements. I believe it is Nomura's mission to deliver this.

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Investment banking environment: Recent environment in retail operations



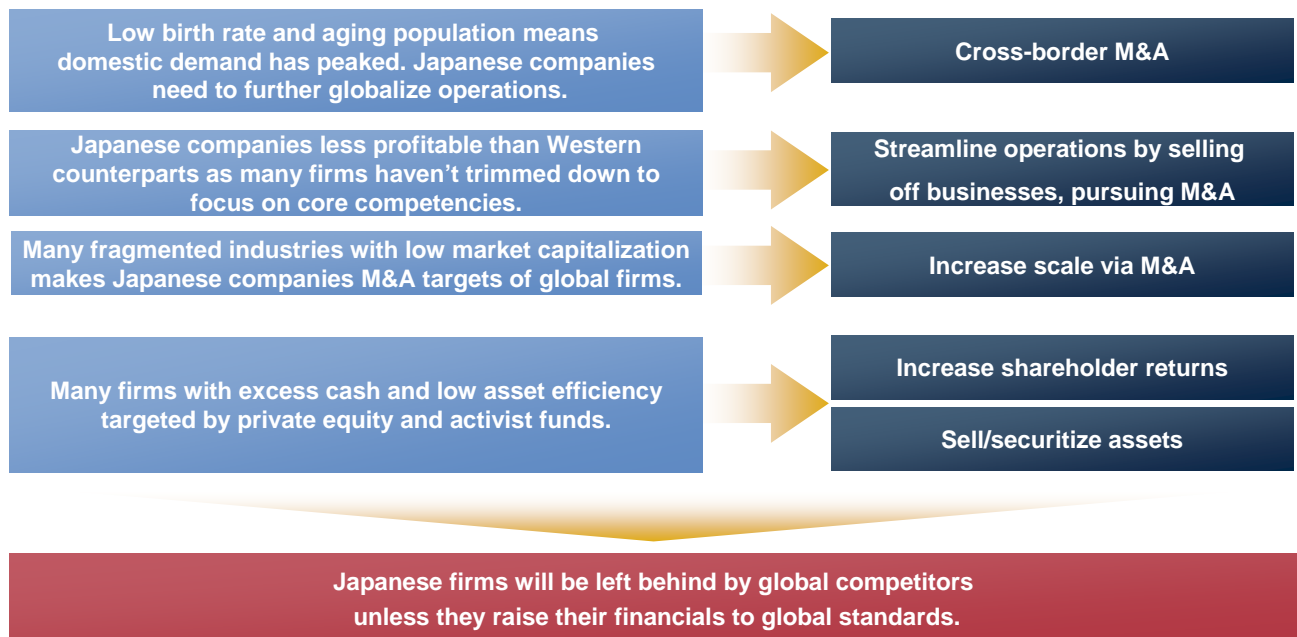
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In fact, the plunge in stock prices and surge in the yen in October led to a significant increase in customer traffic at our branch offices in Japan as investors looked to buy cheap equities and foreign currency products. I understand this was the same at our competitors such as commercial banks where customers queued up for foreign currency deposits and at online brokers where many new accounts were opened. So the risk appetite of cash-rich Japanese retail investors has not necessarily receded. New accounts opened in our retail operations in October increased by over 30% compared to the second-quarter monthly average.

While the tough environment will continue, it is times like these that we must provide our customers with the best advice for their particular needs and in turn increase the number of people coming to us for financial advice. I believe that will lead to an expansion of our retail business over the medium to long term.

1

Investment banking environment: Challenges for Japanese corporates



11

Looking at the industrial sector, meanwhile, Japanese corporates are restructuring their domestic operations and are increasingly looking at cross-border M&A to increase growth opportunities. They have been presented with a perfect opportunity as companies around the world divest businesses and assets.

1

Investment banking environment: Japanese corporates searching the world for growth

Main cross-border M&A involving Japanese corporates (since 2006)

Announced	Acquirer	Target	Target nationality	Value (millions of USD)
2006	Toshiba	Westinghouse	US	5,400
	Nippon Sheet Glass	Pilkington	UK	4,282
	Daikin Industries	O.Y.L. Industries	Malaysia	1,343
	Asahi Tec	Metaldyne	US	1,113
	Nomura Holdings	Instinet	US	1,200
	Japan Tobacco	Gallaher	UK	19,020
2007	Kirin Holdings	National Foods	Australia	2,589
	Olympus	Gyrus	UK	2,097
	Eisai	MGI PHARMA	US	3,583
	Tokio Marine Holdings	Kiln	UK	886
2008	Takeda Pharmaceutical	Millennium Pharmaceuticals	US	7,680
	Tokio Marine Holdings	Philadelphia	US	4,518
	Daiichi Sankyo	Ranbaxy Laboratories	India	2,237
	TDK	EPCOS	Germany	1,819
	Marubeni	Antofagasta	Chile	1,401
	Ricoh	IKON Office Solutions	US	2,363
	Otsuka Pharmaceutical	Alma	France	1,148
	Mitsubishi Rayon	Lucite International	UK	1,600
	NTT DOCOMO	Tata Teleservices	India	2,657
	Kirin Holdings	Coca-Cola Amatil	Australia	6,061

Note: Deal value at time of announcement (includes unfinished deals).

Source: Nomura, based on Bloomberg data

12

This slide shows recent cross-border M&A deals involving Japanese companies. Transaction value for the first half of this year nearly tripled compared to the same period last year, representing the highest level ever on a half-yearly basis.

As I said, Japanese CEOs are bullish. Japanese corporates are searching the world for growth and we are uniquely positioned to be their guide.

