

## **Program Information**

**Nomura Bank International plc  
Nomura Europe Finance N.V.**

## PROGRAM INFORMATION

### Cover

Type of Information:	Program Information
Date of Filing:	27 July 2012
Company Name:	1) Nomura Bank International plc (" <b>NBI</b> ") 2) Nomura Europe Finance N.V. (" <b>NEF</b> ")
Name and Title of Representative:	1) NBI Managing Director and General Counsel Clare Jones 2) NEF Chairman & Managing Director Kenji Tsuge
Address of Registered Office:	1) NBI 1 Angel Lane, London EC4R 3AB, United Kingdom 2) NEF Rembrandt Tower 19th floor, Amstelplein 1, 1096 HA Amsterdam, The Netherlands
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Liaison Contact:	Attorney-in-Fact: Akiko Kimura, Attorney-at-law Hironori Shibata, Attorney-at-law Hiroto Ando, Attorney-at-law Gen Sakai, Attorney-at-law Akira Tago, Attorney-at-law Anderson Mori & Tomotsune Address: Izumi Garden Tower 6-1, Roppongi 1-chome Minato-ku, Tokyo 106-6036 Telephone: +81-3-6888-1000
Type of Securities:	Notes
Expected Issuance Period:	27 July 2012 to 26 July 2013

Maximum Outstanding Issuance Amount:	1) NBI U.S.\$12,500,000,000
	2) NEF U.S.\$40,000,000,000
Stabilization:	As described in the Specified Securities Information (Supplement)
Address of Publication Website:	<a href="http://promarket.tse.or.jp/probond/">http://promarket.tse.or.jp/probond/</a>
Submission Status of Annual Securities Reports or Issuer Filing Information:	1) NBI None 2) NEF NEF has continuously submitted Annual Securities Reports for more than one year.

Notes to Investors:

1. The TOKYO PRO-BOND Market is a market for professional investors etc., and bonds and other instruments listed on the market ("**Listed Bonds**") may involve a higher investment risk. Investors should act with responsibility and be aware of the listing qualification and timely disclosure requirements that apply to issuers of Listed Bonds in the TOKYO PRO-BOND Market, as well as associated risks such as the fluctuation of market prices. Prospective investors should make an investment judgment only after having carefully considered the contents of this Program Information.
2. The regulatory framework for the TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the Rules and Regulations of Tokyo Stock Exchange, Inc., which are available on its website.
3. Tokyo Stock Exchange, Inc. does not represent or warrant any part of the Program Information (including, but not limited to, whether the Program Information (a) contains a false statement on important matters or (b) lacks a statement on: (i) important matters that should be stated; or (ii) a material fact that is necessary for avoiding misunderstanding) and will not be liable for any damages for any other liabilities.
4. This Program Information consisting of this cover page and the Base Prospectus shall constitute and form the Specified Securities Information (set forth in Article 27-31, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended)) when information in relation to matters described in this form is described in the Program Information (pursuant to the provisions of Article 206, Paragraph 2 of the Special Regulations of the Listing Regulations regarding Specified Listed Securities) as information set forth in Specified Exchange Regulations (as defined in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Providing and Publishing of Securities Information, Etc. (Cabinet Office Ordinance No. 78 of 2008, as amended)).
5. Information on other securities issued by NBI will be given in the Specified Securities Information (Supplement). Information on other securities issued by NEF will not be given in the Specified Securities Information (Supplement) as NEF falls under the category of a "case in which an issuer of the securities has continuously submitted Annual Securities Reports as described in Article 9-3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Ordinance of Ministry of Finance No. 5 of 1973) for more than one year" as described in Article 2, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Providing and Publishing of Securities Information, Etc.

# NOMURA

## NOMURA BANK INTERNATIONAL PLC

(incorporated in England with limited liability with registered number 1981122)

## NOMURA EUROPE FINANCE N.V.

(a limited liability company with corporate seat in Amsterdam, the Netherlands)

### EURO NOTE PROGRAMME

FOR THE ISSUE OF NOTES WHICH WILL BE GUARANTEED, IF SO SPECIFIED IN THE APPLICABLE FINAL TERMS, BY EITHER

#### NOMURA HOLDINGS, INC.

(incorporated in Japan with limited liability)

OR, ON A JOINT AND SEVERAL BASIS, BY

#### NOMURA HOLDINGS, INC.

(incorporated in Japan with limited liability)

AND

#### NOMURA SECURITIES CO., LTD.

(incorporated in Japan with limited liability)

Under this Euro Note Programme (the **Programme**), Nomura Bank International plc (**NBI**) and Nomura Europe Finance N.V. (**NEF** and, together with NBI, the **Issuers** and each an **Issuer**) may from time to time issue Notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined herein).

The payment and/or delivery obligations under the Notes of each Issuer may be unconditionally and irrevocably guaranteed, as specified in the applicable final terms document (the Final Terms), either by Nomura Holdings, Inc. (NHI) or on a joint and several basis by NHI and Nomura Securities Co., Ltd. (NSC and, together with NHI, the **Guarantors** and each, a **Guarantor**). Notes may also be issued without a guarantee from either NHI or NSC.

In relation to each Tranche (as defined herein) of Notes, the applicable Final Terms will specify whether such Tranche is to be guaranteed by either NHI or NHI and NSC or not guaranteed by either. References herein to **Guaranteed Notes** shall be construed as references to Notes which are guaranteed by either NHI or, on a joint and several basis, by NHI and NSC, as specified in the applicable Final Terms. References herein to **Guarantor(s)** shall be construed to mean NHI (where the relevant Final Terms specify NHI as sole Guarantor in respect of the relevant Series of Notes), or the Guarantors (where the relevant Final Terms specify each of NHI and NSC as the Guarantors in respect of the relevant Series of Notes). NEF shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by NBI shall only be guaranteed by NHI.

On 26 July 2002 and 19 October 1994, each of NBI and NEF, respectively, established its own programme for issuing and listing the notes described therein (the **Existing Programmes**). Notes issued under the Existing Programmes can be guaranteed by NHI or NSC or, by NHI and NSC on a joint and several basis or, not guaranteed by either, all as described therein. On 13 May 2011, NEF was substituted for Nomura Global Funding plc (i) as the issuer of the guaranteed notes and as principal obligor under the Programme and (ii) as the issuer of the guaranteed notes and as principal obligor under the deed of covenant and the agency agreement under the USD 3,500,000,000 single-issuer euro note programme of Nomura Global Funding plc (**NGF Single-Issuer Programme**).

For the purposes of calculating the maximum aggregate amount of Guaranteed Notes that can be issued under the Programme, the outstanding guaranteed notes issued under the Existing Programmes by each Issuer, as well as the NGF Single-Issuer Programme in the case of NEF, will be taken into account.

The Issuers have a right of substitution as set out in Condition 20. The Guarantors have a limited right of substitution as set out in Condition 20.

The maximum aggregate nominal amount of Notes issued by the relevant Issuer and from time to time outstanding under the Programme will not exceed:

- U.S.\$12,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NBI; and

- U.S.\$40,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NEF,

subject to increase in accordance with the terms of the Dealer Agreement.

Application has been made to the Luxembourg Stock Exchange in its capacity as the market operator of the Euro MTF Market under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to list Notes issued under the Programme on the Euro MTF Market for a period of 12 months from the date of this Base Prospectus. Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, the issue date and maturity date of, and any other terms and conditions not contained herein which are applicable to, each Tranche of Notes will be set forth in the applicable Final Terms which, with respect to Notes to be listed on the Euro MTF Market of the Luxembourg Stock Exchange will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche. In addition to the above, the Programme will also be admitted for the listing of the Notes on the Tokyo Stock Exchange in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of the Tokyo Stock Exchange.

This Base Prospectus may only be used for the purpose for which it has been published.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Euro MTF Market and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF Market is not a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

The Programme provides that Notes may be listed on or by such other or further stock exchange(s) (other than in respect of an admission to trading on any market in the European Economic Area (the **EEA**) which has been designated as a regulated market for the purposes of Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area)) as may be agreed between the relevant Issuer and the relevant Dealer. The Issuers may also issue unlisted Notes.

The Notes of each Tranche will either initially be represented by a temporary global note (each a **Temporary Global Note**) or, if agreed between the relevant Issuer and the relevant Dealer, be represented by a permanent global note (each a **Permanent Global Note**) which, in either case, will be deposited on the issue date thereof with a common depository or a common safekeeper, as the case may be, on behalf of Euroclear Bank SA/NV (**Euroclear**), and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and/or any other agreed clearing system. A Temporary Global Note so issued will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Global Note or definitive Notes, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable for definitive Notes as further described in "*Form of the Notes*" below.

Arranger

**Nomura International plc**

*Dealers*

**Nomura Bank International plc**

**Nomura International plc**

**The date of this Base Prospectus is 27 July 2012**

## NOTICES TO INVESTORS

The Issuers and the Guarantors accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuers and the Guarantors (each of which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

The Dealers have not separately verified all the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by any of the Issuers or any of the Guarantors in connection with the Programme or any Notes. The Dealers do not accept any liability in relation to the information contained in this Base Prospectus or to any other information provided by any of the Issuers or any of the Guarantors in connection with the Programme or any Notes.

No person has been authorised to give any information or to make any representation not contained in or consistent with this Base Prospectus or any other information supplied in connection with the Programme or any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, any of the Guarantors or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any of the Issuers, any of the Guarantors or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s). Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of any of the Issuers, any of the Guarantors or any Dealer to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning any of the Issuers or any of the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantors and/or any of their respective subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s) when deciding whether or not to purchase any Notes.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantors and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of the Issuers, any of the Guarantors or any of the Dealers which would permit a public offering of the Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material relating to the Programme or Notes issued thereunder may be distributed or published in any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the same terms. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the Netherlands and the United Kingdom), Hong Kong, the PRC and Japan (see “*Subscription and Sale*” below).

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” below).

All references in this Base Prospectus to (i) **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, (ii) **U.S. dollars** and **U.S.\$** refer to the lawful currency for the time being of the United States of America, (iii) **£** and **Sterling** refer to the lawful currency for the time being of the United Kingdom, (iv) **Yen** and **¥** refer to the lawful currency for the time being of Japan, (v) **RMB, CNY** or **Renminbi** refer to the lawful currency for the time being of the PRC, (vi) **A\$** refer to Australian dollars, (vii) **C\$** refer to Canadian dollars, (viii) **IDR** refer to Indonesian rupiah, (ix) **SFr** refer to Swiss francs, (x) **S\$** refer to Singapore dollars and (xi) **M\$** refer to Malaysian ringgits.

All references in this Base Prospectus to the PRC are to the People's Republic of China, which for the purpose of this Base Prospectus shall exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) or persons acting on behalf of any Stabilising Manager(s) in accordance with all applicable laws and rules.**

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of this Base Prospectus:

- (a) the publicly available audited consolidated annual financial statements of NBI for the financial year ended 31 March 2012 and the publicly available audited non-consolidated annual financial statements of NBI for the financial year ended 31 March 2011;
- (b) the publicly available audited non-consolidated annual financial statements of NEF for the two financial years ended 31 March 2012 and 31 March 2011;
- (c) the publicly available audited consolidated annual financial statements of NHI for the two financial years ended 31 March 2012 and 31 March 2011;
- (d) the publicly available audited non-consolidated annual financial statements of NSC and their English translations for the two financial years ended 31 March 2012 and 31 March 2011;
- (e) the publicly available registration document of NBI dated 29 June 2012 with the exception of the Accountants' Report and the republished financial information of NBI for the financial year ended 31 March 2011 in accordance with IFRS set out in the Schedule (Historical Financial Information) to the registration document which shall not be incorporated by reference (the **Registration Document**) approved by the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000; and

In particular, the following information contained in the Registration Document, and set out at the pages below, is incorporated by reference in this Base Prospectus:

Rules and Regulations of the Luxembourg Stock Exchange	Pages
3.1.1 Date of incorporation and length of life of the issuer, except where indefinite	Page 11
3.1.2 Legislation under which the issuer operates and legal form which it has adopted under that legislation	Page 11
3.2.0 The amount of the issued capital and the number and classes of the securities of which it is composed with details of their principal characteristics. The part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of securities not yet fully paid up, broken down where applicable according to the extent to which they have been paid up	Page 16
3.2.2 If the issuer belongs to a group of undertakings, a brief description of the group and of the issuer's position within it	Page 11-12
4.1.0 Description of the issuer's principal activities, stating the main categories of products sold and/or services performed	Pages 13-15
7.1 General information on the trend of the issuer's business since the end of the financial year to which the last published annual accounts relate	Page 15
7.2 Information on the issuer's prospects for at least the current financial year	Pages 13-15
(f) the Form 20-F of NHI for the years ended 31 March 2012 and 31 March 2011, each containing the auditors reports and the consolidated financial statements of NHI for such years on pages F-1 to F-116 and F-1 to F-115, respectively (but excluding any documents incorporated therein);	
(g) the financial summary of NHI for the three months ended 30 June 2012;	
(h) all supplements to this Base Prospectus circulated by the Issuers, NHI and NSC from time to time in accordance with the provisions of the Dealer Agreement (as defined in "Subscription and Sale" below) described below,	

save that any statement contained herein or in a document which is deemed to be incorporated in whole or in part by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus

to the extent that a statement contained in any such subsequent document which is deemed to be incorporated in whole or in part by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Nomura Bank (Luxembourg) S.A. in its capacity as listing agent (the **Listing Agent**) for the Notes to be listed on the Euro MTF Market of the Luxembourg Stock Exchange will provide (on behalf of any of the Issuers and the Guarantors), without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written or telephone requests for such documents should be directed to the Listing Agent at its principal office in Luxembourg as set out at the end of this Base Prospectus. In addition, such documents will be available free of charge, if and so long as any Notes are listed on the Luxembourg Stock Exchange from the principal office of the Listing Agent and copies will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The relevant Issuer and, if applicable, the Guarantor(s), will, in connection with the listing of the Notes issued under the Programme on the Luxembourg Stock Exchange, so long as the Notes remain outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the relevant Issuer or the Guarantor(s), (provided such Notes are Guaranteed Notes) which is not reflected in the Base Prospectus, advise the Luxembourg Stock Exchange and prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange.

