Acquisition of Former Lehman Brothers Operations

Nomura Holdings, Inc.
October 2008
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6. The consolidated financial information in this document is unaudited.
We have announced the following moves . . .

- Acquisition of Lehman Brothers’ franchise in the Asia Pacific region, including Japan and Australia
- Acquisition of the European and Middle Eastern equities and investment banking operations
- Hiring of more than 150 former Lehman Brothers fixed income staff in Europe
- Acquisition of service platform in India
  - Lehman Brothers Services India Private Limited
  - Lehman Brothers Financial Services (India) Private Limited
  - Lehman Brothers Structured Finance Services Private Limited

We moved quickly to open discussions with the administrators following the bankruptcy of Lehman Brothers on September 14. On September 22, we announced the acquisition of Lehman’s Asia-Pacific franchise, including Japan and Australia, and then the following day we announced the acquisition of Lehman’s European and Middle Eastern equities and investment banking operations. On October 7, we hired former Lehman Brothers fixed income staff. And on October 14, we completed the acquisition of three companies in Lehman Brothers’ services platform in India. The next page shows an outline of the acquisitions.

The acquisitions provide us with three key components in our business infrastructure to help us achieve our management vision of being a world-class organization.

Please turn to page five.
Acquisition Outline – Summary

Europe & ME
- Acquisition of equities and investment banking operations
  - Approx. 2,500 people
- Hired ex-Lehman fixed income staff
  - Approx. 150 people
  - Interest rate, credit, and currency linked operations

Japan
- Acquired Japan franchise
  - Approx. 1,100 people

Asia (ex-Japan)
- Acquired Asia Pacific franchise
  - Approx. 1,500 people (ex-Japan)

India
- Acquired three subsidiaries
  - Total of approx. 2,900 people
- LB Services India
  - IT, Global Servicing
- LB Financial Services (India)
  - Research services
- LB Structured Finance Services
  - Capital Markets Support and Analytics

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- LB Structured Finance Services
  - Capital Markets Support and Analytics

Asia (ex-Japan)
- Acquired Asia Pacific franchise
  - Approx. 1,500 people (ex-Japan)
Acquisitions bring the following benefits . . .

**World-Class Colleagues**
Total of 8,000 new colleagues

**Worldwide Customer Base**
Surprisingly complementary relationship

**IT Platform**
High velocity trading engine and other powerful business infrastructure

By acquiring some 8,000 former Lehman employees, we have been able to instantly bring on board world-class human resources and the infrastructure that supports them.

Along with these new employees comes the most important asset for our business: clients. The acquisitions will allow us to expand our access to a broad range of clients. The client bases of Nomura and Lehman are surprisingly complementary as I will explain in a moment.

The acquisitions in India, meanwhile, give us the IT platform used by the former Lehman Brothers. A competitive platform is a crucial element for global business operations. The fact that we were able to acquire this platform at a reasonable price and in a short timeframe is a significant plus for us.

For instance, one of Lehman’s strengths was its high-velocity trading engine, which allows significantly faster trading of stocks and bonds. This service is highly valued by hedge funds and the system helped Lehman achieve the top share.

Such new infrastructure will substantially enhance our business, not only the wholesale business, but also the lineup of competitive products in our retail business.

Next, I will outline the key strategies for the acquisitions. Please turn to page six.
Key strategies behind the deals include . . .

- Quickly overhaul our wholesale business
- Create unique investment banking model based on client businesses
- Reduce operating costs with acquisition of global infrastructure platform
- Create world-class management structure in terms of organization, management bodies, corporate systems

We will now move with speed to overhaul our wholesale operations by enhancing our product and service delivery while significantly expanding our international franchise and client base. By leveraging the highly complementary operating infrastructure of Nomura and Lehman, we aim to create a unique client-focused investment banking model.

We will also be able to reduce costs with Lehman’s multi-regional integrated infrastructure platform. And we will create world-class management structure in terms of organization, management bodies, and corporate systems.