The financial industry has gone through many global crises: Black Monday in 1987, the Asian financial crisis in 1997, the Russian fiscal crisis in 1998 and the implosion of Long-Term Capital Management, and the collapse of the IT bubble in 2000. But each time the industry has bounced back and continued to grow.

That is why I take a positive view on the current financial crisis. In times of crisis, businesses and the labor market become more mobile, giving rise to opportunities. For us, the opportunity was the chance to acquire parts of the former Lehman Brothers business.

Times of crisis also present financial institutions with an opportunity to restructure and become leaner. For instance, the Enron affair led to sweeping revisions to corporate governance around the world.

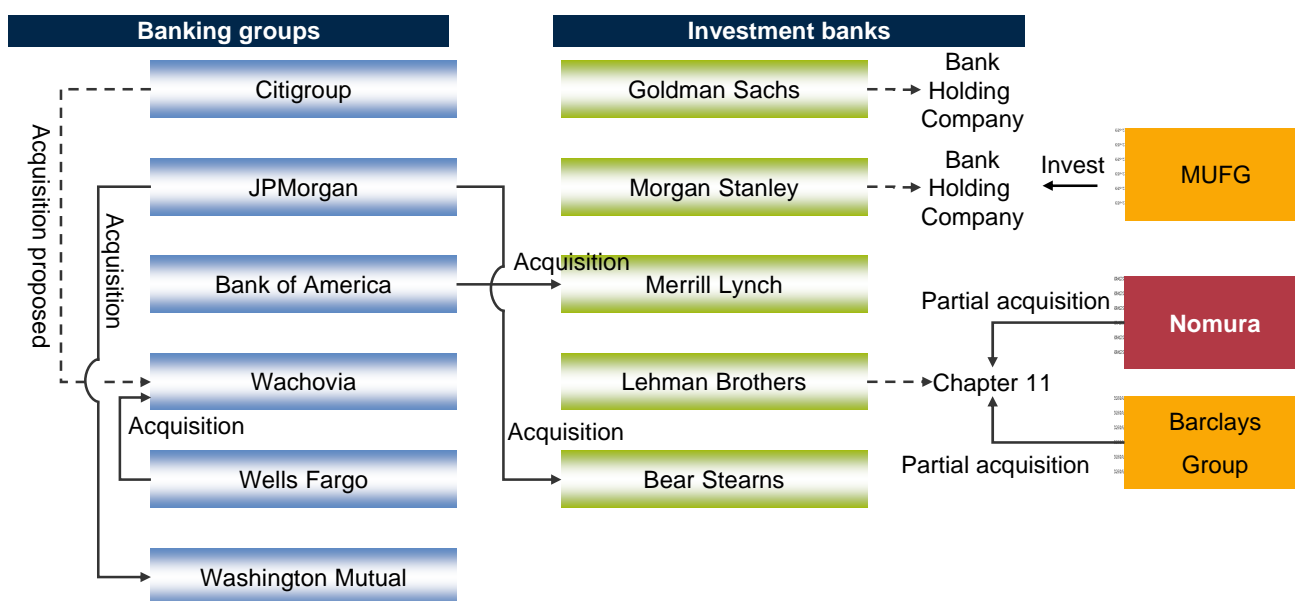
The current crisis will no doubt prompt a review of risk management, regulation of ratings agencies, the complex structure of regulation in the US, and international regulatory oversight by financial authorities including central banks.

The global financial services industry will use the experiences of this crisis to make sure they are fully prepared for possible future crises.

12

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Investment banking environment: Realignment of US financial industry



Note: As of Nov. 26, 2008
Source: Nomura

In other recent developments, we have seen Goldman Sachs and Morgan Stanley turn themselves into bank holding companies to facilitate fund raising. But that comes in exchange for regulatory oversight by the FRB. This seems to be more of an emergency measure to ensure liquidity rather than a strategic business move.

Banks have constant access to the FRB's discount window and enjoy protection through the safety net of deposit insurance. However, when they announced their financial results not long before switching to a bank holdings company, Goldman Sachs said there was no change to their investment banking model. So it seems the decision to become a holding company was, for lack of a better word, somewhat backward-looking.

However, there is no need for Nomura to join up with a commercial bank as the system in Japan is different from the US and Europe. Japanese investment banks have an account with the Bank of Japan and can participate in market operations including US dollar fund-supplying operations. If needed, we have access to a Lombard facility. So in this sense we are like the commercial banks. This is a unique situation that differs from the US and Europe. Therefore, we won't need to become a bank holding company for any negative reason. Naturally, our subsidiary in Europe also has access to the ECB. And because the FRB has currency swap agreements with other central banks, we have access to US dollar funding in Tokyo and have actually done a practice run to procure dollars.

That said, as the framework for oversight and regulations of the global financial system is expected to be revised, we always keep all our options open, but presently we are not considering the option of switching to a bank holding company structure.

1

Investment banking environment: Nomura's strategic advantage

**Global financial institution
with an unparalleled platform in Asia including Japan**

Strong position to maintain advantage as a free enterprise

Independent

No injection of public funds

Low leveraged business model

14

So, why are we uniquely positioned for growth in this brave new world?

In short, we will retain our independence as a free enterprise, giving us a relative advantage going forward.

