

**NOMURA HOLDINGS, INC.**

**ANNUAL REPORT**

For the Year Ended March 31, 2011

2011

Nomura provides innovative solutions tailored to the specific needs of our clients through three business divisions: Retail, Asset Management, and Wholesale. Since our founding, we have maintained a philosophy of prospering with our clients. This heritage underpins our client-focused strategy of delivering world-class products and services to our global clients.

**Forward-Looking Statements**

This annual report contains forward-looking statements about the future plans, strategies, beliefs, and performance of the Nomura Group. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts, and projections based on information currently available to the Company and are subject to a number of risks, uncertainties, and assumptions, which, without limitation, include market trends, economic trends, competition in the financial industry, laws and regulations, and the tax system. As such, actual results may differ materially from those projected.

02	<b>Opening Feature</b> <b>CHANGING PERSPECTIVE, UNCHANGING PASSION</b>
02	<b>Customer Centric + Making Changes Happen</b>
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	<b>DELIVERING VALUE-ADDED PRODUCTS AND SERVICES AS A GLOBALLY COMPETITIVE FINANCIAL SERVICES GROUP</b>
	The principle of putting customers first is one of the important philosophies of Nomura and forms an unchanging basis for our conduct.
	This principle of putting customers first is also the driving force behind us creating change.
	Through creating change, Nomura is committed to enriching customers throughout the world by delivering superior products and services.
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# CHANGING PERSPECTIVE, UNCHAN



## CUSTOMER CENTRIC + MAKING CHANGES HAPPEN

Our founder's principles have been an integral part of Nomura's culture for over 80 years. Everything we do is focused on our clients, an approach that reflects our founder's philosophy of prospering with our clients. In the three years since we acquired parts of Lehman Brothers, this philosophy has become even more embedded in our organization. By responding to our clients' needs, we are able to create meaningful changes and deliver high value-added products and services as a globally competitive financial services group.

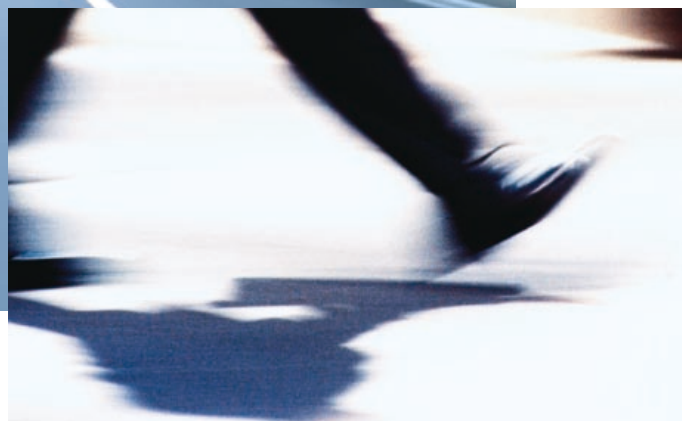
# GING PASSION

We serve a diverse range of global clients from retail investors and corporate clients to institutional investors. Each client group has different needs. Corporations are reorganizing their operations to gain a competitive advantage and strengthening their financial position in response to the changing business environment. Institutional investors face intense competition and require sophisticated execution services and global research to deliver results for their own clients. Retail investors demand higher quality products and services to grow their personal wealth. We help our clients navigate these challenges by providing world-class products and services through our globally integrated franchise.

## + WORLD CLASS







## + SPEED

We are moving with speed to build a new growth model. Our client focus allows us to constantly revamp our existing products and services, and swiftly expand into new areas of business. To ensure faster decision making, a more integrated group management structure, and greater efficiency in resource allocation, we established a new CEO/COO Office in April 2011 that works closely with top management, our Chief Financial Officer, Chief Risk Officer, and business division and regional CEOs.

We build on our established relationships of trust by continually delivering innovative products and services to our clients. In doing so, we aim to have corporations, individual investors, and retail investors from around the world turn to Nomura for advice. We will continue to place our clients at the heart of our business and strive to be a globally competitive financial services group that creates change, offers world-class products and services, and moves with speed.

## + GLOBALLY COMPETITIVE



## FINANCIAL HIGHLIGHTS (US GAAP)

For the fiscal years beginning April 1 and ending March 31 of the following year

Note: These financial highlights are prepared solely for convenience. Readers are recommended to refer to the Form 20-F.

	Billions of yen				
	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
<b>MAJOR FINANCIAL DATA</b>					
Net revenue	¥ 1,091.1	¥ 787.3	¥ 312.6	¥ 1,150.8	<b>¥ 1,130.7</b>
Income (loss) before income taxes	318.5	(64.9)	(780.3)	105.2	<b>93.3</b>
Net income (loss) <sup>1, 3</sup>	175.8	(67.8)	(708.2)	67.8	<b>28.7</b>
Total assets	35,577.5	25,236.1	24,837.8	32,230.4	<b>36,693.0</b>
Shareholders' equity <sup>2, 3</sup>	2,185.9	1,988.1	1,539.4	2,126.9	<b>2,082.8</b>
Short-term unsecured debt	1,810.9	2,246.4	1,932.4	2,153.5	<b>2,634.3</b>
Long-term unsecured debt	4,360.4	4,374.5	4,646.4	6,024.6	<b>6,466.9</b>
Total risk-weighted assets	—	—	11,935.9	11,525.7	<b>11,629.5</b>

					Yen
PER SHARE DATA					
Net income (loss)—basic <sup>1</sup>	¥ 92.25	¥ (35.55)	¥(364.69)	¥ 21.68	¥ 7.90
Shareholders' equity	1,146.23	1,042.60	590.99	579.70	578.40
Cash dividends	44.0	34.0	25.5	8.0	8.0

						%
MAJOR MANAGEMENT INDICATORS						
ROE	8.3%	−3.3%	−40.2%	3.7%	1.4%	
Gross leverage (times)	—	12.7	16.1	15.2	17.6	
Net leverage <sup>4</sup> (times)	—	7.5	10.7	9.3	10.3	
Total capital ratio	—	—	18.9	24.3	22.2	
Tier 1 ratio	—	—	11.7	17.3	16.4	
Tier 1 common ratio <sup>5</sup>	—	—	—	17.3	16.4	

					People
NUMBER OF EMPLOYEES					
Total	16,854	18,026	25,626	26,374	26,871
Japan	12,841	13,938	15,320	15,053	14,918
Europe	1,791	1,956	4,294	4,369	4,353
Americas	1,322	1,063	1,079	1,781	2,348
Asia-Pacific	900	1,070	4,933	5,171	5,252

Notes: 1) Net income (loss) attributable to Nomura Holdings, Inc. shareholders

2) Total Nomura Holdings, Inc. shareholders' equity

3) On April 1, 2009, we adopted new guidance for the accounting and reporting for noncontrolling interests. In the above table, this guidance has been retrospectively applied to the amounts as of and for the years ended March 31, 2007, 2008 and 2009.

4) Net leverage: Total assets minus securities purchased under agreements to resell and securities borrowed, divided by Nomura Holdings shareholders' equity.

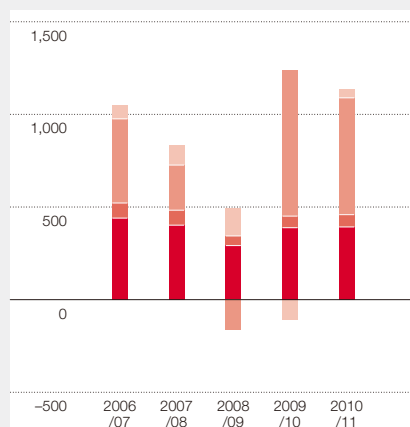
5) Tier 1 common ratio is defined as Tier 1 capital minus hybrid capital and minority interest divided by risk-weighted assets.

Refer to the Financial Summary →  
on page 46 for details



## SEGMENT NET REVENUE

(Billions of yen)



■ Retail  
■ Asset Management  
■ Wholesale  
■ Other

## SEGMENT INCOME (LOSS) BEFORE INCOME TAXES

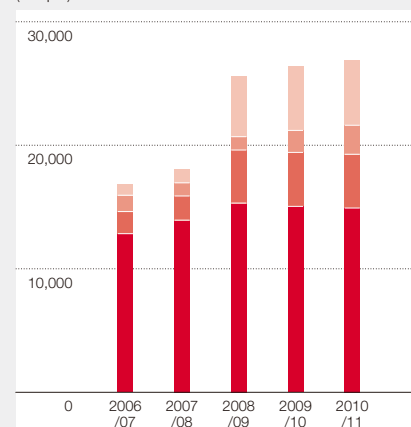
(Billions of yen)



■ Retail  
■ Asset Management  
■ Wholesale  
■ Other

## GROUP EMPLOYEES

(People)

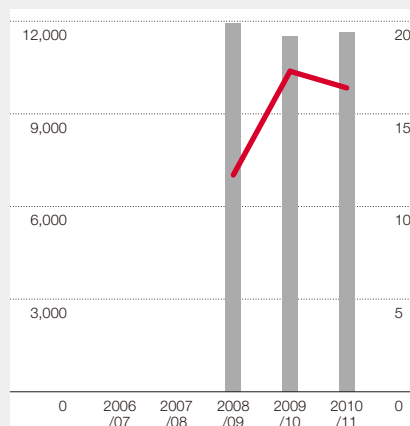


■ Japan  
■ Europe  
■ Americas  
■ Asia-Pacific  
Note: Excludes employees of private equity investee companies.

## TOTAL RISK-WEIGHTED ASSETS AND TIER 1 RATIO

(Billions of yen)

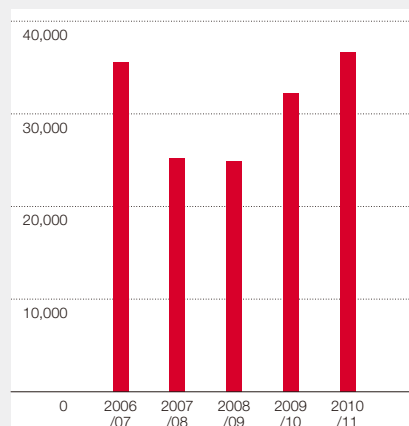
(%)



■ Total Risk-Weighted Assets  
— Tier 1 Ratio

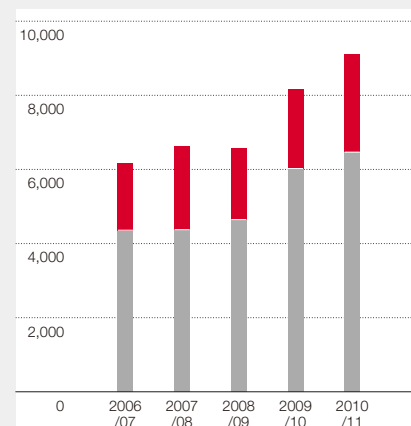
## TOTAL ASSETS

(Billions of yen)



## SHORT-TERM AND LONG-TERM UNSECURED DEBT

(Billions of yen)



■ Short-term Unsecured Debt  
■ Long-term Unsecured Debt



**Kenichi Watanabe**  
Representative Executive  
Managing Director,  
Group CEO

**Takumi Shibata**  
Representative Executive  
Managing Director,  
Group COO

## DELIVERING VALUE-ADDED PRODUCTS AND SERVICES AS A GLOBALLY COMPETITIVE FINANCIAL SERVICES GROUP

As a global investment banking group, Nomura delivers diverse investment opportunities to a broad base of investors around the world. We support the fundraising needs of our global clients and help companies execute their business and financial strategies. We facilitate the flow of capital between developed countries and emerging markets. We connect companies across regions. In short, we provide value-added solutions for all our clients' needs.



We are currently working to ensure both profitability and a well-defined path of investment for future growth. We faced a tough business environment in FY2010/11, marked by the sovereign debt crisis in Europe, a slowdown in the US economy, and the unprecedented natural disaster in Japan.

In spite of these challenges, we reported our second consecutive year of profitability and all three of our business divisions—Retail, Asset Management, and Wholesale—were profitable on a pretax basis. During the year, we also made progress in controlling both personnel and non-personnel expenses. Reflecting on the past year, we successfully navigated the various challenges as they arose, but we were unable to realize our full earnings potential.

We maintained our focus on our core businesses, investing for the future and reducing inefficiencies in existing businesses. We significantly increased our headcount in the Americas, which led to a direct gain in revenues in that region. Although our international Investment Banking business is still in investment mode, we won a number of high-profile cross-border mandates. In Equities, our investment in research is leading to greater recognition from global investors. Our Fixed Income business is seeing results from its investments in the US securitization business and global foreign exchange business. At the same time, we tightened the focus of our commodities business, exiting cash commodities to concentrate on the commodity index business.

When disaster struck Japan in March, the financial markets stayed open and our head office and regional branches all remained fully operational. We leveraged our global network to provide accurate, timely information to investors on the implications of the disaster for Japan's economy, capital markets, interest rates, and the foreign exchange market.

Under our guiding principles of “change”, “world-class”, and “speed”, we remain committed to our overriding objective of delivering high value-added products and services to our clients as a global investment bank. We have made significant progress towards realizing this objective, but we have much more work to do.

We are building a globally balanced business presence to ensure the firm is well-positioned to capitalize on revenue opportunities in each region as they arise. In Japan, we are strengthening links between our domestic and international businesses, while maintaining our long-standing competitive advantages in our home market. Internationally, we will continue to invest in our Americas build out, focus on improving profitability in Europe, and commit ourselves to enhancing our client businesses in Asia. We are also stepping up cross-divisional collaboration, creating closer links between our Wholesale franchise and our Retail and Asset Management businesses.

In Retail, we will improve services through our branch network, call centers, and online presence in order to increase client assets. In Asset Management, we will

further diversify our distribution channels for investment trusts and proactively approach pension funds, sovereign wealth funds, and other institutional investors.

The shift towards a more stringent regulatory environment is likely to continue. We maintain a robust financial position and we are accelerating our response to regulatory reforms, while closely monitoring the changing environment.

### **Financial Performance**

For the fiscal year under review, we reported net revenue of ¥1.1 trillion (–1.7% YoY), income before income taxes of ¥93.3 billion (–11.4% YoY), and net income attributable to Nomura Holdings' shareholders of ¥28.7 billion (–57.7% YoY).

Continued investment in building out our business platform, coupled with disciplined expense management, resulted in our second straight year of profitability. All three divisions were profitable on a pretax basis. Japan accounted for 58 percent of revenues and our international businesses accounted for 42 percent. Looking ahead, we aim to increase the level of revenues from outside Japan.

The sovereign debt crisis in Europe during the first quarter of our fiscal year led to market turbulence and prevented us from increasing revenues as planned. Although both revenues and income grew sequentially in the subsequent quarters, our full-year results were not at a satisfactory level. However, we made substantial progress in our global build out. We steadily increased our global client base and significantly enhanced our profile in the markets in which we operate. We believe these achievements have helped us consolidate our business platform and position us for future growth.