Now, please turn to page seven where I will outline some key figures related to the acquisitions.
1 Acquisition Outline – Key Figures

Some key figures include . . .

- **International wholesale workforce increase by 3,000 from 1,700 to 4,700** (More than 95% of ex-Lehman employees accepted offer of employment)
- **Total acquisition costs approx. $2bn**
- **Pre-tax income of $5bn based on combined FY07 figures** (net of one-time losses such as subprime related losses)
- **TSE trading share #1 in ‘07**
- **#1 in M&A in Japan and Asia, top player in Europe**

First, headcount. Some 8,000 people have joined Nomura from Lehman, 3,000 of whom work in our international wholesale operations. As we had about 1,700 people in our international wholesale business before the acquisitions, you can see that we have been able to achieve a significant jump in headcount. What’s more, over 95% of ex-Lehman employees accepted our offer of employment.

We expect costs for the acquisitions in Asia-Pacific, Europe and Middle East, and India to total around $2 billion. We believe this is a very reasonable price to pay because in a normal acquisition you have to pay a premium on top of the market capitalization of the target firm.

In terms of revenue, the combined pre-tax income of Nomura and the acquired businesses for fiscal 2007 comes to $5 billion, net of one-time effects such as sub-prime and monoline related losses.

But the benefits are not just increased revenues. Before it filed for bankruptcy, Lehman Brothers claimed the top share in trading on the Tokyo Stock Exchange. This presence will only get stronger when combined with Nomura. In addition, while Nomura is number one in M&A in Japan, Lehman was a top player in Asia and Europe.

So, why did we choose Lehman and what synergies can we expect?

The next page shows a comparison of client bases.
Nomura’s global strength lies in Japanese equity products and services for traditional investors such as pension funds and mutual funds based on our competitive research. Lehman’s strength is with hedge funds and other similar clients due to its competitive execution services.

By acquiring Lehman’s European equity operations, we have been able to add European equities to our product lineup. In the domestic fixed income business, our strength lies with domestic investors, while Lehman is focused on international investors. For instance, in JGB underwriting, we hold the top share for domestic investors, and Lehman holds the top position for international investors.

In investment banking, we maintain the top market share in Japan, with a niche coverage in emerging markets such as India and eastern Europe. Lehman, meanwhile, is a top player in Asia and Europe with a broad client base. We can expect to see this complementary relationship deliver results in the growing area of cross-border M&A.

In addition, we have a substantial base of customers including high-net-worth investors in the retail business in Japan and the rest of Asia. Lehman’s client base is in the wholesale business.

So as you can see, there is a perfectly complementary relationship between Nomura and Lehman Brothers in terms of clients and products and services. We will maximize these synergies to rapidly expand our client-facing businesses.

Please turn to the next page.
This shows an outline of the road to revenue. Phase one is already complete. We are now in phase two working on getting the acquired businesses up and running again. In some businesses, transactions with clients have already started, both in Japan and overseas. We have a global coordinated effort to get the businesses fully operational as soon as possible. In the third phase, we will promote efficiencies in the combined organization and infrastructure. And in the fourth phase, we can expect revenues to be generated from synergies during next fiscal year.

In addition, we recently announced a new management structure which allows our increasingly diverse pool of managers to be appointed as Senior Managing Directors. This move positions us to enhance our business execution structure in response to the increasingly sophisticated nature of the financial services industry. The introduction of this new management structure led to three non-Japanese managers being appointed Senior Managing Directors.