1

Investment banking environment: Strengths of being independent

M&A ranking 1H2008

Rank	Advisor	Rank Value (billions of USD)
1	Goldman Sachs & Co	303.0
2	Citi	223.6
3	JPMorgan	194.0
4	Morgan Stanley	169.4
5	Merrill Lynch	141.5
6	UBS	119.0
7	Deutsche Bank AG	116.4
8	Lehman Brothers	106.3
9	Credit Suisse	86.9
10	Lazard	77.8
11	Moelis & Co	62.6
12	Evercore Partners	58.7
13	Banc of America Securities LLC	57.7
14	Wachovia Corp	56.9
15	BNP Paribas SA	42.1
16	William Blair & Co	38.2
17	RBS	33.8
18	Greenhill & Co LLC	18.1
19	Sandler O'Neill Partners	17.9
20	Houlihan Lokey Howard & Zukin	8.2

Note: Shaded areas are boutique investment banks or private equity firms.
Source: Nomura, based on Thomson Reuters data

15

First, as investment banks get absorbed by commercial banks in the US, a possible scenario is that if a Bank of America corporate borrower was to go bankrupt, Merrill Lynch would not be able to work for the company due to conflicts of interest.

Given this, independent investment banks such as Greenhill and Lazard will have more scope for gaining business. While they are now boutique investment banks, I feel they will continue to grow larger.

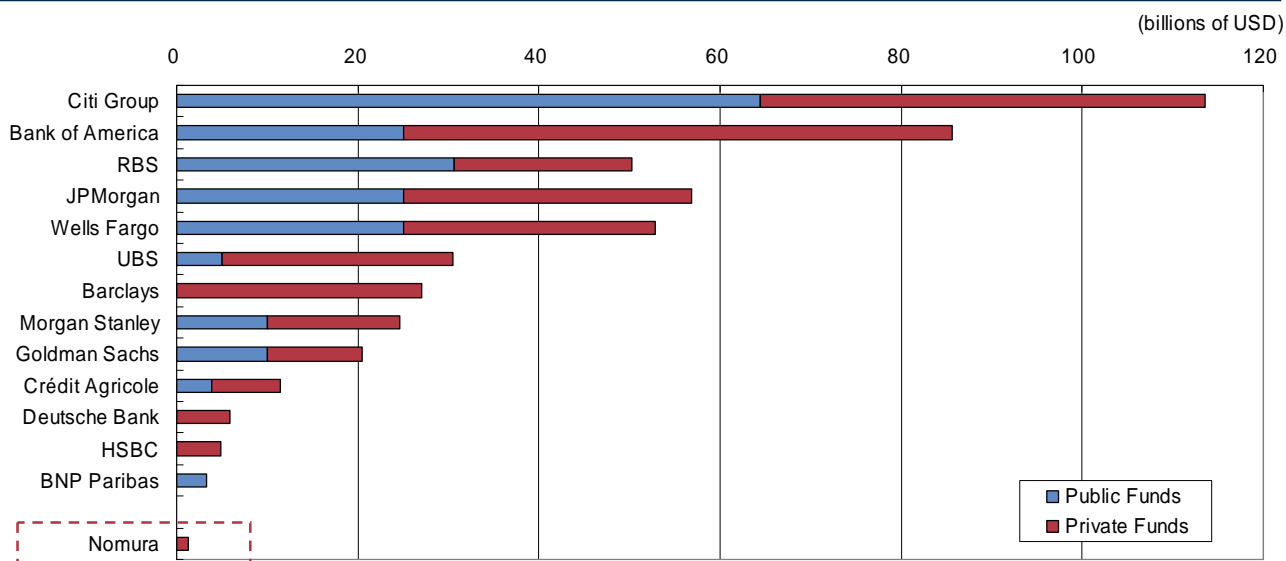
Regulation will also be tightened in Japan in regards to conflicts of interest.

As US and European investment banks lose their independence, Nomura is positioned to become a major player in the independent investment banking field.

1

Investment banking environment: Financial institutions receiving public funds

Fund raising by major financial institutions since start of financial crisis



Note: Includes common stock, preferred stock, and hybrid securities recognized as regulatory capital. Estimated by Bloomberg based on company disclosures. From the fourth quarter of 2006 to November 26, 2008. Bank of America includes Merrill Lynch, JPMorgan includes Bear Stearns and Washington Mutual, Wells Fargo includes Wachovia.
Source: Nomura, based on Bloomberg data

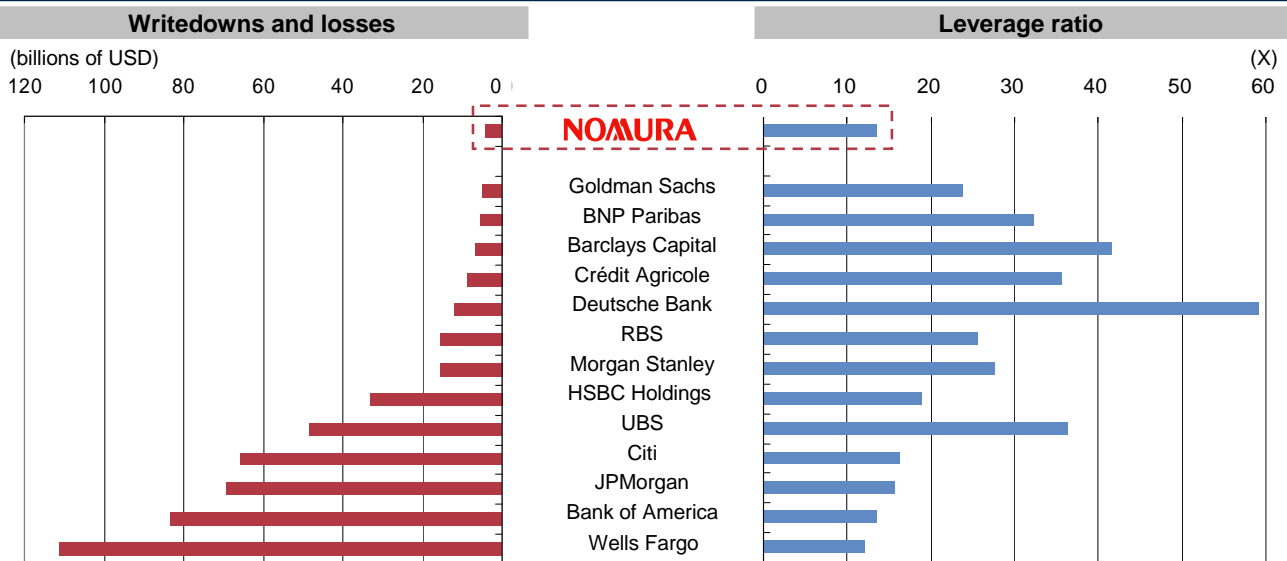
Second, many financial institutions have accepted government funds and guarantees, making it harder for them to use capital propped up by taxes to commit to their international businesses. This comes at a time when having an international network is increasingly important.