### **Business Performance**

#### **Retail**

Retail continued to provide its clients with consulting-based services and was the principal driver of firmwide earnings. We expanded our retail business in key product areas, including stocks, bonds, and investment trusts by responding accurately to the needs of retail investors. Although client assets declined from ¥73.5 trillion to ¥70.6 trillion as a result of market volatility caused by the earthquake in Japan, client accounts increased by 50,000 to 4.94 million and net client asset inflows totaled ¥3.9 trillion.

#### **Asset Management**

Asset Management remains a stable driver of revenues for Nomura. New funds continued to flow into investment trusts, in particular multi-currency and Japanese equity products. We also increased our share of the market for publicly-offered investment trusts in Japan. Our investment advisory business gained traction, steadily increasing mandates from pension funds, sovereign wealth funds, and other institutional investors. As a result, assets under management climbed to ¥24.7 trillion at the end of March 2011.

In March, we entered the investment trust business in India with the establishment of LIC NOMURA Mutual Fund Asset Management Company, a joint venture with Life Insurance Corporation of India, the largest life insurer in India.

### **Wholesale**

Our Wholesale division now operates under an integrated structure comprising Global Markets and Investment Banking. This new organization has allowed us to increase collaboration across business lines and regions. We have also diversified our revenue sources by prioritizing businesses to allocate resources more efficiently.

Client on-boarding has trended upwards in our Global Markets businesses and we have seen strong growth in client revenues. Investment Banking was involved in many of the largest deals in Japan, Europe, the Americas, China, and other markets in Asia. Underwriting of high-yield bonds and arranging acquisition finance are two examples of how we are diversifying our revenue sources by enhancing collaboration between Global Markets and Investment Banking.

In the Americas, we hired 550 people during the past year and headcount at the end of March had increased to 2,350 people. Revenues in the region were driven predominantly by our Fixed Income business, which has been significantly upgraded as part of our build out. We are now focused on monetizing our investments in Equities and Investment Banking.

### **Looking Forward**

Our aim is to be a globally competitive financial services group. As we work towards this goal, we must ensure stable growth by further increasing Retail client assets and assets under management, while returning our Wholesale division and international operations to profit. The whole firm is taking a more rigorous approach to managing expenses and raising profitability. To measure our progress, we have set out a number of key performance indicators.

In Retail, we aim to increase client assets to ¥100 trillion. By maintaining close communication with our retail clients, we will be able to gain an understanding of their exact needs and offer the equity, investment trust, and fixed income products and services they require.

Asset Management is looking to raise assets under management to ¥30 trillion. We will do this by distributing attractive investment trust products through a diverse range of channels in Japan and proactively approaching pension funds, sovereign wealth funds, and other institutional investors in Europe, the Americas, Asia, and the Middle East.



Wholesale is positioned as our firmwide engine of growth. We will further clarify our business priorities and further foster our pay-for-performance culture. Given the short-term uncertainties in Japan due to the earthquake, we recognize the need to move swiftly to expand revenues in our international operations and ensure continued profitability. Our Wholesale key performance indicators are to increase revenues by over 15 percent on an annualized basis, raise international revenues to between 70 and 80 percent of total revenues, and boost our pretax margin to between 10 and 15 percent.

## **A Diverse Talent Base**

### **Promoting diversity**

We now have people from over 70 nationalities working at Nomura. This diverse team of dedicated professionals works in local markets around the world, giving us a global perspective and a competitive advantage. Our senior management team is also becoming more diverse. We have appointed a greater number of women to leadership positions around the globe, including our Group CFO, and we have a truly multicultural group of senior leaders across our businesses.

### **Learning and development**

We strongly believe in offering our people flexible employment options and providing them with appropriate performance management and feedback. We offer a wide range of learning opportunities for people at all levels of the firm to help them shape their own career path and maximize their individual skills.

## **Regulatory Reforms**

Another important issue on the horizon is how we respond to ongoing regulatory reforms. As a globally active financial services firm, Nomura is subject to many regulatory regimes around the world.

We are closely watching the development of Basel III and the process to designate global systemically important financial institutions both of which were endorsed by the G20 Seoul summit in November 2010. Regulations are also being tightened at the national level, such as the introduction in 2010 of the Dodd-Frank Act in the US and the bank levy in the UK. We will continue to monitor regulatory reforms and ensure that we respond appropriately.

## **Governance**

Nomura operates under the committee system of governance, which means management oversight and business execution are kept separate. We have established a nomination committee, audit committee, and compensation committee, all primarily comprised of outside directors, to enhance management oversight and improve

transparency. Following our annual shareholders' meeting in June 2011, our board of directors increased by two to a total of 14 directors, including eight outside directors and four non-Japanese nationals. Our newly appointed outside directors bring with them a wealth of expertise in their particular field, including one director with deep experience in Asia. Their experience and independence will be instrumental in enhancing our corporate governance.

### Shareholder Returns

We believe that raising shareholder value over the long-term and paying dividends is essential for rewarding shareholders. As such, we aim 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, including the tightening of Basel regulations and other regulatory reforms, as well as our consolidated financial performance. Based on this approach, we paid an annual dividend of ¥8 per share in FY2010/11.

### Globally Competitive Financial Services Group

Our management vision is to build an unwavering position as a globally competitive financial services group. To do so, we will further augment our domestic franchise and develop a world-class business globally. By combining our collective strengths, we will work towards realizing our management vision and improving value for our shareholders.

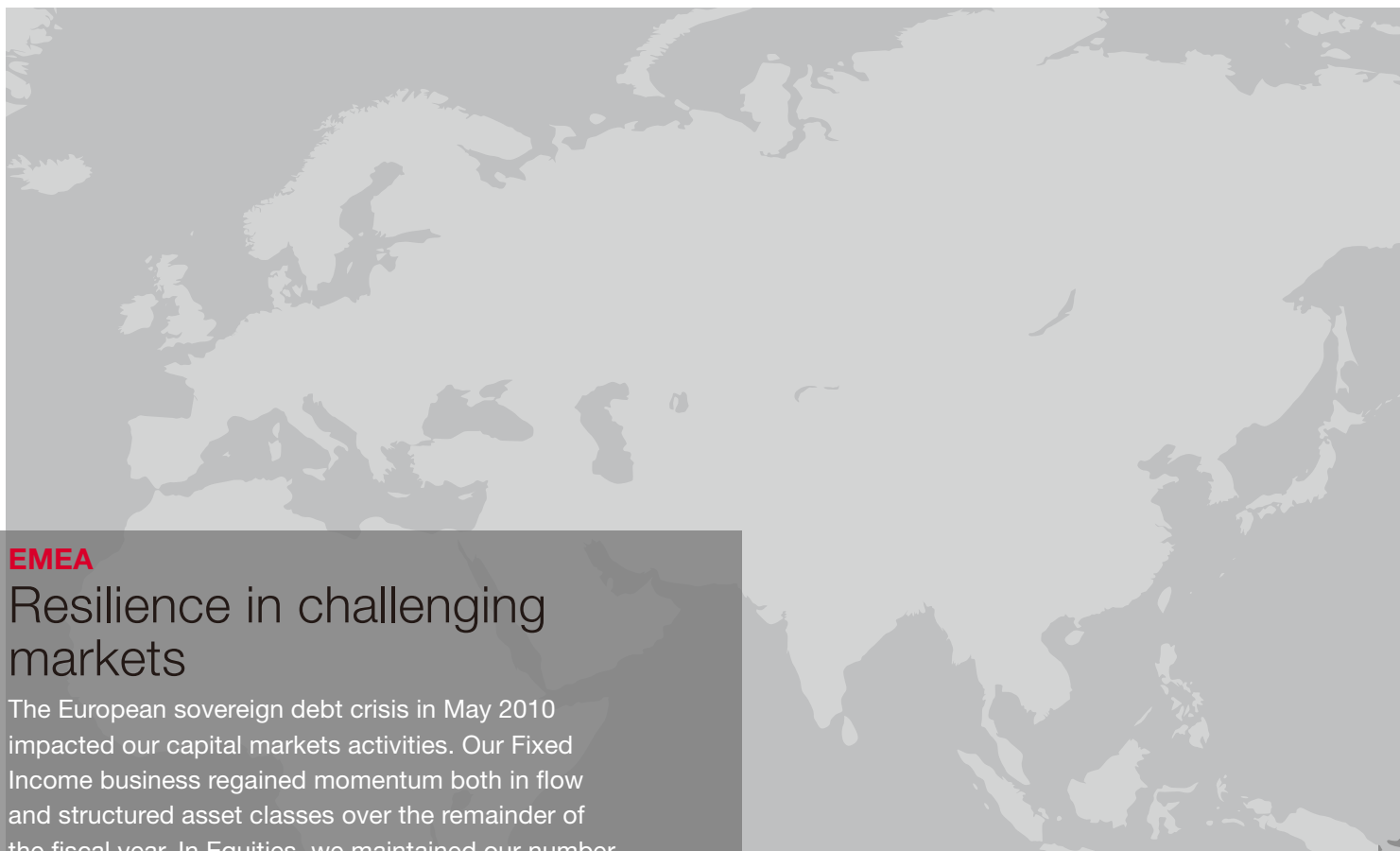
August 2011



**Kenichi Watanabe**  
Representative Executive  
Managing Director,  
Group CEO



**Takumi Shibata**  
Representative Executive  
Managing Director,  
Group COO



### EMEA

## Resilience in challenging markets

The European sovereign debt crisis in May 2010 impacted our capital markets activities. Our Fixed Income business regained momentum both in flow and structured asset classes over the remainder of the fiscal year. In Equities, we maintained our number one ranking for client revenues on the London Stock Exchange and improved our ranking on other key European exchanges. However, a reduction in client activity and limited risk opportunities inhibited the growth of our derivatives business. Investment Banking gained momentum and market share in spite of a reduction in fee pools. In 2011/12, we will focus on capturing the returns from the investments already made. We will continue to manage costs carefully, while increasing revenues in key strategic businesses, such as rates and equity derivatives.

### Asia Ex-Japan

## Driving revenues in local markets

Wholesale made strong progress in Asia ex-Japan, gaining momentum across businesses. We increased client revenue in a challenging market while maintaining cost discipline. We grew share on several exchanges in Equities, and diversified our Fixed Income revenue base. Investment Banking also executed a number of key transactions for clients, such as Chongqing Rural Commercial Bank IPO\*<sup>1</sup> and China Unicom CB\*<sup>2</sup>.

### Future strategy

AEJ's priority is to monetize our existing platform. We will focus on select products, including execution services and ECM\*<sup>3</sup>, credit and DCM\*<sup>4</sup>, and rates and FX. We will also deepen our local market capabilities in key countries, especially China and India. Lastly, we will complement our client flow franchise with higher-margin businesses, such as structured solutions.



## Japan

### Platform for global expansion

Our businesses in Japan provide a solid platform for revenues and global expansion, underpinning our drive to be a global financial services group. Our Retail and Asset Management businesses maintain high market shares across all products and have strong client franchises built on trust. In Wholesale, Global Markets and Investment Banking have both increased market share, thanks to new products and enhanced capabilities for cross-border transactions. In 2011/12, Retail and Asset Management will continue to expand client assets. Wholesale will focus on increasing client flows in Global Markets and diversifying Investment Banking products. This will help drive further revenue growth across the whole group.

## Americas

### Americas franchise gaining momentum

During 2010/2011, the Americas region further strengthened its platform, focusing on core products in each business. Fixed Income monetized the previous year's investment and became a significant revenue driver for the region, while continuing to on-board clients. The Equities also continued to on-board clients, launching Convertibles in April and US cash equity trading, sales and research in October to complete the initial build of the franchise. Investment Banking identified core sectors and already leveraged Nomura's international presence by executing several landmark deals. In 2011/12, we will continue to scale the franchise in the Americas consistent with our client-driven, flow business strategy. We will look to monetize our investment in Research, while adding to our product capabilities and sales force, and remain diligent on expense control.

\*1 Initial Public Offering

\*2 Convertible Bond

\*3 Equity Capital Market

\*4 Debt Capital Market

### Retail

Nomura's Retail business in Japan delivers a wide array of financial services to individual and corporate clients through a nationwide network of 176 branch offices (as of June 30, 2011), call centers, and online.

Our branch offices provide in-depth, consulting-based services tailored to our clients' individual needs. This is backed by a range of services, investment insights, and financial products available through our call centers and online platforms.

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### Asset Management

Asset Management operates as a global business with ¥24.7 trillion of assets under management from both retail and institutional investors.

Our investment trust business in Japan delivers a diverse range of products through distribution channels including securities firms, banks, Japan Post Bank, and branches of Japan Post.

We also run a global investment advisory business that offers a high level of service for pension funds, governments and central banks, commercial banks, insurers, and other institutional investors around the world.

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### Wholesale

Consists of Global Markets, Investment Banking, and other client-facing non-retail businesses.

We provide all of our global services and financial resources to corporations, financial institutions, governments, and public-sector organisations around the world.

Global Markets focuses on the distribution, structuring and trading of fixed income and equity securities, currencies and related derivatives.

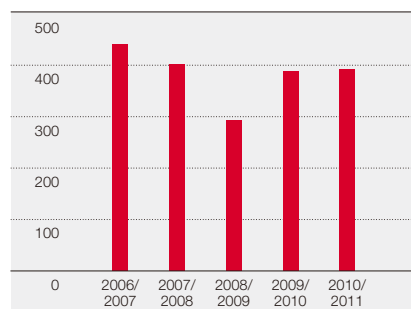
Investment Banking offers a broad range of financial products and services, including equity and debt financing, advisory services, and tailor-made solutions for clients.

