

**Acquisition of Former Lehman Brothers Operations**

**Nomura Holdings, Inc.**

**October 2008**

1. This document is produced by Nomura Holdings, Inc. ("Nomura"). Copyright 2008 Nomura Holdings, Inc. All rights reserved.
2. Nothing in this document shall be considered as an offer to sell or solicitation of an offer to buy any security, commodity or other instrument, including securities issued by Nomura or any affiliate thereof. Offers to sell, sales, solicitations to buy, or purchases of any securities issued by Nomura or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials or a prospectus prepared and distributed according to the laws, regulations, rules and market practices of the jurisdictions in which such offers or sales may be made.
3. No part of this document shall be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Nomura.
4. The information and opinions contained in this document have been obtained from sources believed to be reliable, but no representations or warranty, express or implied, are made that such information is accurate or complete and no responsibility or liability can be accepted by Nomura for errors or omissions or for any losses arising from the use of this information.
5. This document contains statements that may constitute, and from time to time our management may make "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any such statements must be read in the context of the offering materials pursuant to which any securities may be offered or sold in the United States. These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Important factors that could cause actual results to differ from those in specific forward-looking statements include, without limitation, the ability to integrate the businesses acquired from Lehman Brothers in such a manner that Nomura can achieve the results it expects, requirements imposed by regulatory authorities in Japan and elsewhere for the consummation of those acquisitions and related transactions, the ability to retain the personnel at the acquired businesses who are necessary to implement Nomura's post-acquisition business plan, the ability to retain the clients of the acquired businesses, the ability to adapt Nomura's risk management system to take in and manage the risks related to the acquired businesses in an effective manner, economic and market conditions, political events and investor sentiments, liquidity of secondary markets, level and volatility of interest rates, currency exchange rates, security valuations, competitive conditions and size, and the number and timing of transactions.
6. The consolidated financial information in this document is unaudited.