So as I said, our strength lies in our independence as a free enterprise.

1

Investment banking environment: Unleveraged management

Writedowns / losses and leverage ratio at major financial institutions since start of financial crisis



Note: Writedowns and losses since fourth quarter 2006 announced as of November 26, 2008, calculated by Bloomberg. Writedowns include those on equities not directly reflected in calculation of revenues. Losses include year-on-year increase in provisions for bad loans. Leverage ratio calculated by Nomura based on most recent company disclosure. Calculated by dividing total assets by shareholders' equity. Bank of America includes Merrill Lynch, JPMorgan includes Bear Stearns and Washington Mutual, Wells Fargo includes Wachovia.
Source: Nomura, based on Bloomberg data and company financial disclosure documents.

Third, we don't rely on leverage. Investors had told us in the past to increase leverage, but we have kept our leverage down for some time now compared to our US and European competitors, allowing us to navigate the financial turmoil with significantly lower losses than our western rivals.

We won't be reckless in expanding our balance sheet and following the acquisitions of parts of Lehman brothers will continue with our business model that leverages our increased world-wide client base.

I am often asked if Nomura can make it without becoming a financial conglomerate. As Citigroup and Swiss financial institutions are hurting, I don't think the structure matters that much. Rather, the important thing is to have a diverse client base.

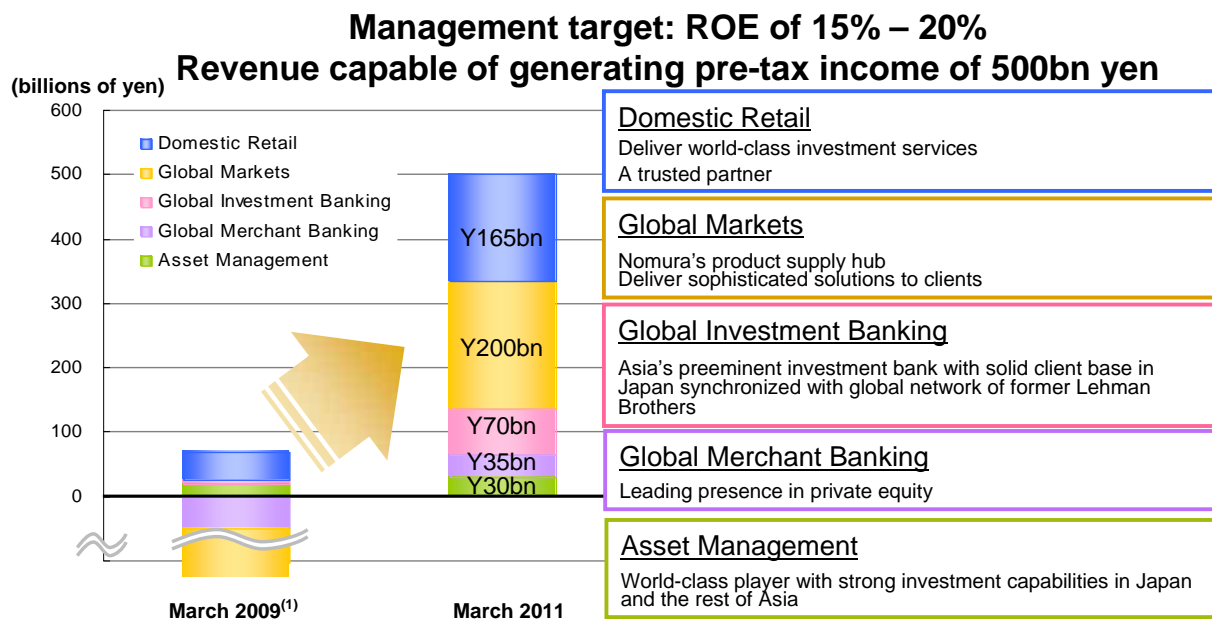
Finally, the new financial landscape is prompting rapid deleveraging which is expected to lead a further shake up and realignment in the financial services industry. The winners will be left with an expanded business field. Nomura will be among the leaders enjoying a solid position as a global financial institution with an unparalleled client base in Japan and the rest of Asia.

1	Business Environment
2	Medium-term targets
3	Nomura-Lehman Integration
4	Business Division Strategies
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Medium-term Targets

Now, I'd like to outline how we are going to manage the firm to navigate our way through this environment.

2 Medium-term targets



Note 1: First half of fiscal year ending March 31, 2009, results annualized.