The Issuer may agree with any Dealer and the Luxembourg Stock Exchange that the Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Base Prospectus or a new Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

## GENERAL DESCRIPTION OF THE PROGRAMME

The maximum aggregate nominal amount of all Notes issued by the relevant Issuer and from time to time outstanding under the Programme will not exceed:

- U.S.\$12,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NBI; and

- U.S.\$40,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NEF,

subject to increase in accordance with the terms of the Dealer Agreement.

The Notes will be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time. References to the **relevant Dealer** are references to the Dealer or Dealers with whom the Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme.

The relevant Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Base Prospectus or a new Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Under the Programme, the relevant Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Base Prospectus and any supplements hereto will only be valid in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued by an Issuer under the Programme, does not exceed the maximum aggregate nominal amount of Notes applicable to such Issuer or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*" below) shall be determined, at the discretion of the relevant Issuer, either as of the date of agreement to issue such Notes (the **Agreement Date**) or on the preceding day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, in each case on the basis of the spot rate for the sale of U.S. dollars against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on such date;
- (b) the U.S. dollar amount (or, where applicable, the U.S. dollar equivalent of the amount) of Dual Currency Notes, Foreign Exchange Linked Notes, Index Linked Notes, Equity Linked Notes, Credit Linked Notes, Exchangeable Notes, Other Notes (not issued at a discount or a premium) and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated (where applicable, in the manner specified above) by reference to the original nominal amount of such Notes issued (in the case of Partly Paid Notes regardless of the purchase price paid); and
- (c) the U.S. dollar amount (or, where applicable, the U.S. dollar equivalent of the amount) of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*" below) and Other Notes issued at a discount or a premium shall be calculated (where applicable, in the manner specified above) by reference to the net proceeds received by the relevant Issuer for the relevant issue.

## OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following overview does not purport to be exhaustive and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meaning when used herein.

Issuers.....	Nomura Bank International plc; and Nomura Europe Finance N.V.
Guarantor(s).....	If so specified in the applicable Final Terms:  (i) Nomura Holdings, Inc.; or  (ii) Nomura Holdings, Inc. and Nomura Securities Co., Ltd., on a joint and several basis.  Nomura Europe Finance N.V. shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by Nomura Bank International plc shall only be guaranteed by NHI.  If no Guarantor is specified in the applicable Final Terms, the Notes will not be guaranteed.
Description .....	Euro Note Programme
Arranger .....	Nomura International plc
Dealers.....	Nomura Bank International plc Nomura International plc
Agent.....	Citibank, N.A., London
Calculation Agent .....	Nomura Bank (Luxembourg) S.A. or Nomura International plc and any other entity appointed as Calculation Agent from time to time.
Settlement Agent.....	Nomura Bank (Luxembourg) S.A. or Nomura International plc and any other entity appointed as Settlement Agent from time to time.
Programme Size.....	Up to U.S.\$12,500,000,000 aggregate nominal amount of Notes issued by NBI and up to U.S.\$40,000,000,000 aggregate nominal amount of Notes issued by NEF (or the equivalent in other currencies calculated as described in “ <i>General Description of the Programme</i> ” above) outstanding at any time. The relevant Issuer may increase or decrease the amount of the Programme in accordance with the terms of the Dealer Agreement.
Legal and Regulatory Requirements .....	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ” below).
Distribution.....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies.....	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer in connection with each Tranche as indicated in the applicable Final Terms.
Certain Restrictions.....	Notes having a maturity of less than one year will, if the proceeds of

the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the UK Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “Subscription and Sale”.

Redenomination ..... The applicable Final Terms may provide that certain Notes may be redenominated in euro.

The relevant provisions applicable to any such redenomination are contained in Condition 4.

Maturities ..... Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.

Issue Price ..... Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes ..... The Notes of each Tranche will either initially be represented by a Temporary Global Note or, if agreed between the relevant Issuer and the relevant Dealer, be represented by a Permanent Global Note which, in either case, will be deposited on the relevant Issue Date with a common depositary or a common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. A Temporary Global Note will be exchangeable as described therein for either a Permanent Global Note or definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case not earlier than 40 days after the relevant Issue Date and only upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable, as specified in the applicable Final Terms, upon request as described therein, in whole but not in part, for definitive Notes either upon not less than 60 days’ written notice to the Agent or only upon the occurrence of an Exchange Event, each as described in “*Form of the Notes*” below. Any interest in a Global Note (as defined below under “*Form of the Notes*”) will be transferable only in accordance with the rules and procedures for the time being of the clearing system or clearing systems with which it is deposited.

Fixed Rate Notes ..... Interest on Fixed Rate Notes will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

Floating Rate Notes ..... Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended, updated or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (in each case as indicated in the applicable Final Terms).

The Margin (if any) relating to such floating rate will be agreed

between the relevant Issuer and the relevant Dealer for each issue of Floating Rate Notes.

Other provisions in relation to Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes.....	Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.
Status of the Notes .....	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(a), unsecured obligations of the relevant Issuer and shall at all times rank <i>pari passu</i> and without prejudice among themselves and (subject as aforesaid and save for exceptions as may be provided by applicable legislation) at least equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding.
Status of the Guarantee.....	The relevant Issuer's payment and/or delivery obligations in respect of Guaranteed Notes will be unconditionally and irrevocably guaranteed by the Guarantor(s) under the Guarantee (as described below). The obligations of the Guarantor(s) under the Guarantee will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(b), unsecured obligations of the Guarantor(s) and shall (subject as aforesaid and save for obligations in respect of taxes and certain other statutory exceptions) at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor(s).
Changes of Interest or Redemption/Payment Basis.....	Notes may be converted from one Interest or Redemption/Payment basis to another if so provided in the applicable Final Terms.
Dual Currency Notes.....	Payments of principal in respect of Dual Currency Redemption Notes or interest in respect of Dual Currency Interest Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Foreign Exchange Linked Notes.....	Payments of principal in respect of Foreign Exchange Linked Redemption Notes or of interest in respect of Foreign Exchange Linked Interest Notes will be calculated by reference to such variations in currency exchange rates as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Index Linked Notes.....	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index or basket of indices and/or such formula or such changes in the price of securities or commodities or such other factors except variations in currency exchange rates as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Zero Coupon Notes .....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Equity Linked Notes.....	Equity Linked Redemption Notes and Equity Linked Interest Notes will provide for the payment of amounts and/or the delivery of assets (other than cash) in respect of principal or interest, as the case may be, calculated by reference to a single equity security or a basket of equity securities, in each case, on such terms as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Final Terms.

Credit Linked Notes .....	Credit Linked Notes will provide for the payment of amounts and/or the delivery of obligations in respect of interest or principal as linked to the creditworthiness or occurrence of one or more credit-related events in relation to one or more legal persons, sovereign states or other entities set out, in each case, as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Final Terms.
Exchangeable Notes .....	Exchangeable Notes are redeemable by delivery of shares or other securities, or a combination of such shares or securities and cash, on such terms as are indicated in the applicable Final Terms.
Other Notes.....	Notes with respect to which payment of principal and/or interest is linked to any other source not referred to above will be issued on such terms as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Final Terms.
Redemption.....	<p>The Final Terms relating to each Tranche of Notes will set out the basis of redemption in respect of such Tranche and may indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons, or upon a regulatory event or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or, as the case may be, the relevant Issuer on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See "<i>Certain Restrictions</i>" above.</p>
Denomination of Notes.....	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See " <i>Certain Restrictions</i> " above.
Taxation.....	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the United Kingdom, the Netherlands or Japan, subject as provided in Condition 10. See also " <i>Taxation—United Kingdom Taxation</i> ", " <i>Taxation—Dutch Taxation</i> " and " <i>Taxation—Japanese Taxation</i> ".
Negative Pledge .....	The Notes will contain a negative pledge provision given by the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s) as described in Condition 3.
Cross Default .....	The Notes will contain a cross default provision relating to the indebtedness in respect of money borrowed by the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s) as described in Condition 12.
Listing .....	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market. The Programme will also be admitted for the listing of the Notes on the Tokyo Stock

Exchange in its capacity as the market operator of the TOKYO PRO-BOND Market.

The Notes may also be listed, quoted and/or traded on or by such other or further stock exchange(s), (other than in respect of an admission to trading on any market in the EEA which has been designated as a regulated market of the purposes of the Prospectus Directive) as may be agreed between the relevant Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Final Terms relating to each Tranche of Notes will state whether or not and, if so, on which stock exchange(s), the Notes are to be listed.

Governing Law ..... The Notes and the Guarantee (and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee) will be governed by and construed in accordance with English law.

Selling Restrictions ..... There are specific selling restrictions in relation to the United States, the EEA (including the Netherlands and the United Kingdom), Hong Kong, the PRC and Japan. In connection with the offering and sale of a particular Tranche of Notes additional or alternative restrictions may be imposed which will be set out in the applicable Final Terms. See “*Subscription and Sale*” below.



## FORM OF THE NOTES

Each Tranche of Notes will either be initially represented by a Temporary Global Note (without receipts, interest coupons or talons) or, if agreed between the relevant Issuer and the relevant Dealer or Dealers, be represented by a Permanent Global Note (together with the Temporary Global Note, the **Global Notes**) which, in either case, unless otherwise agreed between the relevant Issuer and the relevant Dealer or Dealers, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Any reference in this section “*Form of the Notes*” to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the relevant Issuer, the relevant Dealer and the Agent. Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it/they has/have received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after the date on which a Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (provided that, if it is a Partly Paid Note (as described below), all instalments of the subscription moneys due before the date of such exchange have been paid) (free of charge) as described therein either for interests in a Permanent Global Note (without receipts, interest coupons or talons) or for security printed definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above unless such certification has already been given as described above. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement, the Agent shall arrange, unless otherwise instructed by the relevant Issuer, that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche. The end of such period (and the common code and ISIN thereafter applicable to the Notes of the relevant Series) will be notified by the Agent to the relevant Issuer and the relevant Dealer.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the relevant Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

If in respect of any Note any amount of principal and/or interest is to be settled by the delivery of an asset other than by the payment of cash, the relevant provisions dealing with such delivery will be set out in the applicable Final Terms.

A Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached, as specified in the applicable Final Terms, either (i) on not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, an **Exchange Event** means that (i) an Event of Default (as defined in Condition 12) has occurred and is continuing, (ii) the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s), have been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s), have or will become obliged to pay additional amounts as provided for or

referred to in Condition 10 which would not be required were the Notes represented by the Permanent Global Note in definitive form. The relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s), will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer or the Guarantor(s), may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 60 days after the date of the first relevant notice received by the Agent.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all Global Notes, definitive Notes, receipts, interest coupons and talons, unless otherwise agreed between the relevant Issuer and the relevant Dealer:

“ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 12. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his securities account with Euroclear and/or Clearstream, Luxembourg, as the case may be, gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, such Global Note will become void. At the same time, holders of interests in such Global Note credited to their account with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of the Deed of Covenant (as defined below).

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note and which will be endorsed upon (or, if permitted by the relevant stock exchange and agreed between the relevant Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Final Terms in relation to any Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions of the Notes, replace or modify the following Terms and Conditions of the Notes for the purpose of such Notes. The applicable Final Terms will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" below for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions of the Notes.*

This Note is one of a series of Notes issued by Nomura Bank International plc (**NBI**) and Nomura Europe Finance N.V., a limited liability company with corporate seat in Amsterdam (**NEF** and, together with NBI, the **Issuers** and each an **Issuer**) pursuant to the Agency Agreement (as defined below). References herein to the **Notes** shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a Global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 27 July 2012 (as amended, supplemented and/or restated from time to time, the **Agency Agreement**) and made among the Issuers, Nomura Holdings, Inc. (**NHI**), Nomura Securities Co., Ltd. (**NSC** and, together with NHI, the **Guarantors** and each a **Guarantor**), Citibank, N.A., London as issuing agent, principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent), the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), the calculation agent named therein (the **Calculation Agent**, which expression shall include any successor calculation agent as specified in the applicable Final Terms) and the settlement agent named therein (the **Settlement Agent**, which expression shall include any additional or successor settlement agent).

Notes may be issued with the benefit of a guarantee from either NHI or from both NHI and NSC on a joint and several basis pursuant to a deed of guarantee dated 29 July 2011 (as amended, supplemented and/or restated from time to time, the **Guarantee**) and executed by the Guarantors. Notes issued by NBI can also be not guaranteed. The applicable Final Terms will specify whether or not an issue of Notes is to be guaranteed.