# 1 Acquisition Outline – Summary

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

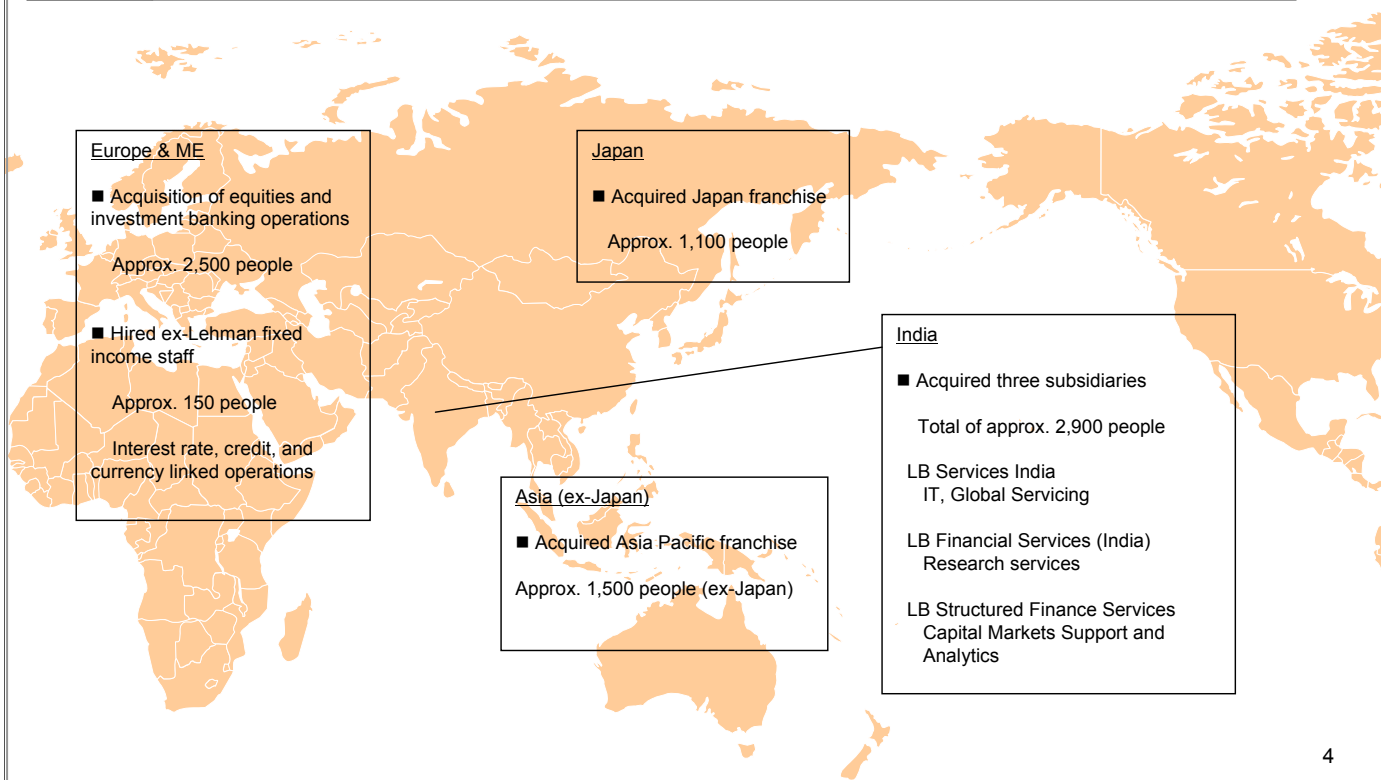
3

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.

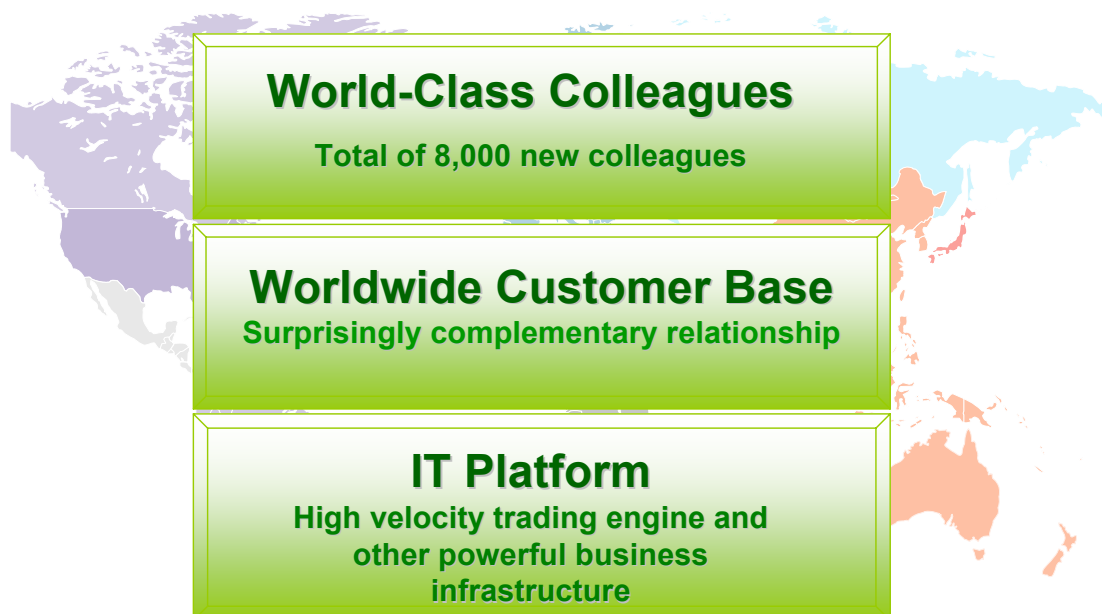
Please turn to page five.