In another management move, we recently announced that the positions of Head of Equity, Europe, the Middle East, and Africa, and Head of Equity, Asia Pacific, including Japan will be filled by former Lehman managers. As we work to build an operating structure for the combined organizations, we will appoint whoever is the right person for the job.
Transition – Medium to Long Term Goals

Act with speed to create change and become a world-class investment bank

- Maximize synergies using competitive resources
- Vertically integrate international wholesale business

World-Class Investment Bank
Appendix
2 Synergies – Major Clients

Minimal overlap between top tier clients

<table>
<thead>
<tr>
<th>Equity Division</th>
<th>Fixed Income Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nomura’s Top 10 Clients (Asia) (FY07)</strong></td>
<td><strong>Lehman’s Top 10 Clients (Asia) (FY07)</strong></td>
</tr>
<tr>
<td>1 Maria</td>
<td>1 Candy</td>
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<tr>
<td>2 Nelson</td>
<td>2 Gerald</td>
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<tr>
<td>3 Jasmine</td>
<td>3 Tony</td>
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<td>4 Greg</td>
<td>4 Kim</td>
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<td>5 Sandra</td>
<td>5 Icy</td>
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<td>6 Corrinna</td>
<td>6 Doreen</td>
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<tr>
<td>7 Marcus</td>
<td>7 Corine</td>
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<tr>
<td>8 Flora</td>
<td>8 Cindy</td>
</tr>
<tr>
<td>9 Issy</td>
<td>9 Maggie</td>
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<tr>
<td>10 Stacy</td>
<td>10 Bernard</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Nomura’s Top 10 Clients (Europe) (FY07)</strong></th>
<th><strong>Lehman’s Top 10 Clients (Europe) (FY07)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Christopher</td>
<td>1 Michael</td>
</tr>
<tr>
<td>2 Raymond</td>
<td>2 Linda</td>
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<tr>
<td>3 Daniel</td>
<td>3 David</td>
</tr>
<tr>
<td>4 Bradford</td>
<td>4 Catherine</td>
</tr>
<tr>
<td>5 Wendy</td>
<td>5 Bobby</td>
</tr>
<tr>
<td>6 Ben</td>
<td>6 Pamela</td>
</tr>
<tr>
<td>7 Lucy</td>
<td>7 Robert</td>
</tr>
<tr>
<td>8 Nicole</td>
<td>8 George</td>
</tr>
<tr>
<td>9 Florence</td>
<td>9 Alicia</td>
</tr>
<tr>
<td>10 Catherine</td>
<td>10 Billy</td>
</tr>
</tbody>
</table>

* Note: Client names are fictitious and are shown only for comparison purposes.

Nomura’s equity business in Europe is mostly Japanese equity whereas Lehman’s was mostly European equity.
## Synergies – Front Office Operations

### Framework for growth: Synergies from combined franchise

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Asia</th>
<th>Europe / ME</th>
<th>U.S.</th>
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</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td>Research</td>
<td>Research</td>
<td></td>
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<td></td>
<td>Japanese Equity Sales</td>
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<td></td>
<td>Instinet</td>
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<tr>
<td></td>
<td>Execution</td>
<td></td>
<td>Hedge Funds Service (Prime Brokerage, High Velocity Trading Engine, etc)</td>
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<tr>
<td><strong>Fixed Income</strong></td>
<td>Fixed Income</td>
<td>Fixed Income</td>
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<td></td>
<td>Forex</td>
<td>Forex</td>
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<td></td>
<td>China</td>
<td>Kazakhstan</td>
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<tr>
<td><strong>Investment Banking</strong></td>
<td>M&amp;A</td>
<td>M&amp;A</td>
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<td></td>
<td>Equity</td>
<td>Equity</td>
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<td></td>
<td>India</td>
<td>India</td>
<td></td>
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<tr>
<td><strong>Clients</strong></td>
<td>Japanese Client, Mutual Fund</td>
<td>Japanese Client, Mutual Fund</td>
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<td></td>
<td>Vacuum Client, Hedge Funds</td>
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</tbody>
</table>

Note: This slide is for illustrative purposes as of October 28, 2008. No representations or warranties are made regarding accuracy, completeness.
Nomura depends on mutual funds whereas Lehman depends on hedge funds.