Any Notes specified in the applicable Final Terms as guaranteed by either NHI or on a joint and several basis by both the Guarantors are referred to in these Conditions as **Guaranteed Notes** and, in relation thereto, references in these Conditions to the **Guarantor(s)** shall be construed to mean NHI (where the relevant Final Terms specify NHI as sole Guarantor in respect of the relevant Series of Notes), or the Guarantors (where the relevant Final Terms specify each of NHI and NSC as the Guarantors in respect of the relevant Series of Notes). The principal, interest and all other amounts payable or deliverable under Guaranteed Notes are unconditionally and irrevocably guaranteed by the Guarantor(s), pursuant to the terms of the Guarantee.

NEF shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by NBI shall only be guaranteed by NHI.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to **Noteholders** shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The Final Terms applicable to this Note is attached hereto or incorporated herein and supplements these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note.

References herein to the **applicable Final Terms** are to the Final Terms attached hereto or incorporated herein.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be

consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective nominal amounts, Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of a deed of covenant dated 29 July 2011 (as amended, supplemented and/or restated from time to time, the **Deed of Covenant**) and executed by the Issuers. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and any other additional or alternative clearing system as specified in the applicable Final Terms and the original of the Guarantee is held by the Agent at its specified office for the time being.

Copies of the Agency Agreement, the Guarantee, the applicable Final Terms and the Deed of Covenant are available for inspection at the specified offices of each of the Agent and the other Paying Agents save that a Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deed of Covenant, the Agency Agreement, the Guarantee (if applicable) and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used herein, euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. CNY, RMB and Renminbi each mean the currency of the PRC and PRC means the People's Republic of China which for the purpose of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan.

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Dual Currency Redemption Note, a Foreign Exchange Linked Interest Note, a Dual Currency Interest Note, an Index Linked Redemption Note, an Index Linked Interest Note, a Zero Coupon Note, a Foreign Exchange Linked Redemption Note, an Equity Linked Redemption Note, an Equity Linked Interest Note, a Credit Linked Note, an Exchangeable Note or any Other Note, depending upon the interest or redemption/payment basis specified in the applicable Final Terms, and the appropriate provisions of these Conditions will apply accordingly.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes or Notes without any interest amounts payable thereunder in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The relevant Issuer, the Guarantor(s), (in the case of Guaranteed Notes), the Agent, any Paying Agent and the Settlement Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor(s), (in the case of Guaranteed Notes), any Paying Agent and the Settlement Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor(s), (in the case of Guaranteed Notes), any Paying Agent and the Settlement Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions **Noteholder** and

**holder of Notes** and related expressions shall be construed accordingly). Notes which are represented by a Global Note held by a common depository or a common safekeeper for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the relevant Issuer and the Agent and specified in the applicable Final Terms.

## 2. Status of the Notes and the Guarantee

### (a) Status of the Notes

The Notes and the relative Receipts and Coupons are direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(a), unsecured obligations of the relevant Issuer and shall at all times rank *pari passu* and without preference among themselves and (subject as aforesaid and save for such exceptions as may be provided by applicable legislation) at least equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding.

### (b) Status of the Guarantee

In respect of Guaranteed Notes, the relevant Issuer's payment and/or delivery obligations in respect of such Guaranteed Notes are unconditionally and irrevocably guaranteed by NHI or on a joint and several basis by NHI and NSC under the Guarantee, as specified in the relevant Final Terms. NEF shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by NBI shall only be guaranteed by NHI. The obligations of each Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(b), unsecured obligations of such Guarantor, and shall (subject as aforesaid and save for obligations in respect of national and local taxes and certain other statutory exceptions) at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of such Guarantor.

## 3. Negative Pledge

### (a) Issuers

The relevant Issuer undertakes that it will not, so long as any of the Notes remain Outstanding (as defined in the Agency Agreement), create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any of its own Indebtedness or to secure its guarantee of or any indemnity in respect of any Indebtedness of any third party for the benefit of the existing or future holders thereof, without at the same time either securing the Notes at least equally and rateably with such Indebtedness or, as the case may be, such guarantee or indemnity or according to the Notes such other security or guarantee as shall have been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders for the time being. As used in this paragraph, **Indebtedness** means any indebtedness represented by securities which have a maturity of greater than one year and are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market in the jurisdiction of incorporation of the relevant Issuer (the **Issuer's Jurisdiction**), or elsewhere.

### (b) Guarantors

Each Guarantor undertakes that so long as any of the Guaranteed Notes guaranteed by it remain Outstanding, it will not create or permit to be outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future, to secure for the benefit of the holders of any securities (i) payment of any sum due in respect of any securities or (ii) any payment under any guarantee of securities or (iii) any payment under any indemnity or other like obligation relating to securities, in any such case in which:

- (i) either such securities are by their terms payable, or confer a right to receive payment, in any currency other than the currency of the jurisdiction of incorporation of the Guarantors (the **Guarantors' Currency**) which, in respect of NHI and NSC, is Yen, or such securities are denominated in the Guarantors' Currency and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the jurisdiction of incorporation of the Guarantors (the **Guarantors' Jurisdiction**) which, in respect of NHI and NSC, is Japan, by or with the authorisation of the Guarantor(s) or (if not the Guarantor(s)) the relevant Issuer; and

- (ii) such securities are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside the relevant Guarantors' Jurisdiction,

without in any such case at the same time according to the Guarantee either the same security as is granted to or is outstanding in respect of such securities, guarantee, indemnity or other like obligation or such other security or guarantee as shall be approved by an Extraordinary Resolution of the Noteholders.

As used in this paragraph, **securities** means bonds, debentures, notes or other similar investment securities of any Issuer or either Guarantor, or any other person with a stated maturity of more than one year from the creation thereof.

#### 4. Redenomination

##### (a) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the relevant Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 16, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the relevant Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the relevant Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the relevant Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unexpired Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the relevant Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the relevant Issuer. New euro denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal of or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

**(b) Definitions**

In the Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the relevant Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the start of the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

**5. Interest**

**(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except where a Fixed Coupon Amount or a Broken Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
- (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination

Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

**Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

**(b) Interest on Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Interest Notes**

*(i) Interest Payment Dates*

Each Floating Rate Note, Index Linked Interest Note and Foreign Exchange Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be



brought forward to the immediately preceding Business Day and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney, and if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) or any successor thereto is open or (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong.

*(ii) Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **calculation agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded, if necessary, to the sixth decimal place, with 0.0000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. Unless otherwise specified, the Rate of Interest shall be rounded to six decimal places, with 0.0000005 being rounded up. The Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (being, in the case of amount payable in euro or U.S. dollars, cents, in the case of amount payable in pounds sterling, pence and, in the case of amount payable in Japanese Yen, yen), half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, an Index Linked Interest Note or a Foreign Exchange Linked Interest Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided

above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (A) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case **D<sub>1</sub>** will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (F) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (G) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D<sub>2</sub> will be 30.

- (v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, the Guarantor(s) (in the case of Guaranteed Notes) and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange, competent listing authority and/or quotation system (if required) on which the relevant Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes are for the time being listed, quoted and/or traded and to the Noteholders in accordance with Condition 16. For the purposes of this paragraph, the expression **London Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

- (vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor(s) (in the case of Guaranteed Notes), the Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Guarantor(s) (in the case of Guaranteed Notes), the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

- (c) **Interest on Dual Currency Interest Notes, Equity Linked Interest Notes, Credit Linked Notes and Other Notes**

Any rate or amount of interest payable in respect of Dual Currency Interest Notes, Equity Linked Interest Notes, Credit Linked Notes and Other Notes shall be determined in the manner specified in the applicable Final Terms.

**(d) Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**(e) Accrual of Interest**

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused or delivery of any asset in respect thereof is improperly withheld or refused. In such event, interest will continue to accrue until the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid and/or all assets in respect of such Note have been delivered; and
- (2) five days after the date on which the full amount of the monies payable in respect of such Note has been received by the Agent and/or all assets in respect of such Note have been received by the Settlement Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16 or individually.

**6. Provisions related to Index Linked Notes where the Index is the Nikkei Stock Average**

If the Index is specified as the Nikkei Stock Average in the applicable Final Terms, paragraphs (a), (b) and (c) below shall apply, unless otherwise specified, in relation to any amount or rate the value of which is based upon the level of the Nikkei Stock Average.

**(a) Adjustment to Index**

(i) Successor Index

If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of the Index

If (i) on or prior to any Valuation Date or any Scheduled Trading Day during the Reference Period, as the case may be, the Index Sponsor announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stocks and capitalisation and other routine events) (an **Index Modification**) or (ii) on any Valuation Date or any Scheduled Trading Day during the Reference Period, as the case may be, the Index Sponsor fails to calculate and announce the level of the Index, then the Calculation Agent in its sole discretion shall (or, with respect to an Index Modification on the relevant Scheduled Trading Day during the Reference Period (other than the Valuation Date), may) determine the level of the Index in accordance with the formula for and method of calculation of the Index last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange).

(iii) Cancellation of the Index

If on or prior to any Valuation Date or any Scheduled Trading Day during the Reference Period, as the case may be, the Index Sponsor permanently cancels the Index and no Successor Index exists, then the relevant Issuer in its sole discretion may take the action described in (A) or (B) below:

- (A) to require the Calculation Agent in its sole discretion to determine the level of the Index in accordance with the formula for and method of calculation of the Index last in effect prior to

that cancellation, but using only those securities that comprised the Index immediately prior to that cancellation (other than those securities that have since ceased to be listed on the Exchange); or

- (B) to redeem the Notes by giving notice to the Noteholders in accordance with Condition 16. If the Notes are so redeemed, the relevant Issuer will pay to each Noteholder the Early Redemption Amount on the date notified to the Noteholders in accordance with Condition 16. The Early Redemption Amount in respect of each nominal amount of the Notes equal to the Specified Denomination shall be an amount in the Specified Currency calculated by the Calculation Agent in its sole discretion that, on the date three Business Days prior to the due date for redemption, is equal to the fair economic value of such nominal amount of the Notes, less the cost to the relevant Issuer of unwinding any underlying related hedging arrangements. **Business Day** for the purposes of this Condition 6(a)(iii) only means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Luxembourg and Tokyo.

(iv) Correction of the Index

If the level of the Index published by the Index Sponsor and which is utilised for any calculation or determination made for the Notes is subsequently corrected and the correction which leads to the correction of the amount and/or the rate previously determined with reference to the level of the Index is published by the Index Sponsor within one (1) Exchange Business Day of the original publication, but under no circumstances later than the relevant payment date, then the Calculation Agent will promptly notify the relevant Issuer and the Agent of (i) that correction, (ii) the amount that is payable or deliverable as a result of that correction, as calculated by the Calculation Agent and (iii) to the extent necessary, the adjustment to the terms of the Notes to account for such correction, as soon as possible after the publication of such correction.

**(b) Disclaimer**

The Notes are not in any way sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and the Index Sponsor makes no warranty or representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. Neither the Index nor the Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index or be under any obligation to advise the relevant Issuer or the Noteholders of any error therein. The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes and has no obligation or responsibility for any business regarding the Notes. None of the relevant Issuer, the Guarantor(s), their affiliates or the Calculation Agent shall have any liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the issue of the Notes, none of the relevant Issuer, the Guarantor(s) or their affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the relevant Issuer, the Guarantor(s), their affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index. The copyright regarding the **Nikkei Stock Average** or the intellectual property right in respect of the presentation of the **Nikkei Stock Average** or any other right is held by Nikkei Inc. Nikkei Inc. has the right to change the content of the **Nikkei Stock Average** and to suspend the publication thereof.

**(c) Interpretation and Definitions**

In these Conditions, the following terms shall have the meanings given or referred to below. Other terms used in these Conditions may be defined in the applicable Final Terms. In the case of inconsistency between these Conditions and the applicable Final Terms, the applicable Final Terms shall prevail.

**Disrupted Day** means any Scheduled Trading Day on which the Exchange or the Related Exchange fails to open for trading during its regular trading session (which, in the case of the Related Exchange, the Calculation Agent determines is material) or on which a Market Disruption Event has occurred. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the

relevant Issuer and the Agent of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date.

**Early Closure** means the closure on any Exchange Business Day of the Exchange or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Exchange or the Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on the Exchange or the Related Exchange on such Exchange Business Day and (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Exchange** means Tokyo Stock Exchange, Inc., which expression shall include any successor as the Exchange.

**Exchange Business Day** means any Scheduled Trading Day on which each of the Exchange and the Related Exchange are open for trading during their respective regular trading sessions, notwithstanding the Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, securities that comprise 20 per cent. or more of the level of the Index on the Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on the Related Exchange.

**Index** means the Nikkei Stock Average, an index of 225 selected stocks listed on the first section of the Exchange, which is currently calculated and sponsored by Nikkei Inc. (the **Index Sponsor**, which term shall include any agents or other persons acting on behalf of such person) subject to (a) above.