# 1 Acquisition Outline – Summary



# 1 Acquisition Outline – Key Business Drivers

Acquisitions bring the following benefits . . .



5

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.

# 1 Acquisition Outline – Key Strategies

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**

6

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**

7

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.

## 2 Synergies – Solid Client Base

Synergies in client businesses: Perfect complementary relationship

	NOMURA	Lehman
Global Equity	Traditional	Hedge Funds
Domestic Fixed Income	Japanese	Overseas
Overseas IB	Niche	Broad
Others	Retail & HNW	Wholesale

Note: Please refer to Appendix for synergies of each divisions.

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.

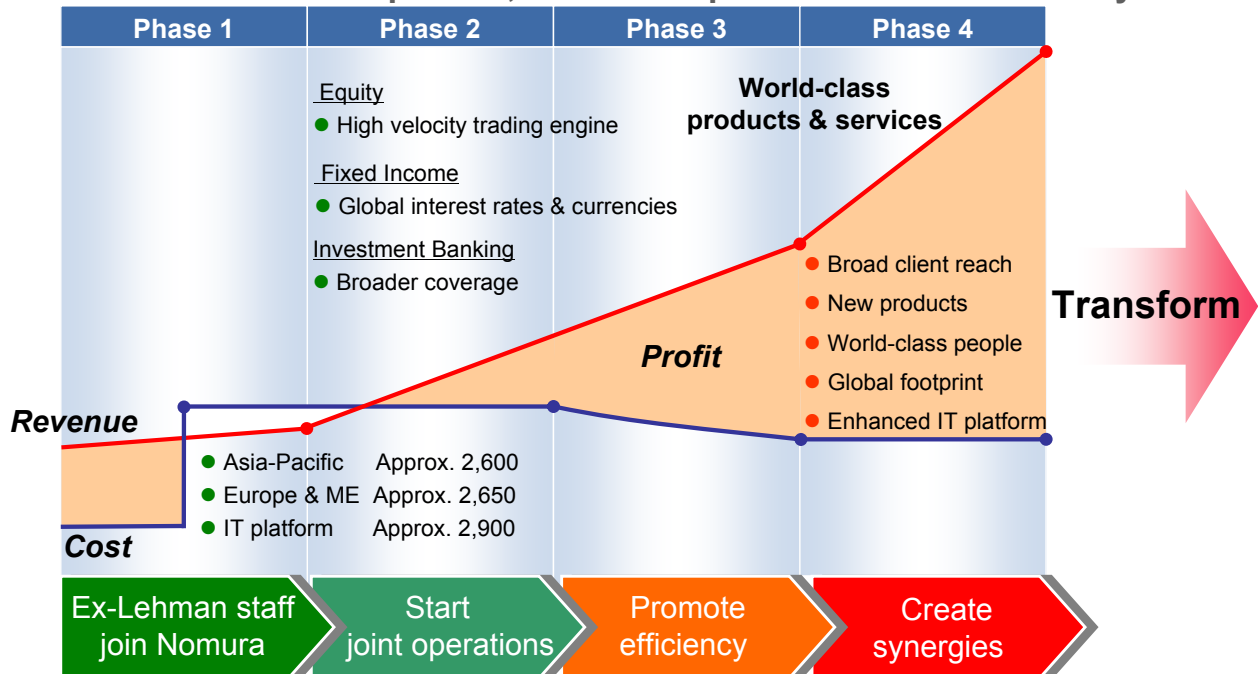
So as you can see, there is a perfectly complementary relationship between Nomura and Lehman Brothers in terms of clients and products and services. We will maximize these synergies to rapidly expand our client-facing businesses.

Please turn to the next page.



# 3 Transition – The Road to Revenue

Increased costs in initial phases; revenue expansion from next fiscal year



Note: This slide is for illustrative purposes as of October 28, 2008. No representations or warranties are made regarding accuracy, completeness, current, or future earnings. Forecasts are internal and subject to change without notice.