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## NET REVENUE

(Billions of yen)

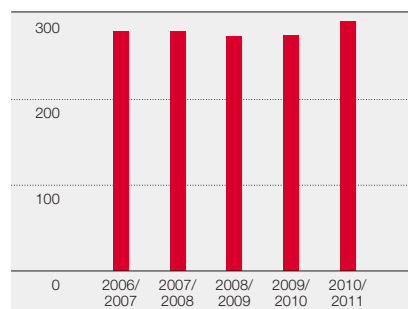


2010/2011

**392.4** billion yen  
Up 1.1% year on year

## NON-INTEREST EXPENSES

(Billions of yen)

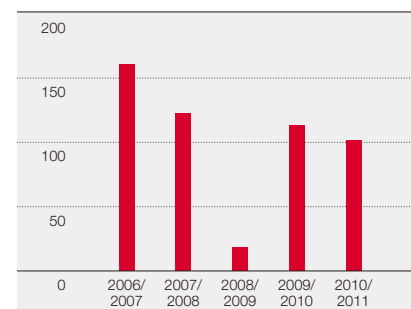


2010/2011

**291.2** billion yen  
Up 5.9% year on year

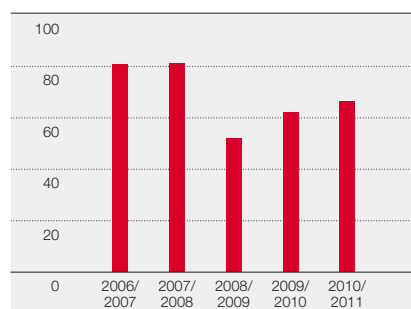
## INCOME (LOSS) BEFORE INCOME TAXES

(Billions of yen)



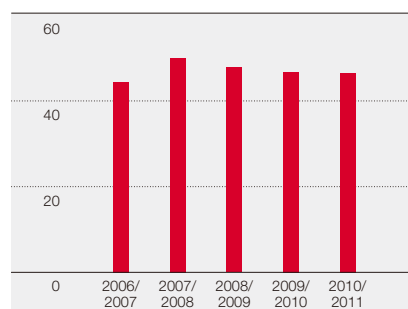
2010/2011

**101.2** billion yen  
Down 10.7% year on year



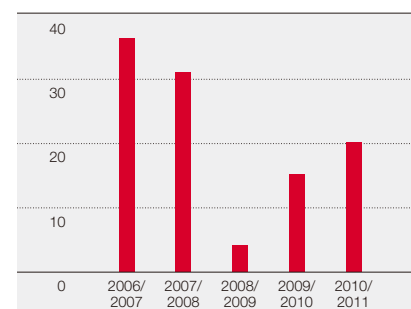
2010/2011

**66.5** billion yen  
Up 7.2% year on year



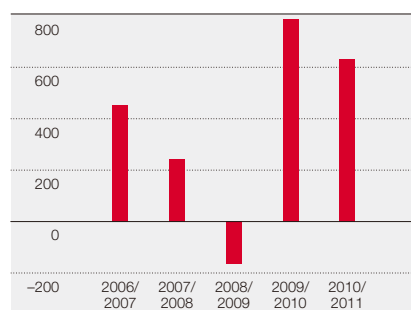
2010/2011

**46.5** billion yen  
Down 0.6% year on year



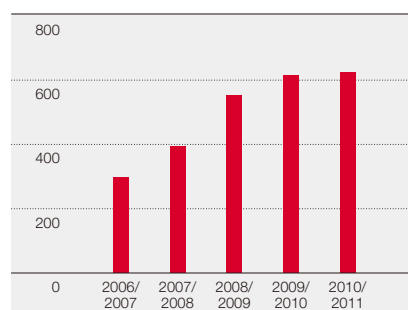
2010/2011

**20.0** billion yen  
Up 31.6% year on year



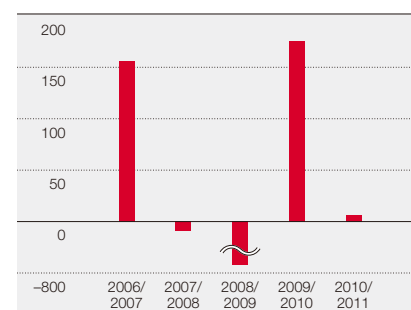
2010/2011

**630.5** billion yen  
Down 20.1% year on year



2010/2011

**623.8** billion yen  
Up 1.5% year on year



2010/2011

**6.7** billion yen  
Down 96.2% year on year

# RETAIL



**HITOSHI TADA**  
Retail CEO

We aim to grow our retail client franchise by providing world-class products and services. We will continue to offer our people learning and development opportunities and implement a series of strategic initiatives to ensure we remain a trusted partner to our clients.

## MARKET ENVIRONMENT

Retail investors in Japan face an uncertain environment both at home and abroad. Domestically, the tax and pension systems are in need of reform. Internationally, the rise of emerging markets is causing structural changes globally.

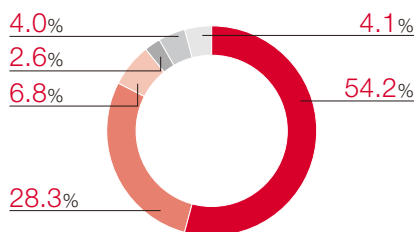
Technology continues to advance at a rapid pace and information now spreads around the world instantly. This is changing people's values, affecting the way we live and work, and prompting a shift in consumer behavior. Social networking is another overriding trend driving unprecedented globalization and accelerating the pace of change.

Meanwhile, over half of Japan's personal financial assets remain parked in savings and deposit accounts despite calls to promote a shift from savings to investment. This reflects the uncertainty people feel over the future.

Given this environment, the financial needs of Japanese retail investors are becoming increasingly diverse and more sophisticated. They demand customized solutions that meet their individual circumstances. In response, financial institutions must play a more central role to contribute to economic and social development.

## JAPANESE PERSONAL FINANCIAL ASSETS

(As of the end of March 2011)

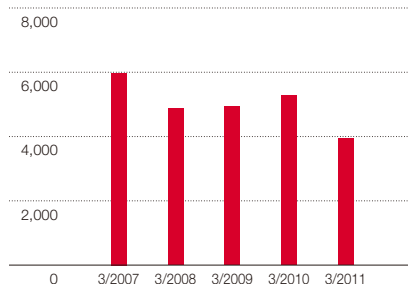


■ Cash & Deposits      ■ Bonds  
■ Insurance & Pensions      ■ Investment Trusts  
■ Equities      ■ Other

Source: Bank of Japan

## RETAIL CLIENT ASSETS: NET ASSET INFLOW

(Billions of yen)

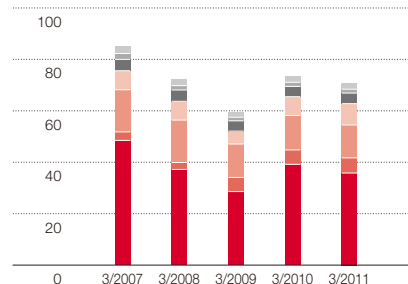


Note: Retail client assets exclude the portion from regional financial institutions.

\* Net asset inflow = Asset inflow – Asset outflow

## RETAIL CLIENT ASSETS

(Trillions of yen)



■ Equities      ■ Bond Investment Trusts  
■ Foreign Currency Bonds      ■ Overseas Mutual Funds  
■ Domestic Bonds      ■ Other  
■ Stock Investment Trusts

Following the global financial crisis, financial service firms around the world face intense competition. They are refocusing their operations in order to differentiate themselves from the competition.

Our focus in Retail remains unchanged: to be our clients' most trusted partner. We are committed to delivering top-quality products and services tailored to the needs of each client through our branch office network, call centers, and online.

### FINANCIAL RESULTS

- Net revenue for FY2010/11 was ¥392.4 billion, non-interest expenses were ¥291.2 billion, and income before income taxes was ¥101.2 billion. These results helped drive firmwide profits for the year.
- At the end of March 2011, we had 4.9 million client accounts, an increase of 53,000 from March 2010. We steadily expanded our client franchise during the year with net asset inflows of ¥3.94 trillion.
- Retail client assets declined by ¥2.9 trillion to ¥70.6 trillion as of March 31, 2011.
- We reported average monthly sales of over ¥1 trillion for the second straight year, driven primarily by sales of investment trusts and large public offerings. We also saw an increase in sales of foreign bonds despite the stronger yen.

### STRATEGIC INITIATIVES

Our high level of client assets is a testament to the trust that our clients place in us. We aim to achieve further growth by continuing to increase client assets. To do so, we have set out six strategic initiatives that cover our distribution channels, marketing, branch network, human resources, product suite, and technologies.

All of these initiatives are focused on our clients. Retail investors come from varied backgrounds and are at different stages of their lives. As such, their investment needs are extremely diverse. Our corporate client base is also diverse, ranging from regional financial institutions and public companies to unlisted companies and public benefit corporations.

### BUSINESS RESULTS

(Billions of yen)

	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
Net revenue	440.1	402.0	291.9	388.3	392.4
Non-interest expenses	279.3	279.7	273.6	274.9	291.2
Income before income taxes	160.9	122.3	18.2	113.4	101.2

To provide the personalized services our clients expect, we have teams of experts that meet with clients for one on one consultations. In FY2010/11, we revised our branch network channel structure and strengthened our head office support functions. We also opened five new branches, further increasing convenience for our clients. By enhancing our online and call center operations, we are making it easier for our clients to access our services. For clients such as Japan-style ESOPs and defined contribution pension funds, we will continue to expand our overall service offering to give them access to the services they need at a time and location that best suits them.

We also recognize the importance of developing creative people within the firm, continually improving our products and services, and investing in technologies. Learning and development is a particular area of focus for us. We offer our people on-the-job training to help them increase their consulting skills. This practical training is reinforced by online sessions and other learning opportunities that use the latest technologies. For products and services, we will continue to provide world-class quality and ensure our suite of products meets the different life-cycle needs of our clients.



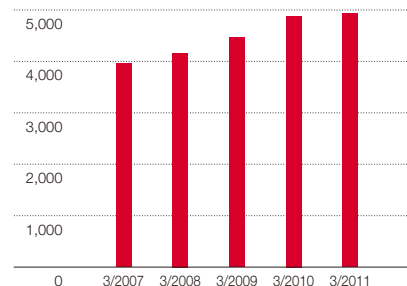
Amu Plaza Hakata Office



Umeda Branch

#### ACCOUNTS WITH BALANCE

(Thousands)



## LOOKING FORWARD

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The outlook for the business environment remains uncertain. The earthquake in Japan has had a significant impact not only on the economy and society as a whole, but also on investor sentiment. While we expect this situation to improve as reconstruction efforts progress, we must remain vigilant.

As a financial services firm active in the capital markets, Nomura will play a central role in ensuring the smooth flow of funds in the Japanese economy. With over half of the country's personal financial assets still held as cash and deposits, we see it as our responsibility to provide financial products that meet retail investor needs and help them diversify their assets. This in turn will revitalize Japan's economy.

We will continue to implement our six strategic initiatives with the aim of increasing Retail client assets to ¥100 trillion by March 2014. To reach our goal, we will closely link our strategies and further develop each initiative. We will offer comprehensive training for our people and enhance our product lineup to better meet the needs of our clients. This is essential to ensure we provide a higher level of face-to-face consulting services.

In our branch network, we will continue to open new offices and increase collaboration between branches. Another important initiative is to enhance our online and call center services to offer a better client experience. To drive efficiencies, we will introduce the latest technologies into each strategic initiative.

As we build up our capabilities, we remain committed to taking our Retail operations to the next level and creating an organization that contributes to our clients, regional economies, and society through our core business.



# ASSET MANAGEMENT



**TOSHIHIRO IWASAKI**  
Asset Management CEO

Asset Management reported higher revenues and income in FY2010/11 on continued inflows into investment trusts and an increase in investment advisory mandates for international institutional investors. As we build on this momentum, we remain focused on winning greater trust from retail and institutional investors and delivering on our strategy to build a world-class asset management firm with a strong competitive edge in Asia.

## MARKET ENVIRONMENT

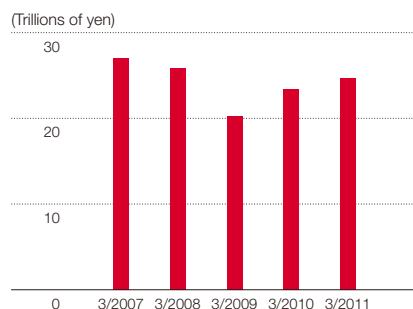
Japan's publicly offered investment trust market grew by 2.5 percent in FY2010/11 to ¥65 trillion. New funds continued to flow into investment trusts despite the challenging environment marked by a sluggish equities market in Japan, a strong yen, and accommodative monetary policies in developed markets. This continued growth was in line with the long-term trend of inflows into publicly offered equity investment trusts each year since 1998.

However, the majority of Japan's ¥1,500 trillion in household financial assets is still held as savings and deposits. Investment trusts account for a mere 3 percent of the total pool of funds. Given the low growth rates in their home market, Japanese retail investors need to invest in overseas assets and consider other options to efficiently grow their asset base. Nomura is well placed to support this shift from savings to investment by offering a broad range of products that respond accurately to their changing needs.

Institutional investors in Japan remained risk averse throughout the year. Pension funds were busy mitigating the effects of market movements, while financial institutions faced tighter regulations and stricter financial valuation standards. As such, we believe that institutional investors will need to rebalance their portfolios in line with changing market conditions and the regulatory environment.

Internationally, we are seeing strong demand for asset management services for pension funds, central banks, and sovereign wealth funds. To tap this demand, it is essential to offer a comprehensive set of solutions that is tailored to the specific needs of each region.

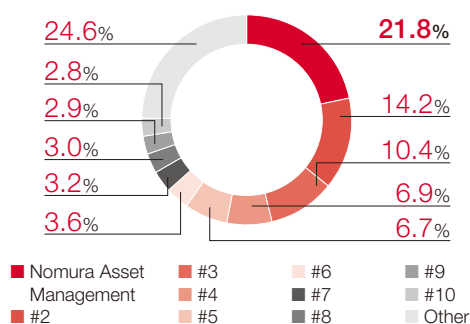
## TOTAL ASSETS UNDER MANAGEMENT



Note: The sum for asset management companies that belong to the Asset Management Division after adjusting for asset overlaps.

## SHARE OF PUBLIC INVESTMENT TRUST MARKET IN JAPAN

(as of March 31, 2011)



Notes: 1. Compiled by Nomura Asset Management from The Investment Trusts Association, Japan, data  
2. Nomura Asset Management only



The investment management market in the BRICs and other emerging markets will continue to expand as these economies grow. We believe that emerging markets will move away from being just investment targets and take on an increasingly central role in the global investment management business.

## FINANCIAL RESULTS

- Asset Management reported net revenue of ¥66.5 billion, up 7.2 percent year on year, and income before income taxes of ¥20.0 billion, an increase of 31.6 percent from last year.
- Assets under management grew by ¥1.3 trillion to ¥24.7 trillion as of the end of March 2011, primarily driven by continued inflows into investment trusts and an increase in investment advisory mandates for international institutional investors.
- Our investment trust business had a robust year with our share of Japan's publicly offered investment trust market growing to 21.8 percent on a net asset basis, up from 20.3 percent at the end of the prior year. This growth came on the back of inflows into the Nomura Global High Yield Bond Fund (Basket Currency Selection Type) and funds that invest in equities.
- We saw an increase in investment advisory mandates during the year, mainly from international clients. Specific growth came from mandates to manage Japanese and Asia equities and global bonds for pension funds worldwide and sovereign wealth funds in Europe, the Middle East, and Asia.

## STRATEGIC INITIATIVES

Our key focus in the investment trust business is to provide our clients with a broad product offering that meets their diverse needs and to deliver best-in-class intellectual capital to investors. During FY2010/11, we launched new funds that invest in high-yield bonds, Asian markets, and stocks of companies involved in areas of interest to society. Strategic initiatives in product development included the launch of the Nomura Global High Yield Bond Fund, which has attracted over ¥1 trillion, and basket currency selection funds that offer investors currency risk diversification.

We also stepped up our online offering with the launch of Funds-i, a series of 10 index funds that track major stock, bond, and REIT indices. Investors have access to a

## BUSINESS RESULTS

(Billions of yen)

	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
Net revenue	80.7	81.1	51.9	62.1	66.5
Non-interest expenses	44.4	50.0	47.8	46.8	46.5
Income before income taxes	36.3	31.1	4.1	15.2	20.0

Note: Nomura Bank (Luxembourg) S.A. in Asset Management was integrated into other in April 2011. Certain reclassifications of previously reported amounts have been made to conform to the current presentation.

dedicated website that offers timely updates and a wealth of investment information. Initiatives like this are helping us expand our investor base, especially within age groups that hold relatively few assets such as people in their thirties and forties.