Asia Equity Business by Client Type

- **Hedge Funds**
  - Nomura: 6.6%
  - Lehman: 56.8%

- **Mutual Funds**
  - Nomura: 74.2%
  - Lehman: 18.3%

- **Others**
  - Nomura: 19.0%
  - Lehman: 24.9%

*Figures are based on top 30 clients of Nomura and Lehman's top 40 clients in FY07.*
2 Synergies – Overseas Fixed Income

Lehman’s fixed income business more diversified

Fixed Income Revenue by Client Type (FY07)

Nomura Asia, Lehman Asia, Nomura Europe, Lehman Europe

- Others
- Funds / HF
- Money Managers
- Insurance / Pension Funds
- Brokers
- Central Banks / Government Org.
- Banks
## 2 Synergies – Investment Banking

Investment banking businesses also highly complementary


<table>
<thead>
<tr>
<th></th>
<th>Europe &amp; ME</th>
<th>Asia-Pacific</th>
<th>Japan</th>
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<tbody>
<tr>
<td><strong>Equity</strong></td>
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<tr>
<td>Underwriting</td>
<td>(Bookrunner)</td>
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<tr>
<td></td>
<td>11,523</td>
<td>5,161</td>
<td>33,952</td>
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<tr>
<td></td>
<td>(63)</td>
<td>(30)</td>
<td>(214)</td>
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<tr>
<td></td>
<td>1,499</td>
<td>2,712</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(19)</td>
<td>(12)</td>
<td></td>
</tr>
<tr>
<td><strong>M&amp;A</strong></td>
<td>(Financial Advisor)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>552,983</td>
<td>19,257</td>
<td>76,535</td>
</tr>
<tr>
<td></td>
<td>(154)</td>
<td>(24)</td>
<td>(13)</td>
</tr>
<tr>
<td></td>
<td>17,544</td>
<td>6,794</td>
<td>(348)</td>
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<td></td>
<td>(29)</td>
<td>(29)</td>
<td></td>
</tr>
</tbody>
</table>

Proceeds (US$ mil.)

 Rank Value (US$ mil.)

(‡ of Issues)

(‡ of Deals)

Source: Thomson Reuters

Lehman NOMURA

Investment banking businesses also highly complementary.
2 Synergies – Core Biz Strategy by Division

Optimize core competencies to maximize businesses

- **Equity**
  - Perfect complementary position in each business line
  - Adding the following new business lines:
    - Futures, European cash equity business, and flow and structured derivatives
    - Cash prime brokerage services on top of our synthetic prime brokerage
    - High velocity trading engine for stats arbitrage trading.

- **Fixed Income**
  - Pursue market making and solution model and enlarge institutional business more aggressively.
  - Strengthen flow business (cash and derivatives) by utilizing Lehman’s e-commerce approach to client franchise in Europe and Asia
  - Deliver more competitive solution to clients, leveraging Lehman’s high quality research.

- **Investment Banking**
  - Deliver multi-functional solutions with finance attached to worldwide client base.
  - Lehman’s multi functional solution business includes acquisition finance, LBO loans, and risk hedging by forex and derivatives.
  - Close alliance with our client franchise in Japan to harvest more cross boarder deals.
2 Synergies – Middle and Back Operation

Growth, efficiency and profit potential from combined best-practice infrastructure

- Nomura: Experienced, ambitious team with international experience and outlook
- Lehman: Seasoned, multi-cultural / international management team with track record of business building and high profitability
- Combined scale allows localization for faster market adjustment and revenue capture
- Strong additional local talent for increased market insight and connectivity

- Modern and robust ex-Lehman systems architecture to form basis for international expansion
- Optimization by choose best-in-class elements from systems of both firms
- Combined systems allow unified management across divisions, products, geographies
- Cost synergies from reduction of overlap & from leverage of India (Powai)

- Prudent Nomura historical risk management provides strong base for future expansion
  - Opportunities to capitalize on weakness of global competitors
- World-class ex-Lehman risk management and reporting technology, enabling:
  - Growth of existing books with optimized profitability
  - Prudent expansion of risk-taking into new asset classes and geographies