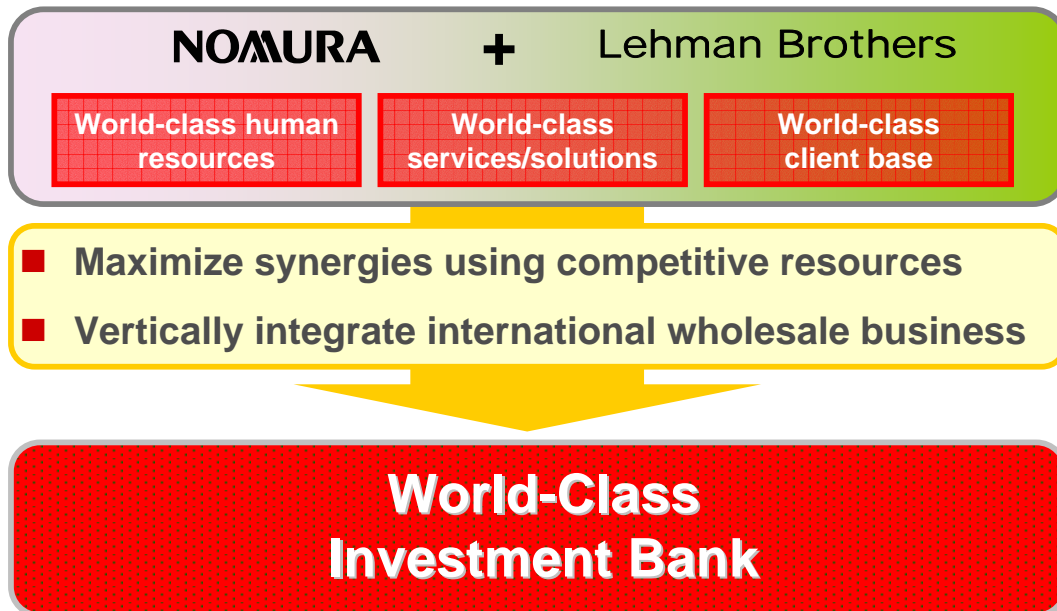
This shows an outline of the road to revenue. Phase one is already complete. We are now in phase two working on getting the acquired businesses up and running again. In some businesses, transactions with clients have already started, both in Japan and overseas. We have a global coordinated effort to 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.

### 3 Transition – Medium to Long Term Goals

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



**Appendix**

## 2 Synergies – Major Clients

Minimal overlap between top tier clients

### Equity Division

(FY07)	
Nomura's Top 10 Clients (Asia)	Lehman's Top 10 Clients (Asia)
1 Maria	1 Caroline
2 Nelson	2 Harold
3 Jasmine	3 Theresa
4 Greg	4 Matthew
5 Zandra	5 Andy
6 Corrinna	6 Margaret
7 Marcus	7 Fredrick
8 <b>Flora</b>	8 Quinn
9 Issy	9 Thomas
10 Stacy	10 <b>Flora</b>

Nomura's equity business in Europe is mostly Japanese equity whereas Lehman's was mostly European equity

### Fixed Income Division

(FY07)	
Nomura's Top 10 Clients (Asia)	Lehman's Top 10 Clients (Asia)
1 <b>Candy</b>	1 <b>Candy</b>
2 Gerald	2 Steve
3 Tony	3 Jessica
4 Kim	4 Sandy
5 <b>Icy</b>	5 Eileen
6 Doreen	6 <b>Icy</b>
7 Corine	7 Rina
8 Cindy	8 Madonna
9 Maggie	9 Cherry
10 Bernard	10 Kirk