19

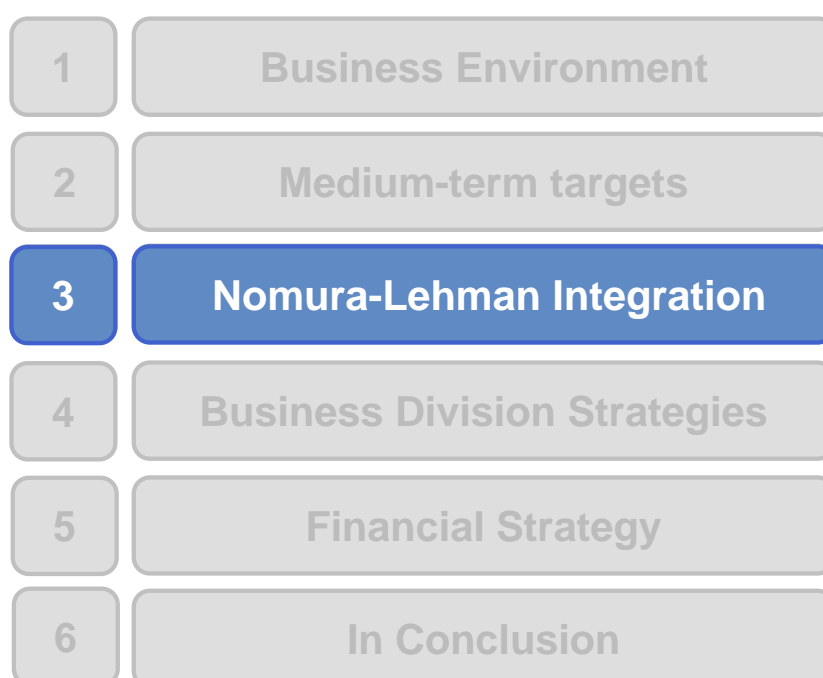
Despite the continued difficult environment, we are not revising our target announced in April of pre-tax income of 500 billion yen for the year ending March 2011.

Indeed, we believe that we are now better placed to achieve our management target thanks to the recent acquisitions of parts of Lehman Brothers in our global wholesale operations.

At the business division level, we have revised down our target in Asset Management due to a drop in assets under management resulting the recent plunge in stock prices. However, we are revising upwards our targets in our wholesale operations, especially Global Investment Banking, where the operations of Lehman have been added.

Although the environment for generating revenue is tougher than when we last presented the targets, we believe our ability to generate revenues over the medium term as the environment improves will be significantly enhanced through our increased market share due to expanding assets in custody in the retail business, and our enhanced business lineup and world-wide client footprint in the wholesale business thanks to the addition of the Lehman franchise.

We face many uncertainties linked to the external environment. However, as I said we are not changing our target of 500 billion yen in pre-tax income at this stage. Expenses will increase as a result of the Lehman acquisitions. While these costs will show up on our profit and loss statement, we look at them as capital expenditure.



Nomura-Lehman Integration

Now, I will turn to our business strategy, including the Lehman acquisitions.

The decision by the US government to allow Lehman Brothers to fail on September 14 is said to have been a massive mistake. We saw this as a once-in-a-generation opportunity and moved swiftly and aggressively.

As the media have widely reported, we acquired Lehman's Asia-Pacific franchise, the equities and investment banking businesses in Europe and the Middle East, and the services platform in India.

Following the announcements, we promptly set up a transition group on October 1 and moved with speed to get our new employees and functions ready to generate revenues as soon as possible. As we announced yesterday, the transition process is now over and we have moved into the integration phase as of December 1.

Yesterday we also announced the establishment of a Global Wholesale Committee and regional Executive Management Committees, representing a new structure for our global wholesale operations following the Lehman acquisitions.

We have also announced appointments in Global Equity, Global Fixed Income, and Global Investment Banking. Two ex-Lehman people have been appointed Senior Managing Directors. As I said, we are in the integration phase and moving towards generating business.

There are three reasons why we went after the operations of Lehman Brothers. First, the outstanding ex-Lehman people and their extensive expertise. Our transition process has been one of turning Lehman employees and clients into Nomura employees and clients. The second reason was access to the world-wide client base they cover. And third, the technology platform and other infrastructure needed to carry out global businesses.

3

Nomura-Lehman integration:
New structure following Lehman acquisitions (GM,GIB)

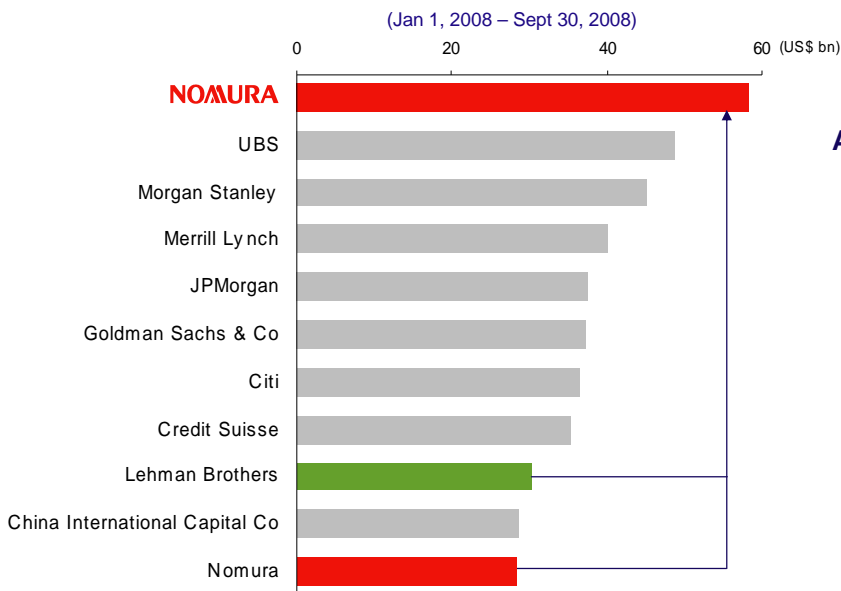
		Newly appointed	Asia-Pacific (Excluding Japan)	EMEA	US
Global Markets Akira Maruyama (GM CEO)	Global Equity	Hiomasa Yamazaki	Sigurbjorn Thorkelsson (including Japan)	Rachid Bouzouba	Koji Wada Craig Phares
	Global Fixed Income	Tarun Jotwani Zenji Nakamura	Thomas Siegmund Jai Rajpal	Kieran Higgins Georges Assi	Sotaro Kato Dean Chamberlain
	Global Investment Banking Hiromi Yamaji (GIB CEO)		Glenn Schiffman	Christian Meissner William Vereker	Tomoko Iino

The ex-Lehman people are now Nomura people. This chart shows regional line heads. As you can see it includes many ex-Lehman people.