We listed a number of new exchange traded funds under our NEXT FUNDS brand. Some examples include ETFs that track the NOMURA Crude Oil Long Index, an indicator of global crude oil prices, the NASDAQ-100 Index, and the Dow Jones Industrial Average. In May 2011 we launched ETFs that track Thailand's SET50 Index and FTSE Bursa Malaysia KLCI. Our NEXT FUNDS product lineup now consists of a total of 37 ETFs.

In the investment advisory business, we increased mandates for RAFI® and Islamic finance products as well as for our Japanese and Asian equity and global bond actively managed funds. In Europe, we are distributing UCITS-compliant funds to high-net-worth individuals through major financial institutions.

Another key strategic initiative in FY2010/11 was the launch of LIC NOMURA Mutual Fund Asset Management Company, a joint venture we established with Life Insurance Corporation of India, the largest life insurer in India. This new business, which combines the nationwide network of LIC Group with Nomura's global investment management business and industry expertise, represents our full-scale entry into the investment management business in one of Asia's fastest growing markets.

\* Research Affiliates Fundamental Index®

## LOOKING FORWARD

In FY2011/12 our strategic focus in the investment trust business is to raise the penetration rate among retail investors in Japan. To do so, we continue to deliver a full lineup of products and services that reflect changes in the investment environment and meet demand for new investments. Our distribution channels will include online brokers and other securities firms, banks, Japan Post Bank, and branch offices of Japan Post.

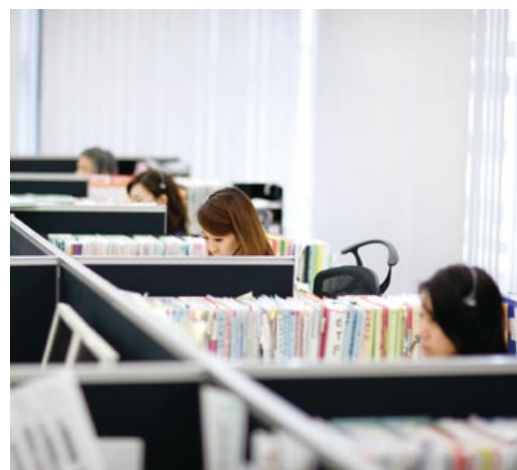
In the 10 years since defined contribution pension plans were introduced to Japan, they have become an important aspect of financial planning for individuals. This is a promising area that directly expands the investor pool, and we are committed to providing a full lineup of products and related services.

### INVESTMENT ADVISORY ASSETS UNDER MANAGEMENT

(Trillions of yen)



Note: Nomura Asset Management only

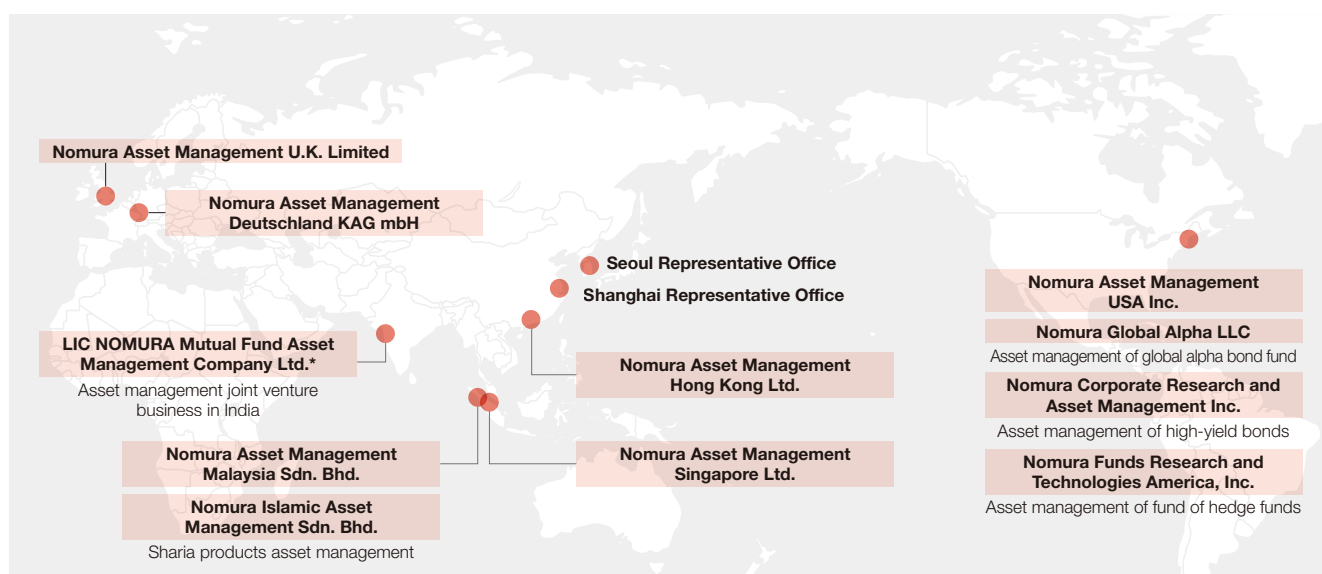


In investment advisory, we will provide products tailored to our clients' specific needs. In Japan, we will deliver solutions that help investors improve their portfolios. Specific examples include actively managed funds that invest in traditional assets, absolute return and high alpha funds, and RAFI® products. In international markets, we will provide competitive actively managed products to pension funds and other institutional investors in the US and Europe and sovereign wealth funds in Asia and the Middle East. We also aim to win mandates for Islamic finance in Asia and the Middle East through Nomura Islamic Asset Management, our subsidiary in Malaysia.

We will enhance our asset management capabilities, with a key focus on Asia. We now have four offices across Singapore, Hong Kong, and Malaysia managing equities. In March 2011 we established LIC NOMURA Mutual Fund in India. And in July 2011 we set up a representative office in Shanghai to build up our local research capabilities. Our Tokyo and London offices are our hubs for managing fixed income products. We will increase collaboration between these hubs and Nomura Corporate Research and Asset Management, which has extensive experience managing high-yield bonds in the US, and Nomura Global Alpha, which specializes in the high alpha space.

As a world-class asset management firm with a strong competitive edge in Asia, we remain committed to providing our clients with the best performance and products that meet their exact needs, based on an investment philosophy that emphasizes research. We will also continue to offer services that take into account the long-term interests of our clients, while upholding the highest ethical standards.

## GLOBAL EXPANSION OF ASSET MANAGEMENT BUSINESS



\* Asset management joint venture company with LIC, India's largest life insurance company

# WHOLESALE



**JASJIT S. BHATTAL**  
President & CEO,  
Wholesale Division

The Wholesale division, created just over a year ago, spans Global Markets, Investment Banking, and other non-retail businesses in Japan, Asia-Pacific, EMEA and the Americas.

Our aim is to be consistently ranked among the world's leading investment banks, to be globally competitive and to deliver sustainable profits in the areas in which we choose to compete.

Our clear strategy is centered around our truly global capabilities, nimble approach, targeted focus, and the innovation of our people and ideas in partnership with clients.

## RESULTS FY2011

The Wholesale division overcame several strategic and market challenges during the year, which impacted our full-year results, but we ended fiscal 2011 with strong momentum and rising profitability, highlighting our ability to make decisive and rapid decisions in our drive towards profitable growth.

Net revenues for the fiscal year were ¥630.5 billion, a fall of 20 per cent from the previous year. Income before income taxes was ¥6.7 billion, compared to ¥175.2 billion, reflecting the large investments made in expanding our geographic reach and product franchise, and the difficult market conditions stemming from the European sovereign debt crisis.

We reacted swiftly to the European sovereign debt crisis that affected markets during the first quarter — we revamped our leadership team and instituted sweeping changes focused on serving clients and delivering higher profits. We also tightened our investments and restructured under-performing product lines in order to re-invest in businesses where we can be more competitive and profitable.

Our improved performance was reflected in our quarterly results. The final quarter was our best of the year, with global pre-tax profits greater than the previous two quarters combined, topping three quarters of sequential revenue gains.

## LOOKING FORWARD

We are well positioned to build on this momentum. We are a firm with a unique culture which is aligned to deliver profitable growth as its core objective. We have a clear strategy, driven by a new leadership team, to monetize our investments and increase productivity. We compete to win where we have a strategic advantage in terms of product knowledge and a deep understanding of the local market. Most importantly, we have deep-seated relationships with some of the world's most sought-after clients, not only in Japan where we command dominant market share, but also with international clients who are increasingly turning to us for our advice and proven capabilities.



We are continuing our tradition of innovation across products. Our recent further integration of Equities and Fixed Income under a unified Global Markets platform will enable greater synergies and closer integration between research, structuring and distribution across all asset classes.

In Equities, our top-ranked thought leadership in research opens doors to fee pools where we do not have to compete to gain market share, while we lead the industry in electronic trading and remain the top liquidity provider on the Tokyo Stock Exchange and London Stock Exchange. We are also targeting significant gains in derivatives, which is among the biggest growth opportunities in the industry worldwide.

In terms of Fixed Income, our Rates businesses are gaining in global strength, posting nearly 20% growth in customer revenues last year, and we are budgeting for continued gains this year through an expanded product offering and deeper client penetration.

We also aim to build upon the success of our structured expertise and securitized product offerings, which are clear examples of how we leverage our innovative ideas, global capabilities and client relationships to grow a profitable business.

In Investment Banking, we are increasingly involved in many of the world's largest deals, such as International Power's €16 billion takeover of GDF Suez last year, and we have a fully integrated platform to provide our clients with M&A, capital raising and derivative-driven solutions.

With staff committed to partnering across geographies and divisions, and supported by a world-class corporate infrastructure division, the firm is better positioned than ever to reap the benefits of our calibrated multi-year strategy.

### KEY PERFORMANCE INDICATORS

We will rigorously assess our performance by closely tracking productivity, market share, client revenues, expenses and other key performance indicators. Most of all, we are unwavering in our commitment to sustainable and profitable growth and enhancing shareholder value.

### BUSINESS RESULTS

(Billions of yen)

	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
Global Markets	290.0	95.6	(157.3)	658.4	518.8
Investment Banking	164.2	147.9	(6.4)	131.1	111.7
Net revenue	454.2	243.5	(163.6)	789.5	630.5
Non-interest expenses	298.2	393.6	553.7	614.3	623.8
Income (Loss) before income taxes	156.0	(150.1)	(717.3)	175.2	6.7

# GLOBAL MARKETS

Global Markets delivered a solid performance during a challenging 12 months for the industry, ending the year with ¥518.8 billion in revenues—down 21% year-on-year, but in-line with the overall decline in the fee pool and peer performance. Fixed Income contributed revenues of ¥259.8 billion and expanded market share year-on-year. Equities generated revenues of ¥227.3 billion, recovering steadily each quarter from market unrest originating from the European sovereign debt crisis at the beginning of the fiscal year. Momentum in our core platform and client franchise continued to expand during the year, despite a challenging trading environment and subdued client activity.

## BUSINESS ENVIRONMENT

Fiscal 2010/11 was marked by periods of heightened volatility driven by macroeconomic uncertainty and multiple crises, including natural disasters, that jolted investor confidence. Risk aversion gripped the markets following the European sovereign debt crisis, and client activity remained slow for most of the year. In Fixed Income, the Rates business was impacted by market disruptions and less-favorable trading conditions from the flattening of yield curves. The Credit business saw healthy client flows, but reduced activity in Structured Credit. In Equities, investors stayed on the sidelines amidst economic concerns and exchange volumes remained subdued throughout the year, creating a challenging trading environment. Slower-than-expected economic recovery led to outflows from developed markets into high-growth emerging markets, which drove strong performance from emerging markets related businesses.

Regulatory changes, in particular the push towards central clearing of OTC derivatives and higher regulatory capital requirement for complex instruments, have increased the importance of flow products and electronic execution capabilities. This has also set the stage for a potential shift in competitor dynamics over the coming years.

## BUSINESS RESULTS

(Billions of yen)

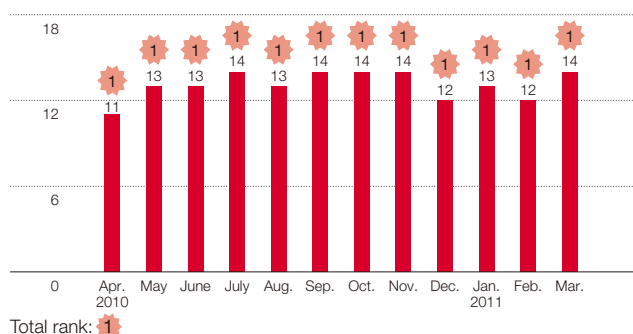
	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
Fixed Income	123.1	(119.9)	(217.2)	308.0	259.8
Equities	147.9	206.0	98.9	352.8	227.3
Other	19.1	9.5	(38.9)	(2.4)	31.6
Net revenue	290.0	95.6	(157.3)	658.4	518.8
Non-interest expenses	231.2	321.8	417.4	486.4	499.3
Income (Loss) before income taxes	58.8	(226.2)	(574.6)	172.0	19.5

## 2010/11 FULL YEAR PERFORMANCE

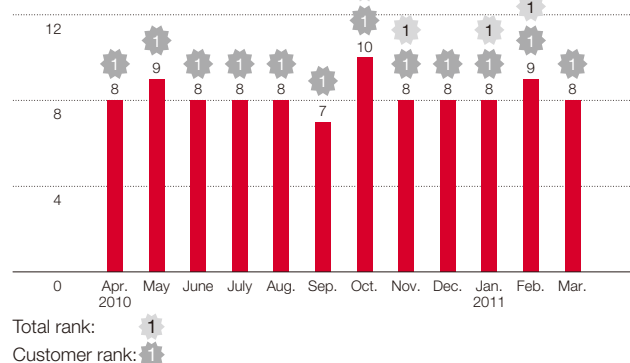
The financial performance of Global Markets declined year-on-year as a result of weak market conditions, but the fundamentals of the business continued to strengthen and our client franchise gained additional momentum throughout the year. Key highlights for the year include:

- Further diversification of revenue streams with approximately 70% of Global Markets revenue generated outside of Japan
- Product capability scale-up: FX and Securitized Products contributing one-third of Fixed Income revenues in 2010/11 vs. one-sixth in 2009/10
- Significant momentum in our US build-out with 4x year on year increase in Fixed Income revenues, and 2x growth in Equities trading volume since the launch of our full research platform in October 2010
- Asia-ex-Japan revenues continued to grow as Equities began to monetize its research platform and Fixed Income expanded its presence in local markets
- On-boarded 4,600+ clients, of which 350+ were in derivatives (+44% year-on-year). Global Markets client revenues were up approximately 15% year-on-year despite an overall slowdown in client activity in the market globally
- Increased market presence:
  - Ended the year with 13 primary dealerships globally, and 11 securities licenses in Asia-ex-Japan local markets
  - Maintained #1 spot on the Tokyo Stock Exchange and London Stock Exchange and increased market share on key exchanges globally, including Hong Kong, Korea, Taiwan, Malaysia, and Europe
  - Raised market profile in the US: Top-10 underwriter of Collateralized Mortgage Obligations with 6.4% market share, 4% primary dealer share in US Treasuries, 1st quintile position in Inflation Index securities (as of Dec 31, 2010), Top 10 in Mortgage-Backed Securities Clearing Corporation trading volumes ranking
  - Maintained #1 position in JGB auction ranking throughout the fiscal year

**EQUITIES (ESTABLISHED LEADING MARKET SHARE)  
TSE MARKET SHARE**  
(%)



**EQUITIES (ESTABLISHED LEADING MARKET SHARE)  
LSE MARKET SHARE**  
(%)



- Platform scale-up: added 375+ producers in Fixed Income and 300+ in Equities.