**Market Disruption Event** means, in respect of the Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of the Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

**Reference Period** means the period specified in the applicable Final Terms. If any Scheduled Trading Day during the Reference Period (other than the Valuation Date) is a Disrupted Day, then the Calculation Agent may (but is not required to), subject to (a) above, determine the level of the Index at such time on that Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the Disrupted Day using the price on the Exchange (or if trading in a relevant security has been materially limited or suspended, its good faith estimate of the price that would have prevailed on the Exchange but for that suspension or limitation) as of any relevant time on that Scheduled Trading Day of each security comprising the Index.

**Related Exchange** means Osaka Securities Exchange Co., Ltd., which expression shall include any successor as the Related Exchange.

**Scheduled Closing Time** means, in respect of the Exchange or the Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the Exchange or the Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means any day on which both the Exchange and the Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Trading Disruption** means any suspension of or limitation imposed on trading by the Exchange or the Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or the Related Exchange or otherwise (A) on the Exchange relating to securities that comprise 20 per cent. or more of the level of the Index or (B) in futures or options contracts relating to the Index on the Related Exchange.

**Valuation Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first succeeding day which is a Scheduled Trading Day. If any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day

that is not a Disrupted Day, unless the Calculation Agent determines that each of the eight Scheduled Trading Days immediately following the original date that, but for an event causing a Disrupted Day, would have been the Valuation Date, is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time (or any other time specified in the applicable Final Terms) on that eighth Scheduled Trading Day in accordance with (subject to (a) above) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time (or any other time specified in the applicable Final Terms) on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time (or any other time specified in the applicable Final Terms) on that eighth Scheduled Trading Day).

**Valuation Time** means the Scheduled Closing Time on the Exchange. If the Exchange closes prior to its Scheduled Closing Time, the Valuation Time shall be the actual closing time for its regular trading session.

## **7. Provisions Related to Foreign Exchange Linked Notes**

Unless otherwise specified, paragraphs (a) and (b) below shall apply to all Foreign Exchange Linked Notes.

### **(a) Provisions related to Foreign Exchange Linked Notes**

If the foreign exchange rate is to be determined on the basis of an FX Page, such rate shall be the Spot Exchange Rate of the Currency Pair, expressed as a number of the First Currency per Specified Unit of the Second Currency, that appears on the FX Page as of the FX Rate Determination Time on the relevant FX Rate Determination Date. If such rate does not appear on the FX Page or such FX Page is not available at the relevant time, the foreign exchange rate shall be the Spot Exchange Rate of the Currency Pair, expressed as a number of the First Currency per Specified Unit of the Second Currency, that appears on the Fallback FX Page as of the FX Rate Determination Time on the relevant FX Rate Determination Date. If such rate does not appear on the Fallback FX Page or such Fallback FX Page is not available at the relevant time, the relevant Spot Exchange Rate of the Currency Pair shall be determined by the Calculation Agent in its discretion acting in good faith, having taken into account relevant market practice.

### **(b) Interpretation and Definitions**

In these Conditions, the following terms shall have the meanings given or referred to below. Other terms used in these Conditions may be defined in the applicable Final Terms. In the case of inconsistency between these Conditions and the applicable Final Terms relating to the Notes, the applicable Final Terms shall prevail.

**Fallback FX Page** means such page or other part of a particular information service as may be specified as such in the applicable Final Terms, or such other page or other part as may replace it on that information service or on another information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to such rate.

**FX Page** means such page or other part of a particular information service as may be specified as such in the applicable Final Terms, or such other page or other part as may replace it on that information service or on another information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to such rate.

## **8. Payments and Deliveries**

### **(a) Method of Payment**

Subject as provided below:

- (i) payments in respect of definitive Notes in a Specified Currency other than euro will be made at the option of the bearer either by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the



Specified Currency is Australian dollars, shall be Sydney and, if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland); and

- (ii) payments in respect of definitive Notes in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

**(b) Presentation of Notes, Receipts and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made, at the option of the bearer of the Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by credit or transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. Subject as provided below, no payment in respect of any definitive Note or Coupon will be made upon presentation and surrender of such definitive Note or Coupon at any office or agency of the relevant Issuer or any Paying Agent in the United States, nor will any such payment be made by transfer to an account, or by mail to an address, in the United States.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant definitive Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains, against which the amount payable in respect of the relevant instalment will be paid. Unmatured Receipts and Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the relevant Issuer. Upon the date on which any definitive Note becomes due and repayable, unmaturred Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Equity Linked Notes, Index Linked Notes, Credit Linked Notes, Foreign Exchange Linked Notes or Other Notes) should be presented for payment together with all unmaturred Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturred Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturred Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmaturred Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Equity Linked Note, Index Linked Note, Credit Linked Note, Foreign Exchange Linked Notes or Other Note in definitive form becomes due and repayable, unmaturred Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant definitive Note.

**(c) Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note against, where applicable, presentation

or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States, subject as provided below. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by such Paying Agent or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

**(d) General Provisions applicable to Payments**

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the **Code**) or pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, but without prejudice to the provisions of Condition 10.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer or the Guarantor(s), (in the case of Guaranteed Notes) to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the relevant Issuer or the Guarantor(s), (in the case of Guaranteed Notes) in respect of any payments due in respect of that Global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and/or interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia; its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment in U.S. dollars of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), adverse tax consequences to the relevant Issuer or the Guarantor(s) (in the case of Guaranteed Notes).

**(e) Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of definitive Notes only, the relevant place of presentation; and
  - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and, if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System (or any successor thereto) is open or (3) in relation to any

sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong.

**(f) Interpretation of Principal and Interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10.

**(g) RMB Currency Event**

If “RMB Currency Event” is specified in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer (or the Guarantor, as the case may be) acting in good faith, exists on a date for payment of any amount in respect of any Note, Receipt or Coupon, the Issuer’s obligation to make a payment in RMB under the terms of the Notes (or, as the case may be, the Guarantor’s obligations to make a payment in RMB under the Guarantee) may be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Determination Date.

Upon the occurrence of a RMB Currency Event, the Issuer or the Guarantor, as applicable, shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 8(g) and unless stated otherwise in the applicable Final Terms:

**Determination Business Day** means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

**Determination Date** means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

**Governmental Authority** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**Relevant Currency** means U.S. dollars or such other currency as may be specified in the applicable Final Terms;

**RMB Currency Events** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

**RMB Illiquidity** means the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer (or the Guarantor, as the case may be) cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer (or the Guarantor, as the case may be) in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

**RMB Inconvertibility** means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer (or the Guarantor, as the case may be) to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer (or the Guarantor, as the case may be), due to an event beyond its control, to comply with such law, rule or regulation);

**RMB Non-Transferability** means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer (or the Guarantor, as the case may be) to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer (or the Guarantor, as the case may be), due to an event beyond its control, to comply with such law, rule or regulation); and

**Spot Rate** means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter

Renminbi exchange market in Hong Kong for settlement in two Determination Business Days' time, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market.

**(h) RMB account**

All payments in respect of any Note, Receipt or Coupon in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

**(i) Deliveries**

If, in respect of any Note, any amount of principal and/or interest is to be settled by the delivery of an asset other than by the payment of cash, the relevant provisions dealing with such delivery will be set out in the applicable Final Terms.

**9. Redemption and Purchase**

**(a) At Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

**(b) Redemption for Tax Reasons**

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes, Foreign Exchange Linked Interest Notes and Dual Currency Interest Notes) or (unless otherwise specified in the applicable Final Terms) on any Interest Payment Date (in the case of Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes, Foreign Exchange Linked Interest Notes and Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the relevant Issuer (or, if payment under the Guarantee were required to be made, the Guarantor(s)) has or will become obliged either to pay additional amounts as provided or referred to in Condition 10 or to account to any taxing authority in the relevant Issuer's Jurisdiction or, as the case may be, the Guarantors' Jurisdiction for any amount (other than tax withheld or deducted from interest payable on such Notes) in respect of such payment in each case as a result of any change in, or amendment to, the laws or regulations of the relevant Issuer's Jurisdiction or, as the case may be, the Guarantors' Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the relevant Issuer (or the Guarantor(s)) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days (or such lesser period as specified in the applicable Final Terms) prior to the earliest date on which the relevant Issuer (or the Guarantor(s)) would be obliged to pay such additional amounts or make a payment in respect of which it would be obliged to account to any taxing authority as aforesaid were a payment in respect of the Notes (or the Guarantee, as the case may be) then due.

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Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Agent a certificate signed by one managing director of the relevant Issuer (or a Representative Executive Officer of the Guarantor(s)) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer (or the Guarantor(s)) has or will become obliged to pay such additional amounts or to account to any taxing authority as aforesaid as a result of such change or amendment.

Each Note redeemed pursuant to this Condition 9(b) will be redeemed at its Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(c) Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the relevant Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice (or such other period of notice as specified in the applicable Final Terms) to the Noteholders in accordance with Condition 16; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) (or such other period of notice as may be agreed between the relevant Issuer and the Agent), notice to the Agent

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than any Minimum Redemption Amount and not more than any Maximum Redemption Amount indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 16 at least five days prior to the Selection Date.

**(d) Redemption at the Option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 16 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the relevant Issuer will, upon the expiry of such notice, redeem (subject to, and in accordance with, the terms specified in the applicable Final Terms) in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. The exercise of an Investor Put may be subject to the satisfaction of certain conditions and/or circumstances. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the

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notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary, or common safekeeper, as the case may be, or common service provider for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where prior to the due date of redemption an Event of Default (as defined in Condition 12) shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this paragraph (d) and instead to declare such Note forthwith due and payable pursuant to Condition 12.

**(e) Redemption upon a Regulatory Event**

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, any time, on giving not less than 30 nor more than 60 days' notice (or such other period of notice as set out in the applicable Final Terms) to Noteholders in accordance with Condition 16 (which notice shall be irrevocable), in the event that a change in applicable law or regulation occurs that results, or will result, solely by reason of the Notes being outstanding, in the relevant Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the relevant Issuer to be materially onerous to it.

Each Note redeemed pursuant to this Condition 9(e) will be redeemed at its Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(f) Early Redemption Amounts**

For the purpose of paragraphs (b) and (e) above and Condition 12, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than an Equity Linked Redemption Note or Index Linked Redemption Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Equity Linked Redemption Note, Index Linked Redemption Note, Credit Linked Note, Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less than or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or on such other calculation basis as may be specified in the applicable Final Terms.

**(g) Instalment Notes**

Instalment Notes (as defined in the applicable Final Terms) will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (f) above.

**(h) Partly Paid Notes**

Partly Paid Notes (as defined in the applicable Final Terms) will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

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**(i) Purchases**

The relevant Issuer, the Guarantor(s) or any Subsidiary may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer, surrendered to any Paying Agent for cancellation.

**Subsidiary** for the purposes of this Condition 9(i) means any company which is a subsidiary (as defined in Section 736 of the Companies Act 1985) of the relevant Issuer or the Guarantor(s).

**(j) Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (i) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

**(k) Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 12 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholder either in accordance with Condition 16 or individually.

**(l) Equity Linked Redemption Notes**

Provisions relating to the terms of any Equity Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Final Terms.

**(m) Credit Linked Notes**

If the Final Terms specifies that the Notes are Credit Linked Notes, the amount of principal and interest payable by the relevant Issuer in respect of such Notes, and the date of redemption of the Notes, is dependent on whether one or more credit events in respect of one or more reference entities, as specified in the applicable Final Terms, has occurred. The specific provisions relating to the terms of any Credit Linked Notes, including the redemption thereof, will be set out in the applicable Final Terms.

**(n) Index Linked Redemption Notes**

Provision relating to the terms of any Index Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Final Terms.

**(o) Foreign Exchange Linked Redemption Notes**

Provision relating to the terms of any Foreign Exchange Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Final Terms.

**(p) Exchangeable Notes**

In the case of Exchangeable Notes which are redeemable by delivery to the Settlement Agent of shares or other securities or a combination of such shares or securities and cash, on such terms as are specified in the



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applicable Final Terms, any relevant amendments to the Conditions will be set out in the applicable Final Terms.

## 10. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the relevant Issuer or, in the case of Guaranteed Notes, under the Guarantee by the Guarantor(s), shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the relevant Issuer's Jurisdiction (in the case of the Issuers) or the Guarantors' Jurisdiction (in the case of the Guarantors) or, in either case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer, or as the case may be, the Guarantor(s), will (save as may be provided in the applicable Final Terms) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) (x) in the case of payments made by the relevant Issuer, the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the relevant Issuer's Jurisdiction or (y) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder, in the case of payments made by the Guarantor(s), under the Guarantee, (a) who is, for tax purposes in the Guarantors' Jurisdiction, treated as a resident of the Guarantor's Jurisdiction or as a corporation incorporated in the Guarantors' Jurisdiction or (b) who is otherwise subject to such taxes, duties, assessment or governmental charges by reason of being connected with the Guarantors' Jurisdiction, in each case, other than a connection by the mere holding of such Note, Receipt or Coupon; or
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iii) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (v) presented for payment in the relevant Issuer's Jurisdiction or in the Guarantors' Jurisdiction.

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the relevant Issuer or, in the case of Guaranteed Notes, under the Guarantee by the Guarantor(s), shall be made in all cases subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

As used herein, the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16.

## 11. Prescription

The Notes, Receipts and Coupons (if any) will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of payments of principal and/or delivery of any asset) and five years (in the case of interest) after the Relevant Date therefor.

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There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8(b) or any Talon which would be void pursuant to Condition 8(b).

