

Pillar 3 - Remuneration Disclosure for the year ending 31 March 2011

1 Overview

In order to comply with the Financial Services Authority's (FSA) Remuneration Code and the rules in SYSC 19A, Nomura Asset Management U.K. Ltd. (NAM UK) is required to make various disclosures in respect of its remuneration policy and practices.

This disclosure summarises NAM UK's approach to the determination of the remuneration policy, the identification of Code Staff and the link between pay and performance. It also discloses aggregated remuneration costs in respect of NAM UK's Code Staff.

2 Decision making process for determining the remuneration policy

The Board of Directors is responsible for the review and approval of the company's remuneration policy and in so doing, has appropriate oversight of the remuneration framework operating within the company. The Board of Directors takes full account of the company's strategic objectives and its duty to the parent company, whilst ensuring that the remuneration policy is sufficient to recruit, retain and motivate employees for the benefit of the company.

3 Code Staff criteria

The FSA rules set out various criteria against which employees must be considered, in order to identify Code Staff. Within NAM UK, the following groups have been classified as Code Staff:

- Directors
- Employees performing significant influence functions

These categories capture all directors, non-executive directors and senior executive officers within the company.

4 The link between pay and performance

Remuneration within the company is composed of a fixed amount which includes base salary and benefits, together with a variable performance related sum.

Variable performance related pay is closely aligned to an individual's performance against agreed objectives, which might include financial and non-financial performance measures, risk management and other relevant factors. Another significant factor in setting variable remuneration is the overall corporate performance and profitability of NAM UK and the wider Nomura Asset Management Group of companies.

Determination of variable performance related pay is sufficiently flexible to reward short and long term individual performance whilst retaining a close link to the ebb and flow of corporate profitability.

Where the total compensation (fixed and variable remuneration) of any employee exceeds certain limits, those employees are required to participate in the Nomura Holdings Inc. remuneration deferral scheme which links the employee's deferred award to the performance of NHI shares and the longer term interests of shareholders in Nomura Holdings Inc.

Thus, total compensation within NAM UK comprises the following elements:

- Base salary
- Cash bonus
- Deferred bonus (vesting over three years and linked to the NHI share price)

4 Quantitative information on remuneration

NAM UK has identified 9 Code Staff within the company. Aggregated remuneration costs are broken down as follows:

- Fixed remuneration as at 31 March 2011 was £1.672m
- Variable remuneration awarded for the year to 31 March 2011 was £696k of which £369k was paid in cash and £327k deferred
- Total deferred remuneration outstanding at 31 March 2011 was £345k
- Deferred remuneration paid out during year to 31 March 2011 was £26k