3

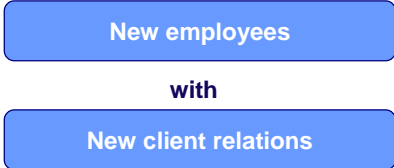
Nomura-Lehman integration: Expanded client base (1)

M&A Financial Advisors League Table – Any Asia (including Japan) Involvement Announced



Source: Nomura, based on Thomson Reuters data

Asia's preeminent investment bank



The client bases of Nomura and Lehman are surprisingly complementary. This slide shows the league tables for this year in Asia. In Asia particularly, with synergies from combining Nomura's leading position in Japan with Lehman's strong presence in Asia, we are aiming to be the preeminent investment bank in Asia.

To give you one example of how these synergies are already working, our Asian investment banking operations have 45 mandates in the pipeline. Nomura and ex-Lehman people are now working together, focused on our clients.

3

Nomura-Lehman integration:
Expanded client base (2)

“Triple A Best M&A House” by The Asset



**Nomura (Lehman) wins accolade in
The Asset Triple A Country Awards 2008**

Trusted advisor to leading Chinese corporates

**Investment banking track record
with 9 of top 25⁽¹⁾ Chinese firms
by market capitalization**

Note 1: As of Nov 26, 2008

**M&A Financial Advisors League Table
– Any Chinese Involvement Announced**

(Jan 1, 2008 – Nov 26, 2008)

Rank	Financial Advisor	Ranking Value (\$bn)	# of Deals
1	China International Capital Co	36.65	18
2	NOMURA	26.54	9
3	Morgan Stanley	20.30	16
4	JPMorgan	17.01	8
5	Merrill Lynch	13.02	7
6	UBS	11.94	18
7	Citi	9.85	8
8	Credit Suisse	9.80	12
9	HSBC Holdings PLC	8.95	4
10	Banc of America Securities LLC	8.93	2

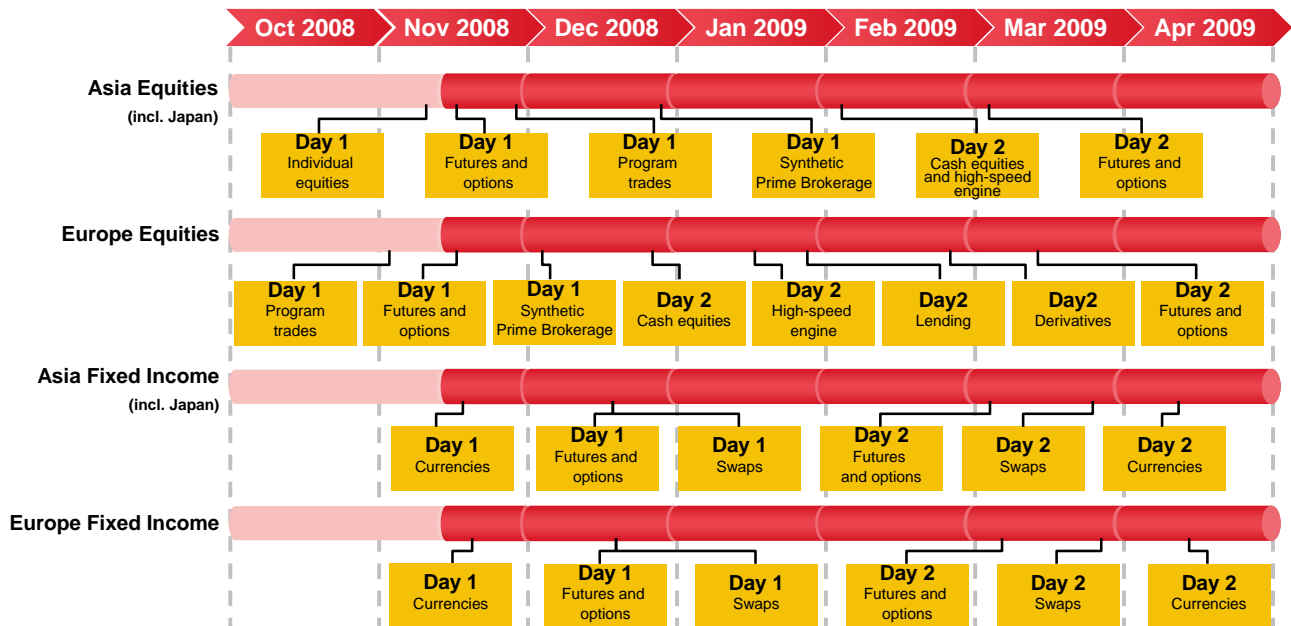
Source: Thomson Reuters

In the first deal since the integration, we have been named as financial advisor to Sinopec in its 200 billion yen acquisition of the Canadian firm Tanganyika announced recently.

We intend to continue increasing business opportunities such as cross-border M&A by leveraging our expanded client base following the addition of Lehman resources.