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

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

## 2 Synergies – Front Office Operations

Framework for growth: Synergies from combined franchise

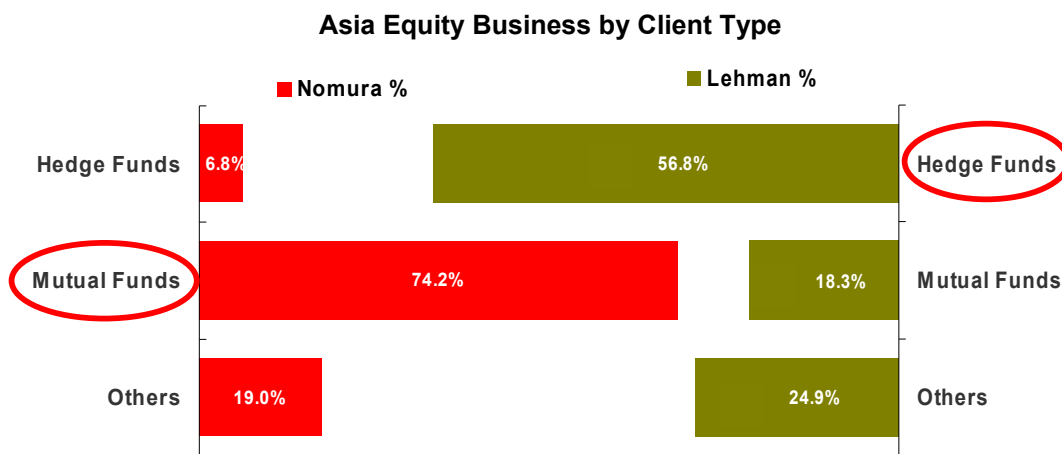
	Japan	Asia	Europe / ME	U.S.
	<div style="display: flex; justify-content: space-between;"> <span>Nomura</span> <span>Ex-Lehman</span> </div>			
Equity	Research		Research	
	Japanese Equity Sales			
	Instinet			
	Execution		Execution	
	Hedge Funds Service (Prime Brokerage, High Velocity Trading Engine, etc)			
		India & China Brokerage	Transition Manager	
Fixed Income	Fixed Income		Fixed Income	
	Forex		Forex	
		China		
		Kazakhstan		
Investment Banking	M&A		M&A	
	Equity	Equity		
	Debt	India		
Clients	Japanese Client , Mutual Fund			
	Overseas Client , Hedge Funds			
	Retail & HNW Client			

Note: This slide is for illustrative purposes as of October 28, 2008. No representations or warranties are made regarding accuracy, completeness.

2

# Synergies – Asia Equity

Nomura depends on mutual funds whereas Lehman depends on hedge funds

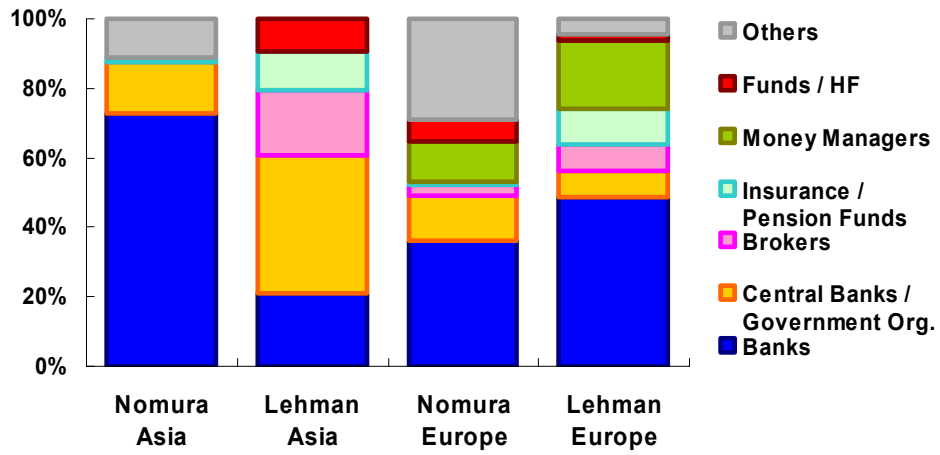


\* Figures are based on top 30 clients of Nomura and Lehman's top 40 clients in FY07.