## 12. Events of Default and Enforcement relating to Notes

If any one or more of the following events (each an **Event of Default**) shall have occurred and be continuing namely:

- (i) default for seven days in payment when due of amounts payable in respect of principal of any of the Notes or in the delivery of any securities due in respect of any of the Notes; or
- (ii) default for 14 days in payment of interest due on any of the Notes; or
- (iii) failure by the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) to observe or perform any other covenant or agreement of the relevant Issuer or such relevant Guarantor (in the case of Guaranteed Notes), as the case may be, in the Notes or the Guarantee (if applicable) or any covenant or agreement for the benefit of the Noteholders in the Agency Agreement continuing, in each case for 30 days after written notice shall have been given to the relevant Issuer and such relevant Guarantor (either directly or through the Agent) by any Noteholder requesting the Issuer or such relevant Guarantor, as the case may be, to remedy such default; or
- (iv) any indebtedness for borrowed money other than the Notes having an aggregate outstanding principal amount of at least U.S.\$10,000,000 (or its equivalent in any other currency or currencies) of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) becomes prematurely repayable following a default, or the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) defaults in the repayment of any such indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor (or in the case of such indebtedness due on demand, defaults in the payment of such indebtedness at the expiration of three business days after demand therefor or, if longer, any applicable grace period therefor) or any guarantee of or indemnity in respect of any indebtedness for borrowed money of others having a principal amount or aggregate principal amount for the time being outstanding of at least U.S.\$10,000,000 (or its equivalent in any other currency or currencies) given by the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall not be honoured when due and called upon at the expiration of any applicable grace period; or
- (v) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) bankrupt or insolvent or approving as properly filed a petition seeking reorganisation of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) under any applicable bankruptcy, insolvency or reorganisation law of the relevant Issuer's Jurisdiction or the Guarantors' Jurisdiction (if applicable) and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) or of all or substantially all of the property of the relevant Issuer or such Guarantor (in the case of Guaranteed Notes) or for the winding-up or liquidation of the affairs of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall have been entered under any applicable bankruptcy, insolvency or reorganisation law of the relevant Issuer's Jurisdiction or the Guarantors' Jurisdiction (if applicable) and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or
- (vi) the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall institute proceedings to be adjudicated a voluntary bankrupt or shall consent to the filing of a bankruptcy proceeding against it or shall file a petition or answer or consent seeking moratorium of payments (in respect of the relevant Issuer only), reorganisation or arrangement under the applicable bankruptcy or reorganisation law of the relevant Issuer's Jurisdiction or the Guarantors' Jurisdiction (if applicable), or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its property, or shall make an assignment for the benefit of its creditors or shall make any composition with its creditors or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) in furtherance of any of the aforesaid purposes; or
- (vii) the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall cease to carry on the whole or substantially the whole of its business or shall dispose of the whole or substantially the whole of its

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assets, in each case except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms whereof have been approved by an Extraordinary Resolution of the Noteholders or except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing entity effectively assumes the entire obligations of the relevant Issuer or such Guarantor (in the case of Guaranteed Notes) under the Notes or the Guarantee, respectively, as applicable; provided, however, that in the case of any relevant Guarantor, this paragraph shall not be applicable in the event of a reorganisation of such Guarantor as or under a holding company resulting in the cessation of the whole or substantially the whole of such Guarantor's business or the disposal of the whole or substantially the whole of its assets; or

- (viii) in respect of Guaranteed Notes only, for any reason whatsoever the Guarantee (including any Guarantee to be executed by a successor Guarantor resulting from a reorganisation referred to in paragraph (vii) above) is not (or is claimed by such Guarantor not to be) in full force and effect,

then any Noteholder may, by written notice to the relevant Issuer and, in the case of Guaranteed Notes, the relevant Guarantor(s) (with a copy to the Agent for information purposes only), declare such Note held by the holder to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount as described in Condition 9(f), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, unless such Event of Default shall be cured prior to receipt of such written notice by the relevant Issuer and, in the case of Guaranteed Notes, the relevant Guarantor(s).

For the purpose of paragraph (iv) above, any indebtedness for borrowed money which is in a currency other than U.S. dollars shall be translated at the "spot" rate for the sale of the relevant currency against the purchase of U.S. dollars in London as quoted by a leading bank selected by the Agent for this purpose on the day in London on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

### **13. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **14. Agent, Paying Agents, Calculation Agent and Settlement Agent**

The names of the initial Agent, the other initial Paying Agents, the initial Calculation Agent and, if applicable, the initial Settlement Agent and their initial specified offices are set out below.

The relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), is/are entitled to vary or terminate the appointment of any Paying Agent and/or the Calculation Agent and/or the Settlement Agent and/or appoint additional or other Paying Agents, Calculation Agents or Settlement Agents and/or approve any change in the specified office through which any Paying Agent, Calculation Agent or Settlement Agent acts, provided that:

- (i) so long as the Notes are listed, quoted and/or traded on any stock exchange, competent listing authority and/or quotation system, there will at all times be a Paying Agent (which may be the Agent) with a specified office in each place as may be required by the rules and regulations of the relevant stock exchange, competent listing authority and/or quotation system;
- (ii) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the relevant Issuer is incorporated;
- (iii) there will at all times be a Calculation Agent in respect of any Notes for which a Calculation Agent has been appointed;
- (iv) there will at all times be an Agent and, in the case of any Exchangeable Note, Equity Linked Note or Other Note, a Settlement Agent (if required); and
- (v) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

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In addition, the relevant Issuer and the Guarantor(s) (in the case of Guaranteed Notes) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 8(d).

Any variation, termination, appointment or change shall only take effect (other than (i) in the case of insolvency or (ii) from the effective date of withholding on "passthru payments", where the Paying Agent is a "foreign financial institution" as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof and does not become, or ceases to be, a "participating foreign financial institution" as from the effective date of withholding on "passthru payments" (as such terms are defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof), when in either case it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16.

In acting under the Agency Agreement, the Agent, the other Paying Agents, the Calculation Agent and the Settlement Agent will act solely as agents of the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), and will not assume any obligations or relationships of agency or trust to or with the Noteholders, the Receiptholders and the Couponholders, except that (without affecting the obligations of the relevant Issuer or, as the case may be, any Guarantor to the Noteholders, the Receiptholders and the Couponholders to repay the Notes and to pay interest thereon) funds received by the Agent and the other Paying Agents for the payment of any sums due in respect of the Notes shall be held by them on behalf of the Noteholders, the Receiptholders and the Couponholders until the expiry of the relevant period of prescription under Condition 11. The Agency Agreement contains provisions for the indemnification of the Agent, the Paying Agents, the Calculation Agent and the Settlement Agent and for their relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the relevant Issuer and any Guarantor without being liable to account to the Noteholders, the Receiptholders or the Couponholders for any resulting profit. The Agency Agreement also contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **15. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **16. Notices**

All notices regarding the Notes shall be valid if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg or on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication will be made in the *Financial Times* in London and on the Luxembourg Stock Exchange's website in Luxembourg. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange, competent listing authority and/or quotation system (or any other relevant authority) on or by which the Notes are for the time being listed, quoted and/or traded. Any such notice will be deemed to have been given on the date of publication or, if published more than once or if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

Until such time as any definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes provided that, if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, publication is made in Luxembourg as required by the preceding paragraph. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

There may, so long as the Global Note(s) is or are held in its or their entirety by Nomura Bank (Luxembourg) S.A. (NBL), be substituted for such publication in London in such newspaper the delivery of the relevant notice to NBL for communication by it to the holders of the Notes provided that, if and for so long as the Notes are listed on the

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Luxembourg Stock Exchange, publication is made in Luxembourg as required above. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to NBL.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent or, where the Notes are deposited with NBL, with NBL. Whilst any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, or, where the Notes are deposited with NBL, NBL, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg or NBL, as the case may be, may approve for this purpose.

## **17. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the relevant Issuer, the relevant Guarantor(s), as the case may be, (in the case of Guaranteed Notes) or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes of any Series for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering any provisions relating to the delivery of any asset (if applicable) on redemption of an Exchangeable Note, Equity Linked Redemption Note or altering the currency of payment of the Notes, Receipts or Coupons) or certain of the provisions of the Agency Agreement, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent, the relevant Issuer and the Guarantor(s), (in the case of Guaranteed Notes) may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and/or the Guarantee (in the case of Guaranteed Notes) which is not (in the opinion of the relevant Issuer and Guarantor(s), in the case of Guaranteed Notes) materially prejudicial to the interests of the Noteholders (without considering the individual circumstances of any holders of the Notes or the tax or other consequences of such adjustment in any particular jurisdiction; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and/or the Guarantee which (in the opinion of the relevant Issuer and Guarantor(s), in the case of Guaranteed Notes) is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of any applicable laws.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

## **18. Further Issues**

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount, issue price and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

## **19. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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## 20. Substitution

### (I) Substitution of the Issuer

#### (a) Conditions precedent to Substitution of the Issuer

The relevant Issuer may, without the consent of the Noteholders, be replaced and substituted by the Substituted Debtor (as defined below) in respect of the Notes provided that:

- (i) a deed poll (the **Deed Poll**) in or substantially in the form set out in Schedule 5 to the Agency Agreement and such other documents (if any) shall be executed by the Substituted Debtor and the Guarantor(s) (in the case of Guaranteed Notes) as may be necessary to give full effect to the substitution (together with the Deed Poll, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions (as amended in the manner provided in paragraph (b) below) and the provisions of the Agency Agreement and the Deed of Covenant as fully as if the Substituted Debtor had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the relevant Issuer (or any previous Substituted Debtor) and pursuant to which the Guarantor(s) (in the case of Guaranteed Notes) shall unconditionally and irrevocably guarantee in favour of each Noteholder the payment of all sums payable by and/or delivery obligations in respect of such Guaranteed Notes of the Substituted Debtor as such principal debtor;
- (ii) the Documents shall contain a warranty and representation by:
  - (I) the Substituted Debtor:
    - (A) that it has obtained all necessary corporate, governmental and regulatory approvals and consents for such substitution and for the performance by it of its obligations under the Documents and that all such approvals and consents are in full force and effect; and
    - (B) that the obligations assumed by it under the Documents are all legal, valid and binding in accordance with their respective terms; and
  - (II) the Guarantor(s) (in respect of Notes guaranteed by it/them and the guarantee given by it/them pursuant to the Deed Poll):
    - (A) that the Guarantor(s) has/have obtained all necessary corporate, governmental and regulatory approvals and consents for the giving of such guarantee and the performance by the Guarantor(s) of its/their obligations under the Documents and that all such approvals and consents are in full force and effect; and
    - (B) that the obligations assumed by the Guarantor(s) under the Documents and the guarantee are all legal, valid and binding in accordance with their respective terms;
- (iii) each (if any) stock exchange, competent listing authority and/or quotation system which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes would continue to be listed, quoted and/or traded on such stock exchange, competent listing authority and/or quotation system;
- (iv) the relevant Issuer and the Substituted Debtor, as the case may be, shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of English lawyers acting for the relevant Issuer, to the effect that the Documents constitute legal, valid and binding obligations of the relevant Issuer and the Substituted Debtor under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (v) the relevant Issuer shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of lawyers from the relevant Issuer's Jurisdiction acting for the relevant Issuer, to the effect that the relevant Issuer has the capacity and authority to enter into the Documents under the laws of the relevant Issuer's Jurisdiction and, where the relevant Issuer's Jurisdiction is other than England, that the Documents constitute legal, valid and binding obligations of the relevant Issuer under such laws, such opinion to be dated not more than seven

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days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;

- (vi) the Substituted Debtor shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of lawyers from the jurisdiction of the Substituted Debtor (the **Substituted Debtor's Jurisdiction**) acting for the Substituted Debtor, to the effect that the Substituted Debtor has the capacity and authority to enter into the Documents under the laws of the Substituted Debtor's Jurisdiction and, where the Substituted Debtor's Jurisdiction is other than England, that the Documents constitute legal, valid and binding obligations of the relevant Substituted Debtor under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (vii) in the case of Guaranteed Notes, the Guarantor(s) shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of English lawyers acting for the Guarantor(s), to the effect that the Documents (including the guarantee given by the Guarantor(s) in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Guarantor(s), under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (viii) in the case of Guaranteed Notes, the Guarantor(s) shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of lawyers from the Guarantors' Jurisdiction acting for the Guarantor(s), to the effect that the Guarantor(s) has/have the capacity and authority to enter into the Documents (including the guarantee given by the Guarantor(s), in respect of the Substituted Debtor) under the laws of the Guarantors' Jurisdiction and, where the Guarantors' Jurisdiction is other than England, that the Documents constitute legal, valid and binding obligations of the Guarantor(s), under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent; and
- (ix) there is no outstanding Event of Default in respect of the Notes.

**(b) Assumption by Substituted Debtor**

Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the relevant Issuer (or of any previous Substituted Debtor) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the relevant Issuer as issuer (or such previous Substituted Debtor) from all of its obligations as principal debtor in respect of the Notes.

**(c) Deposit of Documents**

The Documents shall be deposited with and held by the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or, in the case of Guaranteed Notes, any Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and, in the case of Guaranteed Notes, the Guarantor(s), shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

**(d) Notice of Substitution**

Not later than 15 days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 16.