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Nomura-Lehman integration: Technology platform



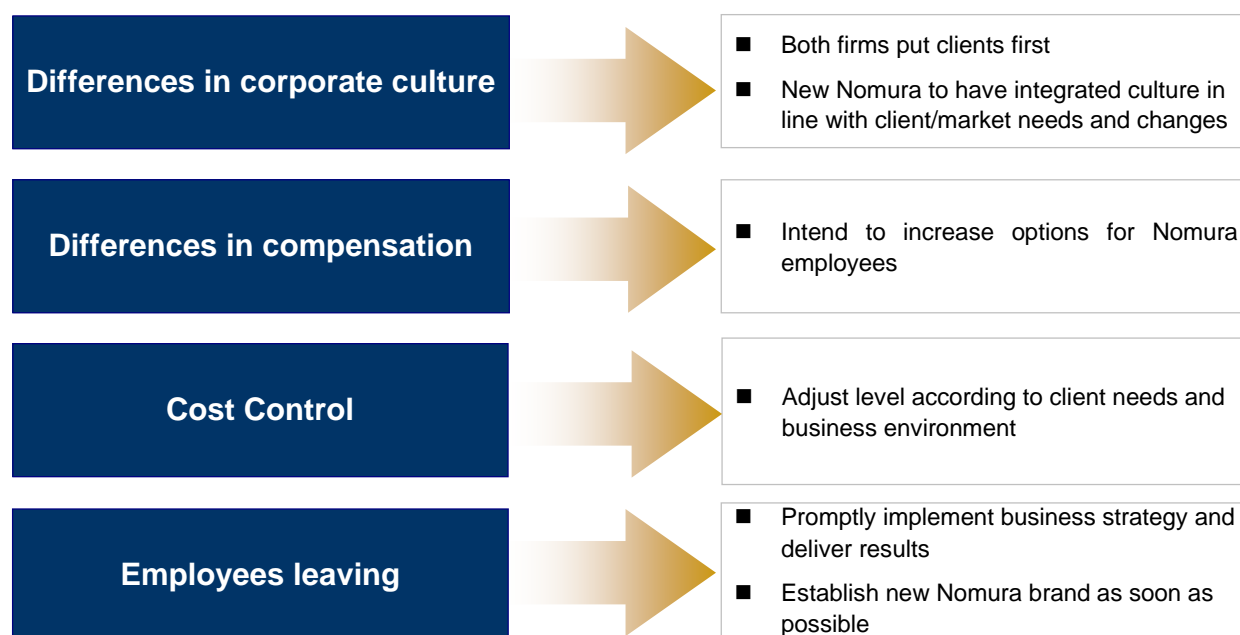
Note: Day 1 means using mainly Nomura front office systems, Day 2 means using ex-Lehman front office systems.

As you can see from this chart outlining the roll out schedule of the technology platform, we are making steady progress in completing the installation of systems.

For instance, we are now working hard on getting the high-speed trading system for Japanese equities up and running by February. So the equities and fixed income operations should be almost fully operational by around February.

3

Nomura-Lehman integration: Challenges ahead



25

Next, I will briefly outline how we plan to overcome some of the challenges to make the Nomura-Lehman integration a success.

First, in regards to differences of corporate culture, some people point to a wide gap in terms of culture as they feel Nomura is conservative whereas Lehman was aggressive. However, both firms come from a client-focused culture. We're looking to build a new Nomura that has an integrated culture focused on the needs and changing circumstances of our clients. Nomura has always been aggressive for a Japanese firm, although we may have been a bit reserved lately. I think we fit well with the Lehman culture.

Next, in terms of differences relating to compensation, I think compensation in general will be adjusted in response to the general public's feelings towards highly paid bankers. The Lehman pay structure has a steep slope so when you look at the average it's not really that different from us. Any time you go into a new area, you need to pay a premium to newcomers. We believe we have been reasonable. Nomura already has three or four different pay structures. We want to increase that by another one or two. Our business is based on people and we want to give our employees as many options as possible.

In response to questions on whether our global wholesale operations are structured optimally amid the current environment and in line with our business strategy following the acquisitions of the Lehman franchise, maybe not. We may have a bit of excess capacity, but we are looking closely at client needs in each business line and the business environment. We are prioritizing profits and will optimize as needed.

1	Business Environment
2	Medium-term targets
3	Nomura-Lehman Integration
4	Business Division Strategies
5	Financial Strategy
6	In Conclusion

I don't have time to go into the specifics of the business plans for each business division today so please refer to the handout for more information.

(Please turn to page 32)

4

**Business division strategy:
Domestic Retail****Domestic Retail in March 2011****Deliver world-class investment services****A trusted partner****Domestic Client Assets: 110tn yen Clients: 6m accounts
Net revenue: 550bn yen Pre-tax income: 165bn yen****Key Initiatives****Enhanced focus on customer needs**

- **Enhance product and service offering for different customer segments**
 - Increase collaboration with specialized departments, expand high-net-worth business
 - Build up online and call center services
- **Sales channel and branch office network strategy**
 - Sales channels matched to regional needs, enhance network to increase customer contact points
 - Collaboration between branch office network, online services, and call center operations

27

4

Business division strategy: Global Markets

Global Markets in March 2011

Nomura's product supply hub / Deliver sophisticated solutions

Pre-tax income: 200bn yen

- Top level fixed income house in Japan and Asia
- World-class provider of liquidity for global markets
- Agile, all-round player in real estate finance business with focus on quality