Our focus on creating differentiation through our intellectual capital was well-recognized in 2010/11:

- *Nikkei Veritas* ranking (for Japan research): #1 in both Equities & Fixed Income—first time in 11 years for Fixed Income
- *Institutional Investor* ranking: #1 Japan Equities, #6 Asia Equities, #5 EMEA Fixed Income, #7 EMEA Equities, #7 US Fixed Income Investor
- *FinanceAsia* ranking: #5 in Asia Fixed Income

## 2011/12 PLAN AND STRATEGY GOING FORWARD

As the industry undergoes structural changes driven by regulatory initiatives, serving our clients' needs continues to be our top priority. Over the last two years, we have invested in expanding our coverage, extending product lines, and establishing a market-leading execution platform. Going forward, our focus will be to leverage our scaled-up capabilities to deepen our relationships with our key clients and expand our wallet share.

Our strategy is not simply to gain market share from competitors, but also to be a leader in new markets and products where we compete on innovation rather than financial resources. To that end, we have invested in building our footprint in selected new businesses, developing innovative products, and reinforcing our client solutions capabilities. Our focus going forward will be to scale-up these businesses and monetize our investments, ultimately driving further profitability.

As a smaller and more nimble franchise, we continue to focus on deployment of resources to businesses and geographies where we have a clear competitive advantage, driven by product knowledge and a deep understanding of the local market. We remain focused on maximizing synergies across our products, divisions and regions.

## EXCHANGES WITH LICENSE AND COUNTRIES WITH TREASURY DEALERSHIP\*

	Japan	EMEA	AMERICAS	AEJ	Total
Exchanges with license					
Cash equities	6	14	10	11	41
Derivatives	3	11	5	6	25
Exchanges with license held by Instinet					
Cash equities	3	16	10	3	32
Derivatives	0	0	8	0	8
Primary dealership*	1	9	1	2	13

\* Including AOFM Dealer Panel Member in Australia

# INVESTMENT BANKING

Investment Banking highlights what Nomura does best: building long-term, trusted relationships with clients and helping them to achieve their business objectives through innovative, bespoke and sustainable solutions. We have strengthened our international business capabilities significantly in the past two years, and now we have more than 1,500 bankers worldwide. Building on current momentum, we are determined and focused on becoming a top-tier global investment bank.

## MARKET ENVIRONMENT

The nascent global economic recovery and more robust financial markets have helped our business, leading to improved corporate earnings and an uptick in M&A activity. This was particularly apparent in the Americas platform and in the natural resources and energy sectors. At the same time, Japanese corporates became increasingly active in cross-border transactions, a trend we expect to continue into the future.

Equity financing remained robust throughout the year, as financial institutions tapped the markets to strengthen their financial position in response to increased regulatory and capital requirements, and a number of large initial public offerings (IPOs) and privatizations were executed in Asia and other markets.

## FINANCIAL RESULTS

In FY2010/11, Investment Banking reported gross revenue of ¥185 billion. In Japan, we maintained our dominant position in equity underwriting (ECM), bond underwriting (DCM) and M&A advisory. We advised on many significant international deals during the year, with revenues from M&A and acquisition/leveraged finance continuing to grow. We also further diversified our revenue sources through broader product capabilities, momentum in multi-product deals, and enhanced regional coverage.

## BUSINESS RESULTS

(Billions of yen)

	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
Investment Banking (gross)	—	—	87.6	196.1	185.0
Allocation to other divisions	—	—	24.1	77.2	82.6
Investment Banking (net)	99.2	83.1	63.5	118.9	102.4
Other	65.0	64.8	(69.9)	12.2	9.4
Net revenue	164.2	147.9	(6.4)	131.1	111.7
Non-interest expenses	66.9	71.8	136.3	127.9	124.5
Income (loss) before income taxes	97.2	76.1	(142.7)	3.2	(12.8)

## BUSINESS MOMENTUM

Over the past year, our investment banking business has made substantial progress. We hired some of the best talent in our sector, won a number of high-profile mandates and worked with our clients on a range of solutions.

Looking across the different regions, we are gaining recognition as a trusted partner, not just in Japan, but also in EMEA, AEJ and the Americas, with the following key achievements:

### Japan

- In Japan, we acted as bookrunner on a number of prominent financing transactions, including the IPO of Otsuka Holdings and a public offering by INPEX. We also advised on the major M&A transactions of the year, including Panasonic's full acquisition of Panasonic Electric Works and Sanyo Electric. As a result, we maintained our dominant market share and our number one position in the league tables for Japan-related ECM, DCM and M&A.

### EMEA

- We advised on several high-profile deals, including large cross-border M&A transactions, such as the combination of GDF Suez's Energy International business with International Power, the largest deal in EMEA in 2010. We were also the bookrunner on the highly successful €5 billion rights issue from Spanish bank BBVA and the sale of the Swedish government's stake in Nordea Bank.

Our strengths in the acquisition and leveraged finance and solutions business continued to drive revenues in EMEA. We arranged financing on a number of transactions, such as the acquisition of Findus Italy by Permira Advisors and the acquisition of Talecris Biotherapeutics by Grifols.

### AEJ

- In Asia ex-Japan, we are developing our business in the fast growing market of China. We successfully executed a number of key transactions, including the IPO of Chongqing Rural Commercial Bank and a convertible bond issuance by China Unicom. In other parts of Asia, key transactions included the investment in Kim Eng by Maybank and the acquisition of Tower Australia Group by Dai-ichi Life Insurance.

### Americas

- We have made real progress in the Americas, expanding our team and building-out client coverage in key industry and product groups. As a result, we have increased

## JAPAN IB REVENUE RANKING (FY2010/11)

Rank	Bank	Revenue (Millions of U.S. Dollars)	Share (%)	Number of Deals
1	Nomura	837.92	28.67	637
2	Mizuho	475.33	16.26	697
3	Daiwa	269.76	9.23	518
4	Mitsubishi UFJ Morgan Stanley	253.33	8.67	464
5	Sumitomo Mitsui Financial Group	207.82	7.11	546

Source: Dealogic

## JAPAN LEAGUE TABLE (FY2010/11)

ECM	DCM	M&A
Rank: 1 (10 consecutive years) Share: 44%	Rank: 1 (3 consecutive years) Share: 24%	Rank: 1 (4 consecutive years) Share: 52%

Source: Thomson Reuters for ECM and M&A, Thomson DealWatch for DCM

revenues by monetizing our financial sponsor relationships in several large corporate equity derivatives trades, and by participating in large M&A deals, such as the acquisition of AIG Star and AIG Edison by Prudential Financial and the acquisition of UCI International by Rank Group.

Since year-end, our pipeline of deals has grown steadily, a sign that global clients are increasingly turning to us for our ideas and innovation.

## STRATEGIC INITIATIVES

### Strengthen our partnership with Global Markets

- We will further leverage our partnerships with Global Markets, including our global research network and derivatives capabilities to provide innovative, multi-product solutions and deliver a world-class franchise to our clients.

### Expand our global M&A business

- Through closer collaboration and teamwork, we will increase our involvement in major M&A transactions, particularly on cross-border deals. Working with Global Finance, we will continue to provide our clients with competitive financing and hedging (FX, interest rate) solutions.

### Enhance our ECM business outside of Japan

- We aim to increase market share by enhancing our partnership with Equities to deliver high-quality service to our clients, by advising on equity financings and connecting clients with investors globally.

### Leverage our solutions business platform

- We will continue to build our best-in-class solutions business as an important revenue driver for Investment Banking by replicating our success in Europe across the globe.

### Further build-out of our Americas business

- We will continue to build-out and grow our current product capabilities and selectively increase our coverage in key industries, including financial sponsors. We will pursue cross-border M&A opportunities while focusing on expanding our solutions business in partnership with Global Markets.

**GLOBAL EQUITY & EQUITY-RELATED LEAGUE TABLE (FY2010/11)**

Rank	Bookrunner	Deal value (Billions of U.S. Dollars)	Market Share (%)
1	Morgan Stanley	82	9.2
2	Goldman Sachs	78	8.7
3	Bank of America Merrill Lynch	61	6.8
4	JPMorgan	60	6.7
5	UBS	48	5.4
6	Deutsche Bank	47	5.3
7	Credit Suisse	45	5.1
8	Citi	44	4.9
9	Barclays Capital	30	3.4
10	Nomura	27	3.0

Source: Thomson Reuters

**GLOBAL M&A LEAGUE TABLE (FY2010/11)**

Rank	Financial Advisor	Deal value (Billions of U.S. Dollars)	Market Share (%)
1	Morgan Stanley	643	24.1
2	JPMorgan	558	20.9
3	Goldman Sachs	549	20.5
4	Credit Suisse	425	15.9
5	Bank of America Merrill Lynch	390	14.6
6	Citi	367	13.8
7	Deutsche Bank	364	13.6
8	UBS	302	11.3
9	Barclays Capital	280	10.5
10	Lazard	273	10.2
13	Nomura	130	4.9
19	Nomura (FY2009/10)	61	3.1

Source: Thomson Reuters



## GROWING GLOBAL RESEARCH NETWORK

The Nomura name is synonymous with research. Our focus on research goes back to the days of our founder and we have continued to build on this legacy ever since, further extending our capabilities following the acquisition of parts of Lehman Brothers in October 2008.

With key research hubs in Tokyo, London, Hong Kong, and New York, we currently have a total of 720 researchers in 15 countries and regions around the world. Our researchers collaborate closely across regions and disciplines to track changes and spot future trends in economics, foreign exchange, equities, fixed income, and quantitative analysis. This extensive network of intellectual capital positions us well to provide our clients with timely, actionable information.

### BROAD EQUITY RESEARCH COVERAGE

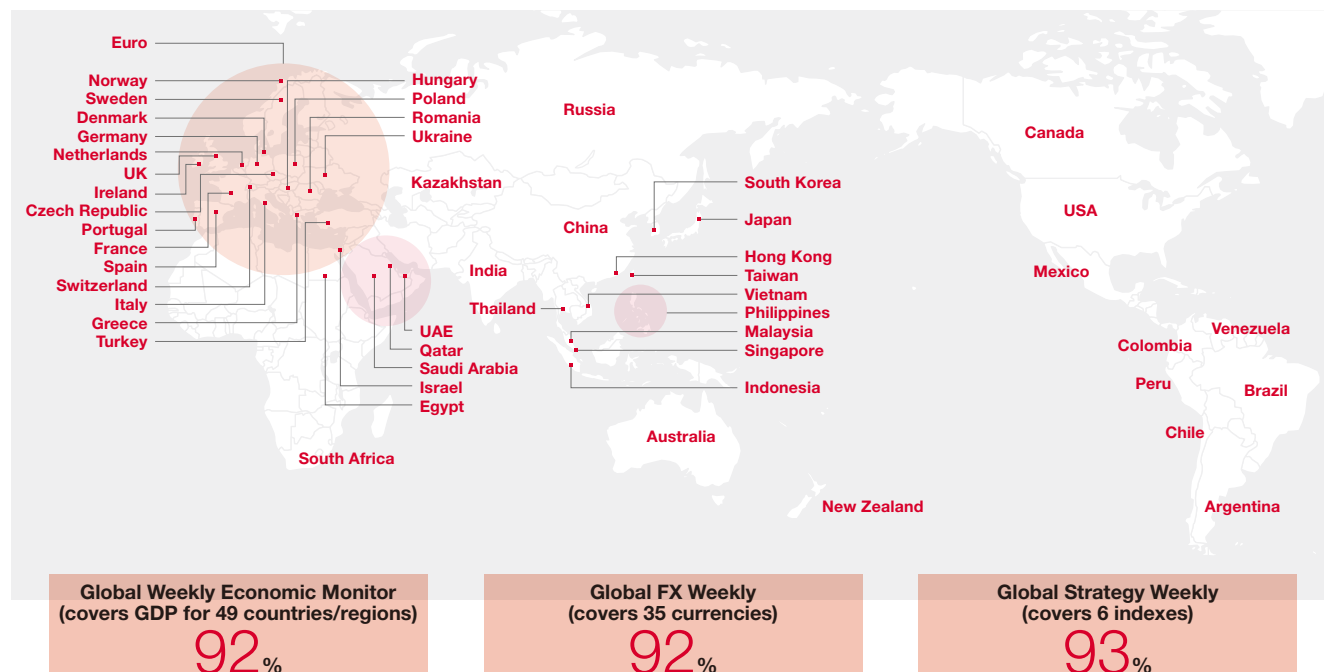
One of the most distinctive features of our research offering is our broad coverage in equity research. We launched coverage in the Americas last October, and we already cover 122 companies in 11 sectors including financial services, media, technology, and retail. In Asia, we commenced coverage of Australian equities in June 2010 and we currently cover 54 Australian companies. As of May 2011, we had expanded global equity research coverage to 1,991 companies across Japan, Europe, Asia, and the Americas.

### AWARD-WINNING RESEARCH

Our research consistently receives high industry recognition. In the 2011 equity research rankings announced by *Institutional Investor*, we ranked number one in Japan for the second year running, fourth in Asia (on a weighted average basis), second in China (on a weighted average basis), and seventh in Europe.

Our fixed income research is also moving up the industry rankings. We jumped from ninth place in last year's *FinanceAsia* fixed income rankings to fifth place this year. In Japan, we topped the *Nikkei*

### GLOBAL MACRO-APPROACH: COVERING ROUGHLY 90% OF THE WORLD



- Notes: 1. Global Weekly Economic Monitor forecasts economic growth rates for 49 countries and covers approximately 92% of GDP worldwide.  
2. Global FX Weekly issues forecasts on 35 different currencies and covers approximately 92% of GDP worldwide.  
3. Global Strategy Weekly issues stock index forecasts for six major markets and covers approximately 93% of the stock index composite value worldwide.

Veritas rankings for bond analysts/economists and Japanese equity analysts. And in foreign exchange research, we ranked number one for Japanese financial institutions by a wide margin in the 2011 foreign exchange business ranking by *Euromoney*.

### EXCELLENCE IN YEN BUSINESS UNDERPINNED BY FOREIGN EXCHANGE RESEARCH

Our highly-rated foreign exchange research team issues original reports on the flow of Japanese retail investor funds to emerging markets and resource-rich countries, as well as on foreign exchange margin trading yen flows. These unique insights underpin our reputation among global clients as the place to turn to for yen business. With a worldwide foreign exchange research team of about 30 people, we cover 35 currencies, providing forecasts and strategy ideas and leading the way on delivering yen research to the world and global currency insights to Japan and the rest of Asia.