**(e) Substituted Debtor**

**Substituted Debtor** means any company which is 100 per cent. directly or indirectly owned by NHI.

**(II) Substitution of a Guarantor**

**(a) Conditions precedent to Substitution of a Guarantor**

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In respect of Guaranteed Notes, any Guarantor may, without the consent of the Noteholders, be replaced and substituted by a Substituted Guarantor (as defined below) in respect of such Notes provided that:

- (i) such substitution shall only occur pursuant to a reorganisation of or within the group of companies consisting of NHI and its consolidated subsidiaries;
- (ii) such documents shall be executed by the Substituted Guarantor as may be necessary to give full effect to the substitution (the **Guarantor Substitution Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Guarantor shall undertake in favour of each Noteholder to be bound by these Conditions (as amended in the manner provided in paragraph (b) below) and the provisions of the Agency Agreement as fully as if the Substituted Guarantor had been named in the Notes and the Agency Agreement as the guarantor in respect of such Notes in place of the relevant Guarantor (or any previous Substituted Guarantor);
- (iii) the Guarantor Substitution Documents shall contain a warranty and representation by the Substituted Guarantor:
  - (A) that it has obtained all necessary corporate, governmental and regulatory approvals and consents for such substitution and for the performance by it of its obligations under the Guarantor Substitution Documents and that all such approvals and consents are in full force and effect; and
  - (B) that the obligations assumed by it under the Guarantor Substitution Documents are all legal, valid and binding in accordance with their respective terms;
- (iv) each (if any) stock exchange, competent listing authority and/or quotation system which has such Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Guarantor such Notes would continue to be listed, quoted and/or traded on such stock exchange, competent listing authority and/or quotation system;
- (v) the relevant Guarantor and the Substituted Guarantor, as the case may be, shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of legal opinions addressed to the Dealers from:
  - (a) a leading firm of English lawyers acting for the relevant Guarantor, to the effect that the Guarantor Substitution Documents constitute legal, valid and binding obligations of the relevant Guarantor and the Substituted Guarantor under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the relevant Guarantor and to be available for inspection by Noteholders at the specified office of the Agent;
  - (b) a leading firm of lawyers from the Guarantors' Jurisdiction acting for the relevant Guarantor, to the effect that the relevant Guarantor has the capacity and authority to enter into the Guarantor Substitution Documents under the laws of the Guarantors' Jurisdiction and, where the Guarantors' Jurisdiction is other than England, that the Guarantor Substitution Documents constitute legal, valid and binding obligations of the relevant Guarantor under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the relevant Guarantor and to be available for inspection by Noteholders at the specified office of the Agent; and
  - (c) a legal opinion from a leading firm of lawyers from the jurisdiction of the Substituted Guarantor (the **Substituted Guarantor's Jurisdiction**) acting for the Substituted Guarantor, to the effect that the Substituted Guarantor has the capacity and authority to enter into the Guarantor Substitution Documents under the laws of the Substituted Guarantor's Jurisdiction and, where the Substituted Guarantor's Jurisdiction is other than England, that the Guarantor Substitution Documents constitute legal, valid and binding obligations of the Substituted Guarantor under the relevant law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the relevant Guarantor and to be available for inspection by Noteholders at the specified office of the Agent; and
- (vi) there is no outstanding Event of Default in respect of the Notes.

**(b) Assumption by Substituted Guarantor**

Upon the execution of the Guarantor Substitution Documents as referred to in paragraph (a) above, the Substituted Guarantor shall be deemed to be named in the Notes as the guarantor for such Notes in place of the relevant Guarantor (or of any previous Substituted Guarantor) and the Notes shall thereupon be deemed to be amended to



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give effect to the substitution. The execution of the Guarantor Substitution Documents shall operate to release the relevant Guarantor as guarantor (or such previous Substituted Guarantor) from all of its obligations as guarantor in respect of the Notes.

**(c) Deposit of Guarantor Substitution Documents**

The Guarantor Substitution Documents shall be deposited with and held by the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Guarantor by any Noteholder in relation to the Notes or the Guarantor Substitution Documents shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the Guarantor Substitution Documents the right of every Noteholder to the production of the Guarantor Substitution Documents for the enforcement of any of the Notes or the Guarantor Substitution Documents.

**(d) Notice of Substitution**

Not later than 15 days after the execution of the Guarantor Substitution Documents, the Substituted Guarantor shall give notice thereof to the Noteholders in accordance with Condition 16.

**(e) Substituted Guarantor**

**Substituted Guarantor** means any company which is either the ultimate parent company of the relevant Issuer or a company with the same ultimate parent company as the relevant Issuer, save that in the latter case such Substituted Guarantor shall have a credit rating at least equal to that of the relevant Guarantor as at the date of substitution.

**21. Governing Law**

The Agency Agreement, the Deed of Covenant, the Notes, the Guarantee, the Receipts and the Coupons (and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Receipts and the Coupons and every such agreement for the issue and purchase of Notes) are governed by and shall be construed in accordance with the laws of England.

Each of the Issuers and the Guarantors irrevocably agrees for the benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (together referred to as **Proceedings**) may be brought in the courts of England.

**22. Appointment of Process Agent**

NEF and the Guarantors hereby appoint Nomura International plc at its registered office for the time being in England (being at the date of issue of the Notes to which the Conditions relate 1 Angel Lane, London EC4R 3AB) as their agent for service of process in England in respect of any Proceedings in England and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

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## USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for general corporate purposes of NHI and its subsidiaries (**Nomura** or **Nomura Group**) (as described in *Description of the Issuers, Description of the Guarantors and 'Business of Nomura'* section hereafter).

NEF will (in accordance with section 3:2 of the Financial Markets Supervision Act (*Wet op het financieel toezicht*)) on-lend the net proceeds from each issue of Notes to, or invest those net proceeds in, companies of the group of which the Issuer forms part, for use by these companies for general corporate purposes.

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## DESCRIPTION OF THE ISSUERS

### NOMURA BANK INTERNATIONAL PLC

The business description of Nomura Bank International plc (**NBI**) is set out in the Registration Document incorporated by reference in this Base Prospectus.

#### Financial Summary of NBI

NBI's key financial performance indicators during the year were as follows:

	<b>Year ended 31 March 2012 \$'000</b>	<b>Year ended 31 March 2011 \$'000</b>
Operating Income	166,453	128,155
Profit on ordinary activities before taxation	153,694	114,890
Profit on ordinary activities after taxation	113,764	92,814
Shareholders' funds	890,944	777,199

NBI reported a profit on ordinary activities before tax for the period of \$153,693,596 (2011: \$114,890,364). This is largely attributable to the impact of widening credit spreads on NBI's note issuance business. As NBI's own credit is included in the fair value of the bonds and medium term notes issued, the widening of Nomura's credit spread during the year ended 31 March 2012 has impacted the valuation of NBI's financial liabilities. As credit spreads have widened, the fair value of bonds and medium term notes issued in the statement of financial position has decreased and profit on ordinary activities has increased. The impact of own credit included within the profit on ordinary activities before tax was a profit of \$144,905,376 (2011: profit of \$106,824,907).

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## NOMURA EUROPE FINANCE N.V.

NEF was incorporated with limited liability and unlimited duration under Dutch law on 20 July 1990 and has its corporate seat in Amsterdam. It has its address at Rembrandt Tower 19th floor, Amstelplein 1, 1096 HA Amsterdam and its trade register number with the Chamber of Commerce and Industry Amsterdam is 33221661.

NEF is a wholly-owned subsidiary of Nomura Holdings, Inc.. NEF's objectives are to assist the Nomura Group in such activities as raising funds from the global debt capital markets and providing for the transfer of funds internationally, coupled with the management of surplus funds.

Accordingly, NEF engages in raising finance through securities issues and other forms of borrowing in the international capital markets and lends such funds to the Nomura Group's subsidiaries on a global basis.

The Managing Directors of NEF are as follows:

<u>Name</u>	<u>Position</u>
Masatomo Harigaya	President and Managing Director
Kenji Tsuge	Chairman and Managing Director

NEF has seven employees.

### Capitalisation and Indebtedness of NEF

The following table sets forth the non-consolidated<sup>(1)</sup> capitalisation and indebtedness of NEF which is based on the audited non-consolidated financial statements of NEF as at 31 March 2012:

	<b>31 March 2012</b>
	<b>JPY '000*</b>
Notes issued <sup>(2)</sup>	2,138,210,301
- non-current	1,998,704,683
- current	139,505,618
Shareholder's equity:	
(Authorised share capital <sup>(3)</sup> : 315,000 shares of EUR 454 each)	
Issued and paid-up capital: 113,000 shares of EUR 454 each	5,633,698
Share premium	1,320,860
Reserve	2,768,677
Retained earnings	7,938,814
Total shareholder's equity	<u>17,662,049</u>
Total capitalisation and indebtedness	<u>2,155,872,350</u>

Notes:—

\* All values are rounded to the nearest thousands of Japanese Yen (JPY '000).

(1) NEF does not have any subsidiaries.

(2) All of the notes issued were unsecured and guaranteed.

(3) The share capital of NEF comprises ordinary shares only.

(4) NEF had no contingent liabilities or guarantees as at 31 March 2012.

(5) Save as disclosed above, there has been no material change in the capitalisation and indebtedness of NEF since 31 March 2012.

## Financial Summary of NEF

The table below sets forth financial information as at and for the years ended 31 March 2012 and 2011 derived from the audited financial statements of NEF as at those dates and for those years. This information should be read in conjunction with the financial statements of NEF and notes thereon for the years ended 31 March 2012 and 2011, respectively, and the accounting policies adopted in respect thereof:

### Statement of financial position as at 31 March 2012 and 2011

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>JPY '000</b>	<b>JPY '000</b>
Total assets	2,473,433,157	2,786,311,317
Shareholder's equity	17,662,049	36,475,851
Total liabilities	2,455,771,108	2,749,835,466

### Non-consolidated statement of comprehensive income for the years ended 31 March 2012 and 2011

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>JPY '000</b>	<b>JPY '000</b>
Interest and similar income	38,568,453	26,958,884
Interest and similar expense	(29,918,023)	(13,855,943)
<b>Net interest income</b>	<b>8,650,430</b>	<b>13,102,941</b>
Fee and commission income	55,720	417,327
Fee and commission expense	(885,248)	(870,946)
<b>Net fee and commission expense</b>	<b>(829,528)</b>	<b>(453,619)</b>
Net trading income/(loss)	2,167,460	(1,931,313)
Other operating income/(loss)	291,078	(216,704)
<b>Net operating income</b>	<b>10,279,440</b>	<b>10,501,305</b>
Salaries and social charges	(45,456)	(42,772)
General and administrative expenses	(8,553,268)	(10,248,587)
<b>Total operating expenses</b>	<b>(8,598,724)</b>	<b>(10,291,359)</b>
<b>Profit before tax</b>	<b>1,680,716</b>	<b>209,946</b>
Taxation (expense)/benefit	(504,027)	1,752,681
<b>Profit for the year</b>	<b>1,176,689</b>	<b>1,962,627</b>
<b>Total comprehensive income for the year</b>	<b>1,176,689</b>	<b>1,962,627</b>

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## DESCRIPTION OF THE GUARANTORS

### NOMURA HOLDINGS, INC.

NHI is a holding company of the largest securities group in Japan and one of the largest in the world.

NHI, formerly known as The Nomura Securities Co., Ltd., was incorporated in Japan on 25 December 1925 under the Commercial Code of Japan when the securities division of The Osaka Nomura Bank, Ltd. became a separate entity specialising in the trading and distribution of debt securities in Japan. NHI was the first Japanese securities company to develop its business internationally with the opening in 1927 of a representative office in New York, which actively traded non-yen-denominated debt securities. In Japan, NHI broadened the scope of its business when it began trading in equity securities in 1938 and when it organised the first investment trust in Japan in 1941.

On 1 October 2001, NHI adopted a holding company structure and became a holding company for the Nomura group of companies. In connection with this reorganisation, NHI changed its name from “The Nomura Securities Co., Ltd.” to “Nomura Holdings, Inc.” NHI continues to be listed on the Tokyo Stock Exchange, Inc. and other stock exchanges on which it was previously listed. A wholly-owned subsidiary of NHI assumed its securities business and is named “Nomura Securities Co., Ltd.”

In December 2001, NHI was listed on the New York Stock Exchange.

NHI has also strengthened its mergers and acquisitions and other financial advisory businesses by acquiring majority interests in Nomura Corporate Advisors Co., Ltd., formerly Nomura Wasserstein Perrella Co., Ltd., in November 1999. Nomura Corporate Advisors became a wholly-owned subsidiary of NHI in September 2000 and merged with Nomura Securities in April 2002.

NHI has also enhanced its asset management business through the acquisition of a majority interest in Nomura Asset Management Co., Ltd. in March 2000. Nomura Asset Management became a wholly-owned subsidiary of NHI in December 2001.

On 26 June 2003, NHI adopted a committee-based corporate governance system under which it established a Nomination Committee, an Audit Committee and a Compensation Committee.

In September 2003, NHI sold 4,650 thousand shares of treasury shares at a value of ¥7,967million by a secondary offering in Japan.