## 2 Synergies – Overseas Fixed Income

Lehman's fixed income business more diversified

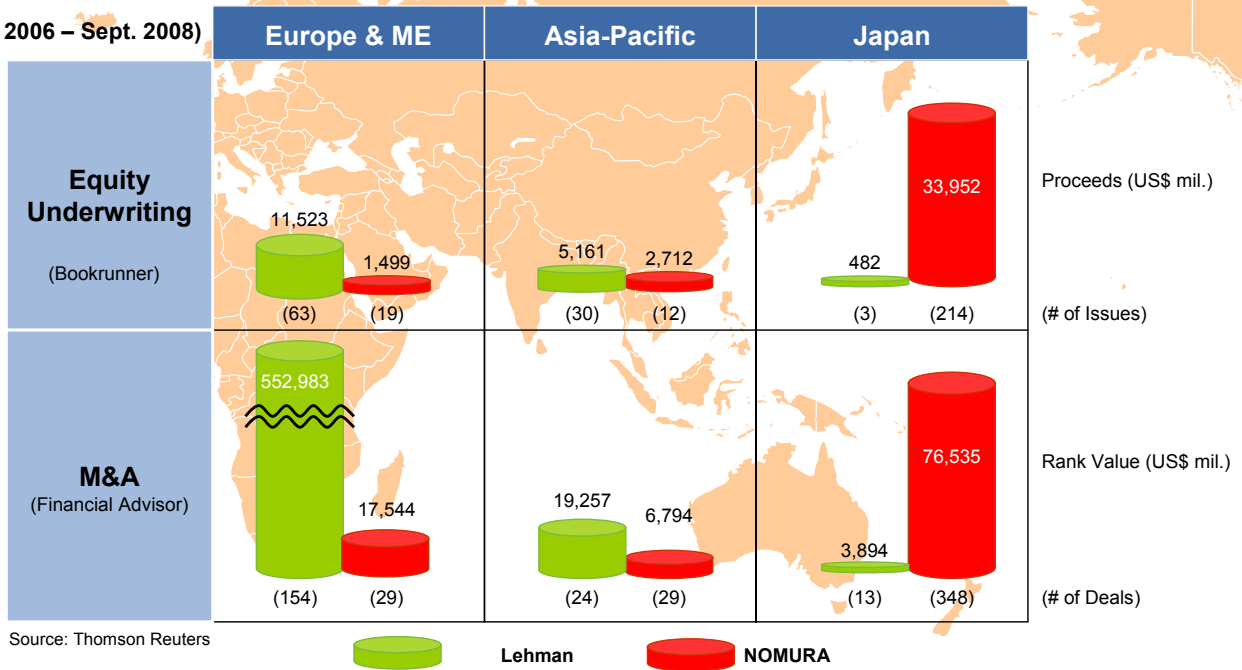
Fixed Income Revenue by Client Type (FY07)



# 2 Synergies – Investment Banking

Investment banking businesses also highly complementary

(Jan. 2006 – Sept. 2008)





## 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.

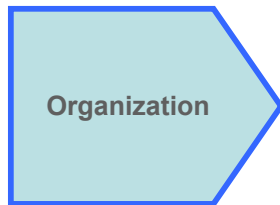
#### Investment Banking



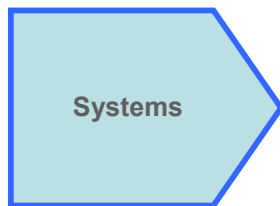
- Deliver multi-functional solutions with finance attached to worldwide client base.
  - Lehman's multi functional solution business includes acquisition finance, LBO loans, and risk hedging by forex and derivatives.
  - Close alliance with our client franchise in Japan to harvest more cross boarder 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

**Nomura Holdings, Inc.**  
[www.nomura.com](http://www.nomura.com)