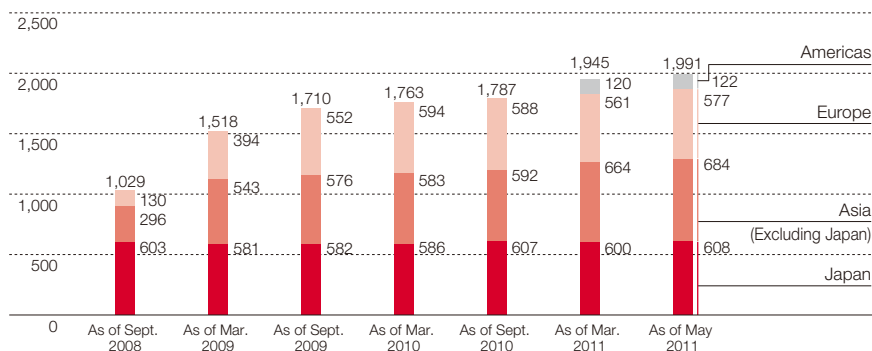
### INSIGHTFUL REPORTS, TIMELY INFORMATION

Another key aspect of our research is insightful thematic reports that address topical issues relevant to the capital markets. An example of this is a report we issued in September 2010 that points out how rapid growth in demand for food in the developed and developing world, coupled with supply constraints and uncertainties, is creating a coming surge in food prices. In a sign of the high recognition of our research, Dr. Alan Bollard, Governor of the Reserve Bank of New Zealand, referred to the report in a speech he gave in November.

In addition, following the March 11 earthquake and tsunami in Japan, our economics, foreign exchange, and equity researchers collaborated globally from the day of the disaster to deliver ongoing updates and ensure the true facts of the situation were communicated to investors around the world.

### GROWTH OF EQUITY RESEARCH COVERAGE

(Companies covered)



## OVERALL APPROACH

Nomura Holdings aims for transparency and quick response throughout the Group to enhance corporate value in the medium-to-long term. We place the highest importance on initiatives that strengthen and further develop our corporate governance processes and systems.

When we became a holding company in October 2001, we appointed outside directors to our Board in order to strengthen management oversight functions. We also formed an Internal Controls Committee that includes an outside director, created a Compensation Committee with a majority of outside directors, and formed an Advisory Board composed of independent experts.

Since Nomura listed on the New York Stock Exchange in December 2001, we expanded our information disclosure to increase management transparency. In June 2003, we adopted the committee system and separated management oversight functions from the conduct of business operations. We also formed Nomination and Audit committees, comprised primarily of outside directors. This substantially enhanced management oversight and dramatically increased transparency. Furthermore, the Board has delegated considerable authority to NHI's executive officers to allow for more efficient management.

In 2004, we adopted the Code of Ethics of the Nomura Group, which outlines our policies on issues related to corporate governance and corporate responsibility. All Nomura employees should comply with the Code in order to fulfill their responsibilities not only to Nomura Holdings' shareholders, but also to other stakeholders.

## CORPORATE GOVERNANCE

Since Nomura Holdings adopted the committee system for corporate governance, the Board of Directors has delegated substantial authority to executive officers to allow them to carry out business operations in a flexible manner. Moreover, through the formation of the three governance committees, for nomination, audit, and compensation,

with a majority of outside directors, we have substantially strengthened our management oversight functions and enhanced transparency.

As a listed company on the New York Stock Exchange (NYSE), we believe that, among the corporate governance systems in Japan, the committee system is the closest to the corporate governance system stipulated in the NYSE manual for listed companies.

## Board of Directors

The Board of Directors of Nomura Holdings, in principle, meets more than once every three months, and the meeting is chaired by the Director and Chairman, who does not hold the position of executive officer concurrently. The term of directors is one year, and, of the 14 directors, 8 are outside directors.

In addition, we appointed individuals with a high degrees of expertise, such as those well-informed on Asia as a region, as outside directors this term.

## Three Committees

### 1. Nomination Committee

The Nomination Committee is composed of a majority of outside directors and is responsible for decisions regarding proposals made to the annual meeting of shareholders concerning the appointment and dismissal of directors. No directors who serve concurrently as representative executive officers, including the Group CEO or other executive officers, are members of the Nomination Committee.

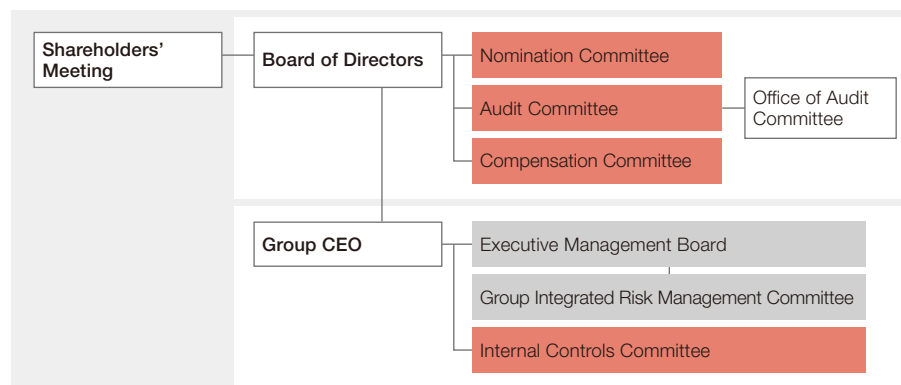
### 2. Audit Committee

The Audit Committee is composed of a majority of outside directors and is responsible for auditing the activities carried out by directors and executive officers. The Audit Committee also prepares audit reports and makes decisions regarding proposals to be submitted to the annual meeting of shareholders concerning the appointment and dismissal of independent auditors. All members of the Audit Committee meet the requirements of independent directors under the Sarbanes-Oxley Act.

### 3. Compensation Committee

The Compensation Committee is also composed of a majority of outside directors. This committee determines policy for decision making regarding compensation and related matters for directors and executive officers, and decides specific compensation and related matters for individual directors and executive officers. No directors who serve concurrently as executive officers, including the Group CEO or other executive officers, are members of the Compensation Committee.

## MANAGEMENT STRUCTURE



## COMPENSATION FOR DIRECTORS AND EXECUTIVE OFFICERS

As the Company has adopted a committee system for corporate governance, in accordance with the Company Act, the Compensation Committee has prepared and approved the *Compensation Policy of Nomura Group* and *Compensation Policy for Directors and Officers of Nomura Holdings, Inc.*

### Nomura Group's Compensation Policy

Nomura has developed its compensation policy for both executives and employees 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, increase transparency, and enhance our reputation.

To accomplish these objectives, the Compensation Committee has prepared and approved the *Compensation Policy of Nomura Group* and for ensuring that Nomura's compensation framework supports the Group's business strategies.

Our Compensation Policy is based on the following six key themes.

1. Align with Nomura values and strategies
2. Reflect firm, division, and individual performance
3. Establish appropriate performance measurement with a focus on risk
4. Align employee and shareholder interests
5. Establish appropriate compensation structures
6. Ensure robust governance and control processes

### Compensation Policies Applicable to the Board of Directors and Executive Officers

The compensation of directors and executive officers comprises base salary, an annual bonus, and a long-term incentive plan. The Compensation Committee has approved the following matters related to compensation of directors and executive officers.

#### 1. 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 the form of equity-based compensation with a certain non-exercise period to ensure that the interests of Directors and

Executive Officers are closely aligned with those of shareholders.

#### 2. 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, while qualitative factors include achievement of individual goals and subjective assessment of individual contributions. 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 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.

#### 3. Long-Term Incentive Plans

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 achievement is accomplished. Payments are made in equity-based compensation with a certain non-exercise period to ensure that the mid-/long-term interests of Directors and Executive Officers are closely aligned with those of shareholders.

## BUSINESS EXECUTION

The Board of Directors has broadly delegated decision-making authority for business execution functions to the Executive Officers. Among the matters delegated to the Executive Officers by resolutions of the Board of Directors, the most important matters of business shall be deliberated and decided by specific management groups of the Company, including the Executive Management Board, the Group Integrated Risk Management Committee, and the Internal Controls Committee. Each of the principal committees reports to the Board of Directors at least once every three months on matters that have been discussed.

## COMPENSATION FOR DIRECTORS AND EXECUTIVE OFFICERS

(Millions of yen)

Title	Number <sup>1</sup>	Total Amount Paid
Directors	13	447
(Outside Directors)	(8)	(172)
Executive Officers	10	899
Total	23	1,346 <sup>2</sup>

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 of Total Amount Paid include ¥431 million in stock option based compensation (equity-based compensation) (number of grantees: 21) and ¥38 million in cash bonuses (number of grantees: 6).

### Executive Management Board

Chaired by the Group CEO, the Executive Management Board includes the COO, business division CEOs, and other persons designated by the CEO. The Executive Management Board is responsible for deliberating and making decisions related to important management issues for the Nomura Group, such as strategy, business plans, and budgets, as well as the allocation of resources.

### Group Integrated Risk Management Committee

The Group Integrated Risk Management Committee is chaired by the Group CEO and includes the Group COO, Chief Risk Officer/representatives from the global risk management function, business division CEOs, and other persons designated by the Group CEO. Under the delegation of the Executive Management Board, the Group Integrated Risk Management Committee is responsible for deliberating and deciding on important risk management issues for the Nomura Group. The Global Risk Management Committee has been established under the Group Integrated Risk Management Committee to make assessments and decisions regarding individual positions and important risk management issues.

### Internal Controls Committee

The Internal Controls Committee is chaired by the Group CEO and is comprised of persons designated by the Group CEO, Audit Committee members designated by the Audit Committee, and directors (Audit Mission Directors) designated by the Board of Directors. The Internal Controls Committee is responsible for establishing and evaluating the internal controls of the Nomura Group's operations, as well as for deliberating and making decisions to promote proper corporate behavior.

In order to bolster the Company's business execution framework for financial operations that are becoming increasingly sophisticated and specialized, the Company utilizes a system whereby the Executive Officers delegate part of their authority for business execution decisions to Senior Managing Directors, enabling them to focus more on individual business line activities.

## INTERNAL CONTROLS

Nomura is striving to strengthen and improve its internal control system in order to promote proper corporate behavior throughout the group from the viewpoints of ensuring management transparency and efficiency, complying with laws and regulations, controlling risks, ensuring the reliability of business and financial reports, and fostering the timely and appropriate disclosure of information.

Further, in order to ensure effective and adequate internal controls, the Nomura Group has established the Internal Audit Department independently from the business lines. The Internal Audit Department and other similar audit departments of major subsidiaries conduct internal audits of the Company and its subsidiaries. The Internal Audit Department follows the instructions of the Internal Controls Committee in the execution of its duties. Results of the internal audits are reported not only to the business lines, but also to the Audit Committee and Audit Mission Directors.

### Compliance

Nomura works to prevent behavior that may give rise to suspicion of violations of legal regulations. Should such issues arise, all related information is promptly transmitted to management without exception, and systems have been put into place to deal with these situations appropriately.

- Appointment of a group compliance officer
- Appointment of compliance officers
- Establishment of a compliance hotline
- Addressing legal risk globally

### Crisis Management

Nomura has drawn up the *Nomura Group Crisis Management Policy* to minimize the impact of natural disasters, fires, and other crises, both in Japan and overseas, and to ensure operations return to normal as quickly as possible following such incidents. In addition, the Nomura Group Crisis Management Committee is responsible for Group-wide crisis management plans and action programs.

### Fair Disclosure

To ensure investors have fair access to information regarding Nomura, we have drawn up the *Nomura Group's Statement of Global Corporate Policy Regarding Public Disclosure of Information*. Based on this policy, a Disclosure Committee was set up to deliberate and make decisions regarding the appropriate disclosure of material information related to the Nomura Group, the preparation of legally-mandated disclosure documents, and other important items related to the disclosure of corporate information.

### Information Security

Nomura has established an information security policy outlining the handling of client information to ensure that such information is strictly protected and managed. In addition, Nomura Securities has prepared internal regulations that include rules regarding insider trading to strictly manage information related to corporate clients.

## RISK MANAGEMENT

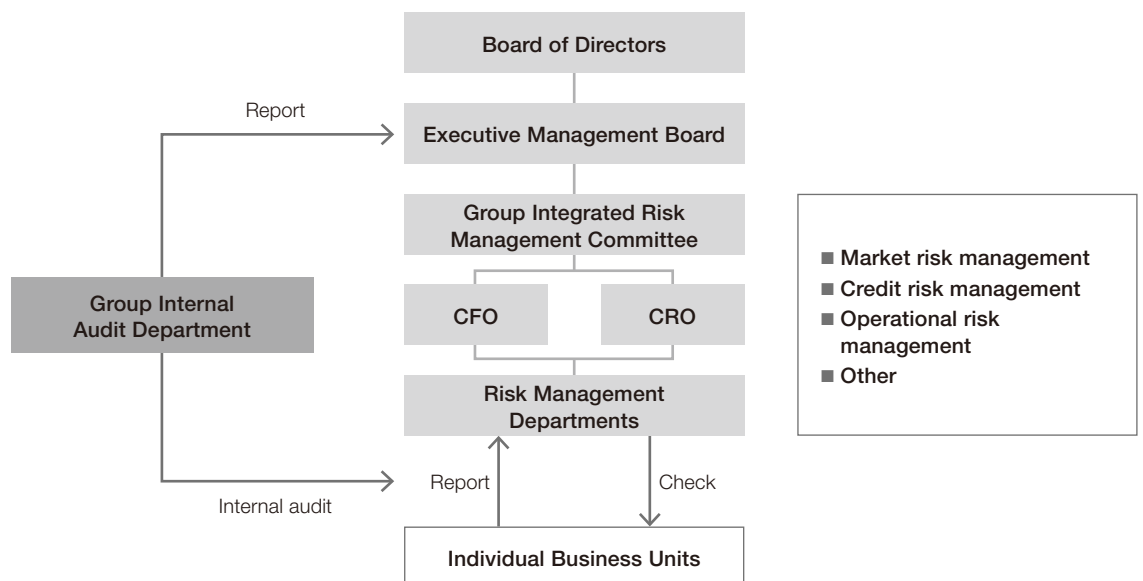
Our business activities are inherently subject to various risks, including market and credit risks, operational risks, system risks, and risks resulting from external events.

Managing those risks is an integral part of management's responsibilities to secure fiscal health, as well as to contribute to the maintenance and expansion of corporate value. Our risk management framework and governance structure are intended to provide comprehensive controls, monitoring, and reporting.

### KEY ISSUES AND STRUCTURE RELATED TO OUR RISK MANAGEMENT INCLUDE:

- Proactive senior management commitment to risk management
- Strengthening of the risk management structure by conducting stress and scenario analysis led by a Chief Risk Officer (CRO)
- Integrated management based on risk appetite as defined by the Group Integrated Risk Management Committee
- Risk management conducted by risk management departments that cooperate worldwide as well as by individual operations divisions

### RISK MANAGEMENT ORGANIZATIONS





## BOARD OF DIRECTORS

(as of June 28, 2011)



**Nobuyuki Koga**

Chairman of the Board of Directors  
Chairman of the Nomination Committee  
Chairman of the Compensation Committee



**Haruo Tsuji**

Chairman of the Audit Committee  
Corporate Advisor of Sharp Corporation  
Director of Kobayashi  
Pharmaceutical Co., Ltd.  
Outside Director of SEIREN CO., LTD.