In February 2007, NHI acquired Instinet, Incorporated, a global agency broker and major provider of electronic trading services for institutional investors, to provide an electronic platform in global equities.

In a series of steps beginning in September 2008, NHI acquired certain operations, including personnel, of former Lehman Brothers in Asia, Europe and the Middle East.

In July 2009, NHI entered into a share purchase agreement with Nikko Citi Holdings Inc. and Citigroup International LLC with respect to NHI's acquisition of all the shares of Nikko Citi Trust and Banking Corporation through The Nomura Trust and Banking Co., Ltd. This acquisition was completed on 1 October 2009. In July 2009, NHI commenced operations in Saudi Arabia as the first Asian securities firm to provide investment banking services in the Kingdom. In July 2009, Nomura Securities International, Inc., a U.S. broker-dealer within Nomura group, was designated to join the ranks of Primary Dealers by the Federal Reserve Bank of New York. In September 2009, Nomura Fixed Income Securities Private Limited, an Indian broker-dealer within Nomura group, was designated to join the ranks of Primary Dealers by the Reserve Bank of India.

On 13 May 2011, NHI entered into an agreement with one of its related companies, Nomura Land and Building Co., Ltd. (**NLB**) to implement a stock for stock exchange (the **Stock Exchange Agreement**). Based on the Stock Exchange Agreement, NLB became a wholly owned subsidiary of NHI from 1 July 2011 (**effective date**). Also, prior to the effective date, Nomura acquired additional NLB shares as of 24 May 2011 as a result of which, NLB became a consolidated subsidiary of NHI.

The total number of authorised shares for NHI is 6,000,000,000 and the number of issued shares was 3,822,562,601 as of 31 March 2012.

## FINANCIAL SUMMARY OF NHI

The financial summary set forth below as at and for the years ended 31 March 2010, 2011 and 2012 has been derived from the audited consolidated financial statements of NHI as at those dates and for those periods. This information should be read in conjunction with, and is qualified by reference to, the consolidated financial statements of NHI and notes thereon prepared in accordance with U.S. GAAP for the years ended 31 March 2010, 2011 and 2012, respectively, and the accounting policies adopted in respect thereof:

Consolidated balance sheets of NHI as at 31 March 2010, 2011 and 2012:

	31 March		
	2010	2011	2012
	(Millions of Yen)		
Total assets	32,230,428	36,692,990	35,697,312
Total equity	2,133,014	2,091,636	2,389,137
Total liabilities	30,097,414	34,601,354	33,308,175

Consolidated statements of income of NHI for the financial years ended 31 March 2010, 2011 and 2012:

	31 March		
	2010	2011	2012
	(Millions of Yen)		
Total revenue	1,356,751	1,385,492	1,851,760
Interest expense	205,929	254,794	315,901
Net revenue	1,150,822	1,130,698	1,535,859
Non-interest expenses	1,045,575	1,037,443	1,450,902
Income before income taxes	105,247	93,255	84,957
Income tax expense	37,161	61,330	58,903
Net income	68,086	31,925	26,054
Net income attributable to NHI shareholders	67,798	28,661	11,583
Return on equity <sup>(1)</sup>	3.7%	1.4%	0.6%

(1) Calculated as Net income attributable to NHI shareholders divided by average Total NHI shareholders' equity.

The annual financial statements of NHI for the financial years ended 31 March 2010, 2011 and 2012 have been audited by Ernst & Young ShinNihon LLC of Hibiya Kokusai Building, 2-3, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-0011, and contain an opinion from Ernst & Young ShinNihon LLC. None of the information in this Base Prospectus has been separately audited.

Ernst & Young ShinNihon LLC is an independent registered public accounting firm and a member of the Japanese Institute of Certified Public Accountants.

NHI complies with the Japanese corporate governance regime and applicable capital adequacy requirements.

## MANAGEMENT OF NHI

The Directors of NHI as at the date of this Base Prospectus are as follows (together with details of their principal directorships and other corporate offices held outside of NHI):

Director Chairman of the Board	Nobuyuki Koga	Director and Chairman of the Board of Nomura Securities Co., Ltd. President of Kanagawa Kaihatsu Kanko Co., Ltd.
Director, Group CEO	Kenichi Watanabe	
Director, Group COO	Takumi Shibata	
Outside Director	Haruo Tsuji	Outside Director of Nomura Securities Co., Ltd. Corporate Advisor of Sharp Corporation

		Outside Director of Kobayashi Pharmaceutical Co., Ltd. Outside Director of Seiren Co., Ltd.
Outside Director	Tsuguoki Fujinuma	Outside Director of Nomura Securities Co., Ltd. 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.
Outside Director	Masahiro Sakane	Outside Director of Nomura Securities Co., Ltd. Director and Chairman of Komatsu Ltd. Outside Director of Tokyo Electron Limited Outside Director of Asahi Glass Co. Ltd.
Outside Director	Dame Clara Furse	Non-Executive Director of Legal & General Group plc Non-Executive Director of Nomura International plc Non-Executive Director of Nomura Europe Holdings plc Non-Executive Director of Amadeus IT Holding SA Non-Executive Director of UK Department for Work and Pensions
Outside Director	Takao Kusakari	Outside Director of Nomura Securities Co., Ltd. Outside Statutory Auditor of Nippon Steel Corporation Corporate Advisor of NYK Line
Outside Director	Toshinori Kanemoto	Outside Director of Nomura Securities Co., Ltd. Of-Counsel of City-Yuwa Partners Outside Statutory Auditor of Kameda Seika Co., Ltd.
Outside Director	Michael Lim Choo San	Member of The Singapore Public Service Commission Chairman of the Land Transport Authority of Singapore Non-Executive Chairman of Nomura Singapore Ltd. Member of the Legal Service Commission, Singapore Non-Executive Director of Nomura Asia Holding N.V. Chairman of Pro-Tem Singapore Accountancy Council Chairman of Accounting Standards Council, Singapore Non-Executive Chairman of Nomura Asia Holding N.V.
Director	Masanori Itatani	Director of Nomura Securities Co. Ltd.
Director	Masanori Nishimatsu	None
Director	David Benson	None

The business address of each Director is 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan.

Among the above listed Directors, Haruo Tsuji, Tsuguoki Fujinuma, Masahiro Sakane, Dame Clara Furse, Takao Kusakari, Toshinori Kanemoto and Michael Lim Choo San satisfy the requirements for an “outside director” under the Companies Act of Japan (the **Companies Act**). The Companies Act defines an outside director of a company as a non-executive director (i) who has never assumed the position of executive director, executive officer, manager or employee of the company or its subsidiaries and (ii) who does not currently assume the position of executive director, executive officer, manager or employee of the company or its subsidiaries.



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The following persons are the board committee chairmen, committee members and the Executive Officers of NHI as at the date of this Base Prospectus.

*Committee Chairmen and Members*

1. **Nomination Committee**

Chairman Nobuyuki Koga  
Masahiro Sakane  
Toshinori Kanemoto

2. **Audit Committee**

Chairman Haruo Tsuji  
Tsuguoki Fujinuma  
Masanori Itatani

3. **Compensation Committee**

Chairman Nobuyuki Koga  
Masahiro Sakane  
Toshinori Kanemoto

**Information Concerning NHI's Directors**

Under the Companies Act, joint stock companies in Japan have the option of choosing committee-based corporate governance system ("Committee System") that consists of board of directors and committees or a traditional corporate governance system that consists of a board of directors and board of statutory auditors. A company which chooses the Committee System must establish three committees: a nomination committee, an audit committee and a compensation committee. The members of each committee are chosen from the company's directors and a majority of each committee must be outside directors. The company must then appoint executive officers and representative executive officers by a resolution of the board of directors. Under the Committee System, the executive officers manage the business affairs of a company. While the board of directors is entitled to establish the basic management policy for the company and has decision-making authority over certain prescribed matters, all other decisions related to business affairs may be made by executive officers.

NHI adopted the Committee System by amending its Articles of Incorporation by way of a special resolution adopted at NHI's annual meeting of shareholders held on 26 June 2003. NHI's Board of Directors established three committees, a nomination committee, an audit committee and a compensation committee, as described below. Through the adoption of the Committee System, NHI aims to strengthen management oversight, increase transparency in their management and have more flexible group operations. NHI's Board of Directors has the authority to determine NHI's basic management policy and supervise the execution by the Directors and Executive Officers of their duties. NHI's Board of Directors has, by resolution, delegated to NHI's Executive Officers most of its authority to make decisions with regard to NHI's business.

NHI's Articles of Incorporation provide that the number of Directors shall not be more than 20. Directors are elected at a meeting of shareholders. The term of office of Directors is one year, although they may serve any number of consecutive terms. From among its members, NHI's Board of Directors elects the chairman of meetings. NHI's Board of Directors met 10 times during the year ended 31 March 2012. As a group, NHI's Directors attended approximately 95 per cent. of the total number of meetings of NHI's Board of Directors during the year.

**Compensation Committee**

NHI's compensation committee is authorised to determine the policy with respect to the determination of the particulars of the compensation for each Director and Executive Officer, and the particulars of the compensation for each Director and Executive Officer. NHI's compensation committee met four times during the year ended 31 March 2012. As a group, the member Directors attended 100 per cent. of the total number of meetings of NHI's compensation committee during that year. The committee's current members are Nobuyuki Koga, Masahiro Sakane and Toshinori Kanemoto. Nobuyuki Koga is the chairman of this committee.

**Nomination Committee**

NHI's nomination committee is authorised to determine the particulars of proposals concerning the election and dismissal of Directors to be submitted to a general meeting of shareholders by NHI's Board of Directors. NHI's

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nomination committee met two times during the year ended 31 March 2012. As a group, the member Directors attended 100 per cent. of the total number of meetings of NHI's nomination committee during the year. The committee's current members are Nobuyuki Koga, Masahiro Sakane and Toshinori Kanemoto. Nobuyuki Koga is the chairman of this committee.

#### **Audit Committee**

NHI has an audit committee that, according to NHI's Articles of Incorporation, is authorised to (i) audit the execution by the Directors and the Executive Officers of their duties and formulation of audit reports and (ii) determine the particulars of proposals concerning the election and dismissal of the independent auditors and the non-retention of such independent auditors to be submitted to a meeting of shareholders by NHI's Board of Directors. With respect to financial reporting, NHI's audit committee has the statutory duty to examine NHI's financial statements and business reports to be prepared by Executive Officers designated by NHI's Board of Directors and is authorised to report its opinion to the annual meeting of shareholders. In addition, pursuant to NHI's regulations of the audit committee or resolutions of the Board of Directors concerning matters to be necessary for the performance of functions of the audit committee, NHI's audit committee has the authority to (i) pre-approve audit or non-audit services provided by the independent auditors for SEC reporting purposes and their fees, (ii) fees for independent auditors, (iii) establish the procedures for (a) the receipt, retention, and treatment of complaints received by NHI regarding accounting, internal controls, or auditing matters and (b) the confidential, anonymous submission by NHI's employees regarding questionable accounting or auditing matters, and (iv) approve the annual audit plan of the independent auditors.

NHI's audit committee met 24 times during the year ended 31 March 2012. As a group, the audit committee members attended approximately 98 per cent. of the total number of meetings of NHI's audit committee during the year. The committee is currently composed of Haruo Tsuji, Tsuguoki Fujinuma and Masanori Itatani. Haruo Tsuji is the chairman of this committee.

#### **Limitation of Liabilities of Outside Directors**

NHI has entered into agreements with its Outside Directors, Haruo Tsuji, Masahiro Sakane, Tsuguoki Fujinuma, Dame Clara Furse, Takao Kusakari, Toshinori Kanemoto and Michael Lim Choo San that limit their liabilities to NHI for damages suffered by NHI due to their acts taken in good faith and without gross negligence, up to the higher of (a) ¥20 million or (b) the amount prescribed by laws and ordinances.

#### **Information Concerning NHI's Executive Officers**

NHI's Articles of Incorporation provide for the number of the Executive Officers to be not more than 45. Executive Officers are elected at a meeting of NHI's Board of Directors. The term of office of Executive Officers is one year, although they may serve any number of consecutive terms.

NHI's Executive Officers have the authority to determine the matters delegated by the resolutions of NHI's Board of Directors and to execute NHI's business activities. Certain important matters so delegated (including issuance of new shares) are determined by the Executive Management Board. This board is comprised of NHI's five Executive Officers (including two representative Executive Officers) and additional senior members of management

#### **Share Ownership**

The following table shows the number of shares owned by NHI's Directors and Executive Officers as at 27 June 2012. As of that date, none of them owned 1% or more of NHI's issued and outstanding shares. None of the shares referred to below have different voting rights.

<b>Director's Name</b>	<b>Number of Shares</b>
Kenichi Watanabe .....	174,888
Takumi Shibata .....	158,258
Masanori Itatani .....	130,897
Masanori Nishimatsu.....	86,800
Haruo Tsuji .....	14,000
Tsuguoki Fujinuma.....	19,448
Masahiro Sakane .....	30,000
Dame Clara Furse.....	0
Nobuyuki Koga .....	130,533
David Benson.....	0
Takao Kusakari .....	0
Toshinori Kanemoto.....	0
Michael Lim Choo San .....	0
<b>Total</b> .....	<b>744,824</b>

<b>Executive Officers Name</b>	<b>Number of Shares</b>
Kenichi Watanabe .....	See above
Takumi Shibata .....	See above
Eiji Kutsukake .....	17,928
Toshihiro Iwasaki.....	26,833
Junko Nakagawa .....	0
<b>Total</b> .....	<b>44,761</b>

There are no actual or potential conflicts of interest between any duties, owed to NHI by the members of the Board of Directors, the Compensation Committee, the Executive Management Board, the Nomination Committee and the Audit Committee and their private interests and/or other duties.