Key Initiatives

■ Fixed Income

- Overhaul international strategy, bring on board Lehman staff, technologies, culture
- Introduce business model for deleveraged environment, market making based business
- Rebuild business aimed at institutional investors
- Make former Lehman franchise new Nomura franchise
- Solutions business
 - Provide solutions to clients having trouble with portfolio, capital, or balance sheet
- Supply products to Domestic Retail
 - Shift strategy from complex tailor-made products to vanilla products

■ Equity

- Rebuild Lehman infrastructure and business
- Create synergies across Nomura including Instinet
 - Extend liquidity provision and execution services
- Win top market share globally

■ Asset Finance

- Integrate new team from Lehman. Tap business opportunities arising from client needs to deal with economic downturn. Create synergies with Nomura franchise.
- Pursue more real estate asset management business, distressed investment opportunities, and acquisition financing

4

Business division strategy: Global Investment Banking

Global Investment Banking in March 2011

**Asia's preeminent investment bank with solid client base in Japan
synchronized with global network of former Lehman Brothers**

**Net revenue: 209bn yen
Pre-tax income: 70bn yen**

Key Initiatives

- Step up global collaboration in each sector in line with increased client coverage. Narrow down key sectors and regions taking into account current circumstances in each country, establish efficient structure. Main region: Asia; Main product: Equities.
- Products focused on corporate needs to hedge business risks, cross-border M&A deals, M&A-related finance and currency business.
- Create new business opportunities by providing client-focused, high-quality bespoke solutions.

4

Business division strategy: Global Merchant Banking

Global Merchant Banking in March 2011

Leading presence in private equity

**Global investment portfolio of 300bn yen (ex. Terra Firma)
Pre-tax income: 30bn – 40bn yen on constant basis**

Key Initiatives

- **Make full use of Nomura Group resources.**
 - Increase collaboration with other divisions during deal sourcing, increasing investee company value, and exiting investments.
- **Japan: Focus on raising value of investee companies, develop quality investment opportunities.**
- **Europe: Create funds for distressed, mezzanine, senior loan, bio, and other projects.**
- **Asia: Invest in environment, consumer, media related firms in China and India.**

4

Business division strategy: Asset Management

Asset Management in March 2011

**World-class player with strong investment capabilities
in Japan and the rest of Asia**

AuM ⁽¹⁾: 38tn yen
Net revenue: 80bn yen Pre-tax income: 30bn yen

Key Initiatives

- Stay focused on vision while controlling costs taking into account current market environment and level of assets under management
- Become top three player in Asian equities to add to capabilities in Japan
- Establish dominant position in Japan's retail market by further building on multi-product, multi-channel approach
- In domestic investment advisory, respond to needs for portfolio rebalancing amid volatile markets
- Become global leader in Sharia-compliant products
(Established Nomura Islamic Asset Management Sdn. Bhd. On Nov. 13)
- Develop retail fund business internationally

Note 1: Total of all companies in Asset Management division.

31

1	Business Environment
2	Medium-term targets
3	Nomura-Lehman Integration
4	Business Division Strategies
5	Financial Strategy
6	In Conclusion

Financial Strategy

Next, I will touch on our financial strategy.

5

**Financial Strategy:
Revising capital structure, controlling balance sheet, managing liquidity****■ Tier II capital**

- Raised over 600 billion yen in Tier II capital between March and July (subordinated bonds issued to institutional investors, subordinated loans from banks and other institutions)
- Issuing 110bn yen of subordinated convertible bonds via private placement (structured with soft call after two years to strengthen Tier I capital base by promoting conversion if stock price rises)
- Subordinated bond public offering (maximum 300bn yen)

■ Business model not dependent on balance sheet

- Turnover-oriented business model driven by diverse client base

■ Maintaining stable liquidity base

- Maintain funding structure centered on long-term funding (bonds, long-term borrowings)
- Conservative approach by diversifying maturities and funding sources
- Access to central banks (participation in BoJ/ECB open market operations; access to Lombard facility)

33

Our financial strategy taking into account the Lehman acquisitions and the current business environment calls for a restructuring of our capital base, controlling of our balance sheet, and managing liquidity. Since March, we have raised over 600 billion yen from subordinated loans and bonds to strengthen Tier II capital.

And yesterday we announced plans to issue subordinated convertible bonds. This is not to expand our balance sheet. It will ensure we have dry powder to deliver various facilitations. To deliver solutions to clients, to offer highly sought after liquidity, and to implement our client-focused business model. That's why we need to ensure a stable capital base and why we have decided to raise subordinated funds.

- 1 Business Environment
- 2 Medium-term targets
- 3 Nomura-Lehman Integration
- 4 Business Division Strategies
- 5 Financial Strategy
- 6 In Conclusion**

6

In conclusion: Management Vision

A financial services group with world-class competitiveness

**Create change to contribute to development of capital markets
and generate growth opportunities**

Act as a bridge between Asia and Europe/US

Keywords

Create change

World-class

Speed

35

In Conclusion

Before finishing, I would like to reiterate that our focus remains to create change, be world-class, and move with speed.

We took on the Lehman franchise to create change. And we will now move with speed to connect our solid client base and business platform in Japan with Lehman's world-wide client base.

Together we will deliver Asia to the world and the world to Asia; together we will continue to provide transparent innovation that delivers true value for clients; and together we will become a global full-service investment bank. That is our vision.

The supply-side driven business model is over. It's time to get back to basics and provide solutions with a demand-side mindset, focused on client needs.

So if you ask me what are our top three priorities? That's easy. Clients, clients, clients. Indeed, our heritage is based on prospering together with our clients.

Our clients are waiting. The most important thing now is to be client-focused and business-driven. Our intent focus on clients will lead to a new, evolved business model.

Thank you for your time.

Nomura Holdings, Inc.
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