**Tsuguoki Fujinuma**

Member of the Audit Committee  
Advisor of The Japanese Institute of Certified  
Public Accountants  
Outside Director of Tokyo Stock Exchange Group, Inc.  
Governor of Tokyo Stock Exchange Regulation  
Specially-appointed Professor of Chuo Graduate  
School of Strategic Management  
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.



**Masahiro Sakane**

Member of the Nomination Committee  
Member of the Compensation Committee  
Director and Chairman of Komatsu Ltd.  
Director of Tokyo Electron Limited  
Outside Director of ASAHI GLASS  
Co., Ltd.



**Toshinori Kanemoto**

Member of the Nomination Committee  
Member of the Compensation Committee  
Of-Counsel, City-Yuwa Partners  
Former President of ICPO INTERPOL  
Outside Statutory Auditor of Kameda  
Seika Co., Ltd.



**Lord Colin Marshall**

Former Chairman of British  
Airways plc  
Former President of Confederation  
of British Industry  
Chairman of Pirelli UK Limited



**Dame Clara Furse**

Former Chief Executive of London  
Stock Exchange Group  
Non Executive Director of Legal &  
General Group plc  
Non Executive Director of Amadeus  
IT Holding SA



**Takao Kusakari**

Corporate Advisor of Nippon Yusen  
Kabushiki Kaisha  
Outside Statutory Auditor of Nippon  
Steel Corporation



**Michael Lim Choo San**

Former Executive Chairman of  
PricewaterhouseCoopers, Singapore  
Chairman of Land Transport  
Authority of Singapore  
Member of Public Service  
Commission, Singapore



**Masanori Itatani**

Audit Mission Director



**Masanori Nishimatsu**

Audit Mission Director



**David Benson**



**Kenichi Watanabe**

Representative Executive Managing  
Director, Group CEO



**Takumi Shibata**

Representative Executive Managing  
Director, Group COO



## THE NOMURA GROUP'S EXECUTIVE MANAGEMENT STRUCTURE

(as of June 28, 2011)

Group CEO	Kenichi Watanabe
Group COO	Takumi Shibata
<b>[RETAIL DIVISION]</b>	
Retail CEO	Hitoshi Tada
Retail COO	Eiji Kutsukake
<b>[ASSET MANAGEMENT DIVISION]</b>	
Asset Management CEO	Toshihiro Iwasaki
Asset Management COO	Yugo Ishida
<b>[WHOLESALE DIVISION]</b>	
Chairman, Wholesale	Takumi Shibata
President & CEO, Wholesale	Jasjit S. Bhattal
<b>GLOBAL MARKETS</b>	
Head of Global Markets (Head of Global Fixed Income)	Tarun Jotwani
Joint Head of Global Equities	Naoki Matsuba
Joint Head of Global Equities	Benoit Savoret
<b>INVESTMENT BANKING</b>	
Joint Head of Investment Banking	Hiroyuki Suzuki
Joint Head of Investment Banking	William Vereker
<b>[CORPORATE]</b>	
Chief Financial Officer	Junko Nakagawa
Deputy CFO	Shigeki Fujitani
Group CAO (Chief Administrative Officer)	Hiroshi Tanaka
Chief Legal Officer	Noriaki Nagai
Chief Risk Officer	Lewis O'Donald
Government Affairs and Risk Advisory Group	Shigesuke Kashiwagi
Global Human Resources	Akihito Watanabe
Global Human Resources	David Farrant
Group Corporate Communications	Shinji Iwai
Group Corporate Communications	Eiji Miura
Group Internal Audit	Masaru Konno
CEO/COO office	Hiromasa Yamazaki
CEO/COO office	Toshio Morita
CEO/COO office	Yoshihiro Fukuta
CEO/COO office	Kenji Kimura
CEO/COO office	Chie Toriumi
Regional CEO, EMEA	John Phizackerley
Regional CEO, Asia ex-Japan	Philip Lynch
Regional CEO, Americas	Atsushi Yoshikawa

The Nomura Group is supported by a diverse range of stakeholders around the world. As a global corporate citizen, we engage in a range of activities under our corporate citizenship goal, “For Future Generations”, to create value for Nomura as well as society.

(For more information, please see our Citizenship Report 2011.)

### BUSINESS FOR SUSTAINABILITY

The Nomura Group recognizes the importance of addressing a broad range of global challenges including climate change and water and food shortages through our core business of facilitating efficient fund flow in the financial and capital markets. We actively pursue cross-departmental collaboration to develop businesses related to social and environmental issues and will help create a sustainable society through our work in the financial and capital markets.

#### IFC Green Bonds

Increased concern over climate change has generated attention from individual investors who want to help address environmental issues while still seeking reasonable returns on their investments. In February and April 2011, we began selling IFC Green Bonds issued by the International Finance Corporation (IFC) to these investors. The funds raised from the IFC Green Bonds are set aside in a separate account for investing exclusively in renewable energy, energy efficiency and other climate-friendly projects in developing countries.

#### Revitalizing Local Communities Through Agribusiness

We established Nomura Agri Planning & Advisory Co., Ltd. in October 2010 as a wholly-owned subsidiary for agribusiness solutions. The new company immediately established Nomura Farm Co., Ltd. to produce agricultural products, as a 100% subsidiary. Nomura Agri Planning & Advisory will offer consulting services to agribusinesses and financing solutions to assist in revitalizing local communities in Japan. These activities represent our commitment to addressing the diverse social concerns of today, including food resources and the environment.

#### Developing Sustainable Water Resources

The Water Security Council of Japan (Team Water Japan) is a collaborative effort involving participants from the political, financial, academic and public sectors to find solutions for securing water resources. We have been a longstanding member of the collaboration's Water Finance Team and have advised Japanese companies engaged in the water business on fund procurement. We have engaged in a broad range of water businesses, both in Japan and abroad, focused on the unlimited opportunities presented by water resources.



Sustainable Investment, IFC Green Bonds



Revitalizing Local Communities through Agribusinesses

## OUR COMMUNITY

Globally the Nomura Group values its relationships with the local communities where we operate. We support educational programs and philanthropic activities with the aim of building a sustainable society for future generations.

### Finance and Economics Education Programs (Japan)

We have been providing financial education programs from elementary school children to university students to support future generations. We also believe that knowledge of finance and economics among adults is crucial to the development of an efficient capital market structure to support our economy. "Manabou Classroom" is one of our flagship programs within elementary schools, which teaches fifth- and sixth-grade students how the economy and society work together. For example, we provide simple and fun games to teach the basics of foreign exchange rates and the impact changes in these rates have on trading and purchasing decisions.

### Partnerships with Local Communities (Global)

We have a wide range of partnerships with local community organizations worldwide. For example, in London, we have partnered with two schools to enrich the school's curriculum and provide experiences beyond the normal reach of students. In 2010, we won a Dragon Award for our long-term commitment to the local community in London. In the course of its business operations in Asia,

Europe, and the Americas, the Nomura Group engages with a variety of local communities to build lasting positive partnerships through initiatives such as support for education and charities.

## OUR PEOPLE

The Nomura Group highly values the diversity of our personnel, and recognizing the individual strengths of our employees has been the driving force behind our global competitiveness. We exercise great care in establishing human resource systems that support employee initiative and career development, and we strive to create working environments in which every employee can demonstrate their full potential.

## OUR ENVIRONMENT

The Nomura Group intends to lower its overall environmental impact. We have established an environmental management system to drive comprehensive efforts in Japan, and our business offices across the globe are taking initiatives to manage their environmental footprint. We have expanded our disclosure globally, and report group environmental targets and achievements.



Finance and Economics Education Program in Japan ("Manabou Classroom")



**Dow Jones  
Sustainability Indexes**  
Member 2010/11



**FTSE4Good**

Our CSR initiatives have won strong commendations and we have been included in the Dow Jones Sustainability Indexes, the FTSE4Good Index and other SRI (Socially Responsible Investment) indices. Nomura is also the only Japanese company to be selected as a Super Sector Leader in the FTSE4Good ESG Ratings.



**JUNKO NAKAGAWA**  
Chief Financial Officer

## OPTIMIZING ASSET AND CAPITAL EFFICIENCY TO BECOME A GLOBALLY COMPETITIVE FINANCIAL SERVICES GROUP

### **ROBUST FINANCIAL POSITION**

We face a constantly changing environment. In 2009, we successfully raised capital twice to ensure we have a robust financial position that allows us to respond to the heightened regulatory environment. As of the end of March 2011, we had shareholders' equity of ¥2.1 trillion, gross leverage of 17.6 times and a Tier 1 common ratio of 16.4 percent. This represents one of the healthiest and strongest financial positions in the industry.

### **RESPONDING TO REGULATORY REFORMS**

As part of the move to more stringent financial regulations, the Basel Committee on Banking Supervision has outlined new capital and liquidity requirements and regulators around the world are introducing new regulations. The most significant regulatory change for Nomura is the increase in minimum requirements for Tier 1 common capital that will be phased in from January 2013 under Basel III.

## **MANAGING RISK ASSETS**

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We are reducing our positions in illiquid assets and other high risk-weighted assets to ensure we can continue to grow in the new regulatory environment. We are reallocating resources to our core businesses to raise capital efficiency and increase revenues.

Over the medium to long term, we aim to maintain a Tier 1 common capital ratio under Basel III of around 10 percent, taking into account the market environment, our business strategy, and our financial position.

## **RAISING CORPORATE VALUE**

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Our FY2010/11 return on equity of 1.4 percent is clearly not sufficient and we recognize the need to increase earnings and raise our corporate value. To do so, we are intensely focused on growing revenues and returning to profit in our international franchise, while building on our industry-leading position in Japan. That will help lower our effective tax rate and improve our profit margin.

Disciplined cost control is also a priority. We constantly assess new investments to allocate resources efficiently and strategically. We are also managing costs related to regulatory reforms.

We are promoting a pay-for-performance culture to ensure that performance and compensation are evenly balanced.

In FY2010/11, expenses were 92 percent of firmwide net revenue. We aim to bring that down to under 80 percent over the medium term.

## **GLOBALLY COMPETITIVE FINANCIAL SERVICES GROUP**

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The environment for financial institutions remains challenging. However, Nomura is well positioned to use our robust financial position to further optimize asset and capital efficiency and grow our business. By expanding revenues and controlling costs diligently, we can improve our corporate value and work towards our aim of being a globally competitive financial services group.

## FIVE-YEAR FINANCIAL SUMMARY (US GAAP)

For the fiscal years beginning April 1 and ending March 31 of the following year

Note: This financial summary is prepared solely for convenience. Readers are recommended to refer to the Form 20-F.

### OPERATING RESULTS:

FY2006/07

#### Revenue:

Commissions	¥ 337,458
Fees from investment banking	99,276
Asset management and portfolio service fees	145,977
Net gain (loss) on trading	290,008
Gain (loss) on private equity investments	47,590
Interest and dividends	981,344
Gain (loss) on investments in equity securities	(20,103)
Private equity entities product sales	100,126
Other	67,425

**Total revenue** 2,049,101

Interest expense 958,000

**Net revenue** 1,091,101

#### Non-interest expenses:

Compensation and benefits	345,936
Commissions and floor brokerage	50,812
Information processing and communications	109,987
Occupancy and related depreciation	61,279
Business development expenses	38,106
Private equity entities cost of goods sold	57,184
Other	109,295

**Total non-interest expenses** 772,599

**Income (loss) before income taxes** 318,502

**Income tax expense (benefit)** 145,930

**Net income (loss)** 172,572

**Less: Net income (loss) attributable to noncontrolling interests** (3,256)

**Net income (loss) attributable to NHI** ¥ 175,828

### BALANCE SHEETS (PERIOD END):

**Cash and cash deposits** ¥ 1,054,012

**Loans and receivables** 1,406,216

**Collateralized agreements** 17,838,227

**Trading assets and private equity investments** 13,094,552

**Other assets** 2,184,504

**Total assets** ¥35,577,511

**Short-term borrowings** ¥ 1,093,529

**Payables and deposits** 1,262,187

**Collateralized financing** 20,599,256

**Trading liabilities** 4,588,208

**Other liabilities** 808,482

**Long-term borrowings** 5,002,890

**Total liabilities** 33,354,552

**Total NHI shareholders' equity** 2,185,919

**Noncontrolling interests** 37,040

**Total equity** 2,222,959

**Total liabilities and equity** ¥35,577,511

### CASH FLOWS:

**Net cash used in operating activities** ¥ (1,627,156)

**Net cash used in investing activities** (533,813)

**Net cash provided by financing activities** 1,568,703

**Effect of initial adoption of investment company accounting on cash and cash equivalents** —

**Effect of exchange rate changes on cash and cash equivalents** 10,333

**Net increase (decrease) in cash and cash equivalents** ¥ (581,933)

Note: Calculated using the yen-dollar exchange rate of US\$1.00=¥82.76, the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2011.

			Millions of yen	Millions of U.S. dollars
FY2007/08	FY2008/09	FY2009/10	FY2010/11	FY2010/11
¥ 404,659	¥ 306,803	¥ 395,083	¥ 405,463	\$ 4,899
85,096	54,953	121,254	107,005	1,293
189,712	140,166	132,249	143,939	1,739
61,720	(128,339)	417,424	336,503	4,066
76,505	(54,791)	11,906	19,292	233
796,540	331,356	235,310	346,103	4,182
(48,695)	(25,500)	6,042	(16,677)	(202)
—	—	—	—	—
28,185	39,863	37,483	43,864	531
1,593,722	664,511	1,356,751	1,385,492	16,741
806,465	351,884	205,929	254,794	3,079
787,257	312,627	1,150,822	1,130,698	13,662
366,805	491,555	526,238	518,993	6,271
90,192	73,681	86,129	92,088	1,113
135,004	154,980	175,575	182,918	2,210
64,841	78,480	87,806	87,843	1,061
38,135	31,638	27,333	30,153	364
—	—	—	—	—
157,190	262,558	142,494	125,448	1,516
852,167	1,092,892	1,045,575	1,037,443	12,535
(64,910)	(780,265)	105,247	93,255	1,127
3,259	(70,854)	37,161	61,330	741
(68,169)	(709,411)	68,086	31,925	386
(322)	(1,219)	288	3,264	40
¥ (67,847)	¥ (708,192)	¥ 67,798	¥ 28,661	\$ 346
¥ 1,434,067	¥ 1,422,709	¥ 1,352,244	¥ 2,150,453	\$ 25,984
1,187,600	1,643,007	2,071,714	2,227,822	26,919
10,391,367	8,412,618	12,467,213	15,156,318	183,136
10,278,188	11,672,612	14,700,282	15,241,931	184,170
1,944,832	1,686,902	1,638,975	1,916,466	23,157
¥25,236,054	¥24,837,848	¥32,230,428	¥36,692,990	\$443,366
¥ 1,426,266	¥ 1,183,374	¥ 1,301,664	¥ 1,167,077	\$ 14,102
950,381	1,242,318	1,528,419	2,103,608	25,418
10,540,731	10,157,954	11,216,481	13,686,438	165,375
4,469,942	4,752,054	8,356,806	8,688,998	104,990
623,206	467,574	494,983	552,316	6,673
5,224,426	5,483,028	7,199,061	8,402,917	101,534
23,234,952	23,286,302	30,097,414	34,601,354	418,092
1,988,124	1,539,396	2,126,929	2,082,754	25,166
12,978	12,150	6,085	8,882	108
2,001,102	1,551,546	2,133,014	2,091,636	25,274
¥25,236,054	¥24,837,848	¥32,230,428	¥36,692,990	\$443,366
¥ (647,906)	¥ (712,629)	¥ (1,500,770)	¥ (235,090)	\$ (2,841)
(102,019)	(98,905)	(269,643)	(423,214)	(5,114)
942,879	999,760	2,176,530	1,284,243	15,518
(38,427)	—	—	—	—
(57,319)	(81,896)	964	(26,246)	(317)
¥ 97,208	¥ 106,330	¥ 407,081	¥ 599,693	\$ 7,246



## MAJOR SUBSIDIARIES AND AFFILIATES

(As of May 31, 2011)

### JAPAN

Nomura Securities Co., Ltd.  
 Nomura Asset Management Co., Ltd.  
 The Nomura Trust & Banking Co., Ltd.  
 Nomura Babcock & Brown Co., Ltd.  
 Nomura Capital Investment Co., Ltd.  
 Nomura Investor Relations Co., Ltd.  
 Nomura Principal Finance Co., Ltd.  
 Nomura Funds Research and Technologies Co., Ltd.  
 Nomura Pension Support & Service Co., Ltd.  
 Nomura Research & Advisory Co., Ltd.  
 Nomura Business Services Co., Ltd.  
 Nomura Facilities, Inc.  
 Nomura Institute of Capital Markets Research  
 Nomura Healthcare Co., Ltd.  
 Private Equity Funds Research and Investments Co., Ltd.  
 Nomura Agri Planning & Advisory Co., Ltd.

### AMERICAS

**Nomura Holding America Inc. (New York)**  
 • Washington, D.C. Office  
 Nomura Securities International, Inc. (New York)  
 • Atlanta Office • Boston Office • Chicago Office • Houston Office  
 • Los Angeles Office • Miami Office • San Francisco Office  
 • São Paulo Representative Office  
 Nomura Corporate Research and Asset Management Inc. (New York)  
 Nomura America Mortgage Finance, LLC (New York)  
 Nomura Credit and Capital Inc. (New York)  
 Nomura Derivative Products, Inc. (New York)  
 Nomura Funds Research and Technologies America, Inc. (New York)  
 Nomura Securities (Bermuda) Ltd.  
 Nomura Canada Inc. (Toronto)  
**Nomura Global Financial Products Inc. (New York)**  
**Nomura Securities North America, LLC (New York)**  
**Nomura Asset Management USA Inc.**  
**Nomura Global Alpha LLC**

### INSTINET

INSTINET INCORPORATED (New York)

### EUROPE & MIDDLE EAST

**Nomura Europe Holdings PLC (London)**  
 Nomura International PLC (London)  
 • Madrid Office • Vienna Representative Office • Dubai Office • Qatar Office  
 Nomura Code Securities Ltd. (London)  
 Nomura Bank International PLC (London)  
 • Italy Office • Labuan Office  
 Nomura Nederland N.V. (Amsterdam)  
 Banque Nomura France (Paris)  
 Nomura Bank (Luxembourg) S.A.  
 Nomura Bank (Deutschland) GmbH (Frankfurt)  
 Nomura Asset Management Deutschland KAG mbH  
 Nomura Bank (Switzerland) Ltd. (Zurich)  
 Nomura Italia S.I.M.P.A. (Milan)  
 Nomura Corporate Advisory (Central & Eastern Europe) Sp.z.o.o. (Warsaw)  
 OOO Nomura (Moscow)  
 Nomura Sweden AB (Umea)  
 Nomura Investment Banking (Middle East) B.S.C. (c) (Bahrain)  
 Nomura Istanbul Corporate Advisory Services AS  
**Nomura Funding Facility Corporation Limited (Dublin)**  
**Nomura Global Funding PLC (London)**  
 Nomura Europe Finance N.V. (Amsterdam)  
**Nomura Principal Investment PLC (London)**  
**Nomura Capital Markets PLC (London)**  
**Nomura Structured Holdings PLC (Dublin)**  
**Nomura European Investment Limited (London)**  
**Nomura Asset Management U.K. Limited**

### ASIA-PACIFIC

**Nomura Asia Holding N.V. (Amsterdam)**  
 Nomura International (Hong Kong) Limited  
 • Taipei Branch Office • Hanoi Representative Office  
 Nomura Securities (Hong Kong) Limited  
 Nomura Asia Ltd. (Cayman)  
 Nomura Singapore Limited  
 Nomura Securities Singapore Pte. Ltd.  
 Nomura Commodities Singapore Pte. Ltd.  
 Nomura Malaysia Sdn. Bhd. (Kuala Lumpur)  
 Nomura Australia Limited (Sydney)  
 Nomura Securities Philippines, Inc.  
 Nomura Indonesia (Jakarta)  
 Nomura Financial Investment (Korea) Co. Limited  
**Capital Nomura Securities Public Company Limited (Bangkok)**  
**Nomura Corporate Advisory (Shanghai) Ltd.**  
**Nomura Financial Advisory and Securities (India) Private Limited (Mumbai)**  
**Nomura Asia Investment (India Powai) Pte. Ltd.**  
 Nomura Services India Pte. Ltd.  
**Nomura Asset Management Singapore Ltd.**  
**Nomura Asset Management Malaysia Sdn. Bhd.**  
**Nomura Asset Management Hong Kong Ltd.**  
**Nomura Islamic Asset Management Sdn. Bhd.**

# NOMURA SECURITIES DOMESTIC NETWORK

(As of May 31, 2011)

## KANTO (42 Branches)

Aobadai Branch  
Atsugi Branch  
Chiba Branch  
Fujisawa Branch  
Funabashi Branch  
Futamatagawa Branch  
Hiratsuka Branch  
Ichikawa Branch  
Kamakura Branch  
Kashiwa Branch  
Kawagoe Branch  
Kawaguchi Branch

Kawasaki Branch  
Kofu Branch  
Konandai Branch  
Koshigaya Branch  
Kumagaya Branch  
Matsudo Branch  
Mito Branch  
Musashikosugi Branch  
Odawara Branch  
Omiya Nishiguchi Branch  
Ota Branch

Sagamihara Branch  
Saitama Branch  
Saitama Branch, Omiya Higashiguchi Office  
Shiki Branch  
Shinyokohama Branch  
Shinyurigaoka Branch  
Takasaki Branch  
Tama Plaza Branch  
Tokorozawa Branch

Totsuka Branch  
Tsuchiura Branch  
Tsukuba Branch  
Tsurumi Branch  
Urawa Branch  
Utsunomiya Branch  
Yachiyodai Branch  
Yokohama  
Yokohama Branch  
Yokosuka Branch

## HOKKAIDO (5 Branches)

Asahikawa Branch  
Hakodate Branch  
Kushiro Branch  
Sapporo Branch  
Tokachi/Obihiro Office

## HOKURIKU (4 Branches)

Fukui Branch  
Kanazawa Branch  
Niigata Branch  
Toyama Branch

## TOHOKU (9 Branches)

Akita Branch  
Aomori Branch  
Fukushima Branch  
Hachinohe Branch  
Iwaki Office  
Koriyama Branch  
Morioka Branch  
Sendai Branch  
Yamagata Branch

## KINKI (30 Branches)

Akashi Branch  
Daito Branch  
Esaka Branch  
Gakuenmae Branch  
Higashiosaka Branch  
Himeji Branch  
Hirakata Branch  
Ibaraki Branch  
Kawanishi Branch  
Kishiwada Branch  
Kobe Branch

Kurakuen Branch  
Kyoto Branch  
Kyoto Branch, Kyoto Station Building, the Cube Office  
Nanba Branch  
Nara Branch  
Nishinomiya Branch  
Okamoto Branch  
Osaka Branch  
Otsu Branch

Sakai Branch  
Senri Branch  
Takarazuka Branch  
Takatsuki Branch  
Tennoji Branch  
Toyonaka Branch  
Tsukaguchi Branch  
Uehonmachi Branch  
Umeda Branch  
Wakayama Branch

## CHUGOKU (8 Branches)

Fukuyama Branch  
Hiroshima Branch  
Kurashiki Branch  
Matsue Branch  
Okayama Branch  
Shimonoseki Branch  
Tokuyama Branch  
Yonago Branch

## KYUSHU (11 Branches)

Fukuoka Branch  
Fukuoka Branch, Amu Plaza Hakata Office  
Kagoshima Branch  
Kitakyushu Branch  
Kumamoto Branch  
Kurume Branch  
Miyazaki Branch  
Nagasaki Branch  
Oita Branch  
Saga Branch  
Sasebo Branch

## SHIKOKU (4 Branches)

Kochi Branch  
Matsuyama Branch  
Takamatsu Branch  
Tokushima Branch

## CHUBU (16 Branches)

Gifu Branch  
Hamamatsu Branch  
Kanayama Branch  
Kariya Branch  
Kasugai Branch  
Matsumoto Branch  
Nagano Branch  
Nagoya Branch  
Nagoya-ekimae Branch  
Numazu Branch  
Okazaki Branch  
Shizuoka Branch  
Toyohashi Branch  
Toyota Branch  
Tsu Branch  
Yokkaichi Branch

## TOKYO METROPOLITAN AREA (42 Branches)

Chofu Branch  
Denenchofu Branch  
Fuchu Branch  
Gotanda Branch  
Hachioji Branch  
Hamadayama Branch  
Hatagaya Branch  
Head Office  
Iidabashi Branch  
Ikebukuro Branch  
Ikebukuro Metropolitan Plaza Branch  
Jiyugaoka Branch  
Kamata Branch  
Kanda Branch  
Kichijoji Branch  
Kinshicho Branch  
Koishikawa Branch  
Koiwa Branch  
Kojimachi Branch  
Kokubunji Branch  
Machida Branch  
Mita Branch

Nakameguro Branch  
Nakano Branch  
Nerima Branch  
Ogikubo Branch  
Omori Branch  
Sakurashinmachi Branch  
Sangenjaya Branch  
Seijo Branch  
Senju Branch  
Shibuya Branch  
Shinbashi Branch  
Shinjuku Branch  
Shinjuku Nomura Building Branch  
Shinjuku-eki  
Nishiguchi Branch  
Tachikawa Branch  
Tamagawa Branch  
Tanashi Branch  
Tokyo Branch  
Toranomon Branch  
Ueno Branch

## OKINAWA (1 Branch)

Naha Branch

## CORPORATE AND OTHER DATA

### CORPORATE DATA

**Company Name** Nomura Holdings, Inc.  
**President & CEO** Kenichi Watanabe  
**Date of Incorporation** December 25, 1925

**Paid-in Capital** ¥594.5 billion (As of March 31, 2011)  
**Head Office** 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8645, Japan  
**Group Employees** 26,871 (As of March 31, 2011)

### SHARE DATA

#### Common Stock Issued

3,719,133,241 shares (As of March 31, 2011)

#### Listing

The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Osaka, Nagoya, and Singapore stock exchanges. The shares are also listed on the NYSE in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs). Each ADS represents one share of Common Stock. (As of March 31, 2011)

#### Securities Code

8604 (Tokyo Stock Exchange)  
 NMR (New York Stock Exchange)

#### Number of Shareholders

457,297 (Unit shareholders: 434,191)  
 (As of March 31, 2011)

#### Major Shareholders (Top 10)

Names of Shareholders	Shares Held (Thousand shares)	Percentage of Issued Shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	188,035	5.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	150,819	4.06
State Street Bank and Trust Company	117,076	3.15
SSBT OD 05 Omnibus Account — Treaty Clients	83,328	2.24
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	64,758	1.74
The Bank of New York Mellon as Depository Bank for Depository Receipt Holders	45,808	1.23
Japan Trustee Services Bank, Ltd. (Trust Account 9)	43,832	1.18
The Bank of New York JASDEC Treaty Account	33,840	0.91
Japan Trustee Services Bank, Ltd. (Trust Account 4)	33,420	0.90
State Street Bank West Client Treaty	31,064	0.84

\* NHI has 117,183 thousand shares of treasury stock as of March 31, 2011 which is not included in the Major Shareholders list above.

	Second Quarter	Year-end
Date of Record for Dividend Payments	September 30	March 31
Dividend Payment Date	December 1	June 1

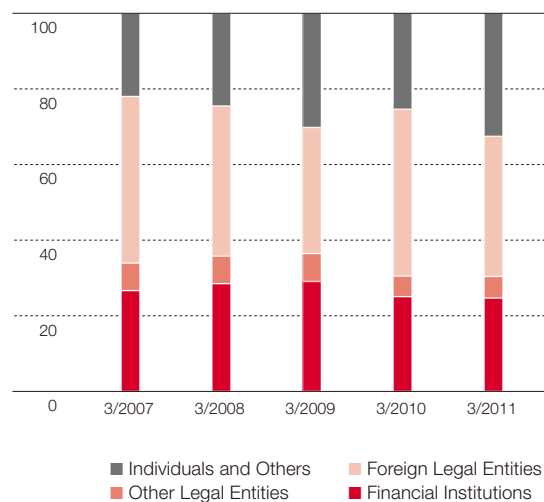
#### Transfer Agent and Registrar

Mitsubishi UFJ Trust and Banking Corporation  
 Corporate Agency Department: +81 (3) 5391-1900

#### Depository for American Depositary Receipts (ADRs)

The Bank of New York Mellon  
 Depository Receipts Division: +1 (866) 680-6825  
<http://www.adrbnymellon.com>  
 Ratio: 1 ADR = 1 ordinary share

#### Component Ratio of Shareholders (%)



### OTHER

#### Credit Rating

	Nomura Holdings		Nomura Securities	
	Long-term	Short-term	Long-term	Short-term
S&P	BBB+	A-2	A-	A-2
Moody's	Baa2	—	Baa1	P-2
R&I	A+	a-1	A+	a-1
JCR	AA-	—	AA-	—

\* As of May 31, 2011

## FOR MORE INFORMATION

### Nomura Holdings, Inc. Investor Relations

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2-2-2, Otemachi, Chiyoda-ku, Tokyo 100-8130, Japan  
Tel. +81 (3) 5255-1000  
[www.nomuraholdings.com/investor/](http://www.nomuraholdings.com/investor/)

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<http://www.nomura.com/>



### INVESTOR RELATIONS

[www.nomuraholdings.com/investor/](http://www.nomuraholdings.com/investor/)

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# NOMURA



Printed in Japan