## NOMURA SECURITIES CO., LTD.

NSC was incorporated in Japan on 7 May 2001 and is a wholly-owned subsidiary of NHI and operates the securities business mainly in Japan.

The total number of authorised shares for NSC is 400,000 and the number of issued shares was 201,410 as of 31 March 2012.

### FINANCIAL SUMMARY OF NSC

Set out below is a financial summary for NSC, which has been derived from the audited non-consolidated annual financial statements for the years ended 31 March 2010, 2011 and 2012. This information should be read in conjunction with, and is qualified by reference to, the financial statements of NSC and the notes thereon prepared in accordance with Japanese GAAP for the years ended 31 March 2010, 2011 and 2012, respectively, and the accounting policies adopted in respect thereof:

Non-consolidated balance sheets of NSC as at 31 March 2010, 2011 and 2012:

	31 March		
	2010	2011	2012
		(Millions of Yen)	
Total assets	9,358,133	10,501,025	10,439,204
Total net assets	822,033	872,865	901,990
Total liabilities	8,536,100	9,628,159	9,537,214

Non-consolidated statements of income of NSC for the years ended 31 March 2010, 2011 and 2012:

	31 March		
	2010	2011	2012
		(Millions of Yen)	
Commissions	418,003	386,959	326,401
Net gain on trading	182,287	169,765	174,737
Net gain on other inventories	7	7	10
Interest and dividend income	63,382	56,660	79,123
Interest expenses	60,218	57,283	71,188
Selling, general and administrative expenses	475,885	469,732	452,444
Operating income	127,576	86,378	56,639
Income before income taxes	127,515	83,788	60,177
Net income	76,853	50,666	27,316

### MANAGEMENT OF NSC

The Directors of NSC as at 30 June 2012 are as follows::

Director	Nobuyuki Koga
Director	Hiroshi Tada
Director	Koji Nagai
Director	Masanori Itatani
Director	Noriaki Miyano
Director	Shinji Iwai
Outside Director	Takao Kusakari
Outside Director	Masahiro Sakane
Outside Director	Haruo Tsuji
Outside Director	Tsuguoki Fujinuma
Outside Director	Toshinori Kanemoto

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Among the above listed Directors, Takao Kusakari, Masahiro Sakane, Haruo Tsuji, Tsuguoki Fujinuma and Toshinori Kanemoto satisfy the requirements for an “outside director” under the Companies Act. The term outside director is defined above under “*Management of NHP*”.

The following persons are the committee chairmen and committee members of NSC as at 27 June 2012.

*Committee Chairmen and Members*

1. **Nomination Committee**

Chairman Nobuyuki Koga  
Toshinori Kanemoto  
Masahiro Sakane

2. **Audit Committee**

Chairman Haruo Tsuji  
Tsuguoki Fujinuma  
Masanori Itatani

3. **Compensation Committee**

Chairman Nobuyuki Koga  
Toshinori Kanemoto  
Masahiro Sakane

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## BUSINESS OF NOMURA

Nomura is one of the leading financial services groups in Japan and has worldwide operations. As of 31 March 2012, Nomura has operated offices in more than 30 countries and regions including Japan, the United States, the United Kingdom, Singapore and Hong Kong Special Administrative Region ("Hong Kong SAR") through Nomura's subsidiaries.

Nomura's clients include individuals, corporations, financial institutions, governments and governmental agencies.

Nomura's business consists of the following three divisions, each followed by its principal business:

- Retail – investment consultation services
- Asset Management – development and management of investment trusts, and investment advisory services
- Wholesale – serving corporations and institutional investors with a broad range of products and services

### **Business Strategy**

#### *Corporate Goals and Principles*

Nomura is committed to a management vision of firmly establishing itself as a globally competitive financial services group. Nomura will seek to realise this vision and increase shareholder value by strengthening its base in the Japanese securities businesses, developing world-class businesses in other regions, and consolidating its comprehensive global strength.

Nomura will establish its new growth model by working with its clients, providing them with the best solutions, and realising the expansion of its business in new domains. Its management target is to maintain an average consolidated return on shareholders' equity ("ROE") of 10 per cent. to 15 per cent. over the medium to long-term. However, depending on developments in the environment faced by financial institutions, such as the instability of the global economic situation as well as regulatory tightening by the Basel Committee on Banking Supervision and other financial regulators, it cannot discount the possibility that it may be impacted.

Nomura will continue to put high priority on compliance with applicable laws, regulations and proper corporate behaviour, and to build compliance into its daily business operations.

### **Results of Operations**

#### *Overview*

Net revenue increased by 36 per cent. from ¥1,130,698 million for the year ended 31 March 2011 to ¥1,535,859 million for the year ended 31 March 2012. Commissions decreased by 14 per cent., due primarily to a decrease in commissions for the distribution of investment trusts, reflecting the turmoil in the global financial markets which was mainly caused by the European sovereign debt crisis. Fees from investment banking decreased by 44 per cent., due primarily to a decrease in transaction volume in equity finance for Japanese companies. Net gain on trading was ¥272,557 million for the year ended 31 March 2012, due primarily to downturn in financial markets mainly caused by the European sovereign debt crisis. Gain on private equity investments was ¥25,098 million for the year ended 31 March 2012 due primarily to realised gains on equity securities of certain investee companies. Other was ¥563,186 million for the year ended 31 March 2012, due primarily to the conversion of Nomura Land and Building Co., Ltd into a subsidiary of Nomura Holdings, Inc.

Net revenue decreased by 2 per cent. from ¥1,150,822 million for the year ended 31 March 2010 to ¥1,130,698 million for the year ended 31 March 2011. Commissions increased by 3 per cent., due primarily to an increase in commissions for the distribution of investment trusts. As there were a number of large equity finance transactions with Japanese clients in the previous year as compared to this year, fees from investment banking decreased by 12 per cent. for the year ended 31 March 2011. Asset management and portfolio service fees increased by 9 per cent., due primarily to an increase in assets under management mainly driven by continuing cash inflows. Net gain on trading fell to ¥336,503 million for the year ended 31 March 2011, due primarily to a decrease in equity trading. Gain on private equity investments was ¥19,292 million for the year ended 31 March 2011 due primarily to realised gains on disposal of certain investments and unrealised gains on equity securities of certain investee companies.

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Net interest revenue was ¥29,381 million for the year ended 31 March 2010, ¥91,309 million for the year ended 31 March 2011 and ¥119,989 million for the year ended 31 March 2012. Net interest revenue is a function of the level and mix of total assets and liabilities, which includes trading assets and financing and lending transactions, and the level, term structure and volatility of interest rates. Net interest revenue is an integral component of trading activity. In assessing the profitability of its overall business and of its Global Markets business in particular, Nomura views net interest revenue and non-interest revenues in aggregate. For the year ended 31 March 2012, interest revenue increased by 26 per cent. due mainly to an increase in securitised product trading in Nomura's U.S. region and interest expense increased by 24 per cent. due primarily to an increase in interest expense on securities lending transactions. As a result, net interest revenue for the year ended 31 March 2012 increased by ¥28,680 million from the year ended 31 March 2011. For the year ended 31 March 2011, interest revenue increased by 47 per cent. due mainly to expansion of securitised product trading in Nomura's U.S. region and interest expense increased 24 per cent. due mainly to an increase in repo transactions. As a result, net interest revenue for the year ended 31 March 2011 increased by ¥61,928 million from the year ended 31 March 2010.

In Nomura's consolidated statements of income, Nomura includes gains and losses on investments in equity securities within revenue. Nomura recognised gains and losses on such investments in the amount of ¥6,042 million for the year ended 31 March 2010, negative ¥16,677 million for the year ended 31 March 2011 and ¥4,005 million for the year ended 31 March 2012. This line item includes both realized and unrealized gains and losses on investments in equity securities held for operating purposes. These investments refer to Nomura investments in unaffiliated companies, which Nomura holds on a long-term basis in order to promote existing and potential business relationships.

Non-interest expenses increased by 40 per cent. from ¥1,037,443 million for the year ended 31 March 2011 to ¥1,450,902 million for the year ended 31 March 2012. The increase in non-interest expenses was caused by an increase in other expenses by 296 per cent. from ¥125,448 million for the year ended 31 March 2011 to ¥496,227 million for the year ended 31 March 2012, due primarily to the conversion of Nomura Land and Building Co., Ltd. into a subsidiary of Nomura Holdings, Inc.

Non-interest expenses decreased by 1 per cent. from ¥1,045,575 million for the year ended 31 March 2010 to ¥1,037,443 million for the year ended 31 March 2011. The decrease in non-interest expenses was caused by the decrease in other expenses by 12 per cent. from ¥142,494 million for the year ended 31 March 2010 to ¥125,448 million for the year ended 31 March 2011, due to, among other factors, impairment losses against affiliated companies were lower for the year ended 31 March 2011. The decrease in non-interest expenses was offset by a 7 per cent. increase in commissions and floor brokerage from ¥86,129 million for the year ended 31 March 2010 to ¥92,088 million for the year ended 31 March 2011.

Income before income taxes was ¥105,247 million for the year ended 31 March 2010, ¥93,255 million for the year ended 31 March 2011 and ¥84,957 million for the year ended 31 March 2012.

Nomura is subject to a number of different taxes in Japan and have adopted the consolidation tax system permitted under Japanese tax law. The consolidation tax system only imposes a national tax. Since 1 April 2004, Nomura's domestic statutory tax rate has been approximately 41 per cent. However, as a result of the revisions of domestic tax laws, the domestic statutory tax rates are approximately 38 per cent. between 1 April 2012 and 31 March 2015 and approximately 36 per cent. thereafter. Nomura's foreign subsidiaries are subject to the income tax rates of the countries in which they operate, which are generally lower than those in Japan. Nomura's effective tax rate in any one year is therefore dependent on its geographic mix of profits and losses and also on the specific tax treatment applicable in each location.

Income tax expense for the year ended 31 March 2012 was ¥58,903 million, representing an effective tax rate of 69.3 per cent. The significant factor causing the difference between the effective tax rate of 69.3 per cent. and the statutory tax rate of 41 per cent. were changes in domestic tax laws which increased the effective tax rate by 45.7 per cent., non-deductible expenses which increased the effective tax rate by 23.3 per cent. and different tax rates applicable for foreign subsidiaries which increased the effective tax rate by 14.1 per cent. for the year ended 31 March 2012. The significant factors reducing the effective tax rate were non-taxable revenue which decreased the effective tax rate by 29.7 per cent. and change in valuation allowance which decreased the effective tax rate by 22.5 per cent.

Income tax expense for the year ended 31 March 2011 was ¥61,330 million, representing an effective tax rate of 65.8 per cent. The significant factor causing the difference between the effective tax rate of 65.8 per cent. and the statutory tax rate of 41 per cent. were different tax rates applicable for foreign subsidiaries which increased the effective tax rate by 10.8 per cent., taxable items to be added to financial profit and non-deductible expenses which increased the effective tax rate by 5.3 per cent. and 16.6 per cent., respectively for the year ended 31 March 2011. The significant factor reducing the effective tax rate was non-taxable revenue which decreased the effective tax rate by 8.4 per cent.

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Income tax expense for the year ended 31 March 2010 was ¥37,161 million, representing an effective tax rate of 35.3 per cent. The significant factor causing the difference between the effective tax rate of 35.3 per cent. and the statutory tax rate of 41 per cent. was due to different tax rates applicable for foreign subsidiaries which decreased the effective tax rate by 26.9 per cent. Other significant factors causing the difference were taxable items to be added to financial profit and non-deductible expenses which increased the effective tax rate by 10.8 per cent. and 10.5 per cent., respectively for the year ended 31 March 2010.

Net income attributable to NHI shareholders for the year ended 31 March 2010, 2011 and 2012 was ¥67,798 million, ¥28,661 million and ¥11,583 million, respectively. Nomura's return on equity for the year ended 31 March 2010, 2011 and 2012 was 3.7%, 1.4% and 0.6%, respectively.

### **Private Equity Business**

Nomura makes private equity investments primarily in Japan and Europe.

Private equity investments made by certain entities which Nomura consolidates under either a voting interest or variable interest model which are investment companies pursuant to the provisions of ASC 946 ("investment company subsidiaries") are accounted for at fair value, with changes in fair value recognized through the consolidated statements of income. Investment company accounting applied by each of these investment company subsidiaries is retained in its consolidated financial statements included in its Form 20-F.

These entities make private equity investments solely for capital appreciation, current income or both rather than to generate strategic operating benefits to Nomura. In accordance with Nomura's investment policies, non-investment companies within the group may not make investments in entities engaged in non-core businesses if such investments would result in consolidation or application of the equity method of accounting. Such investments may generally only be made by investment company subsidiaries. Non-core businesses are defined as those engaged in activities other than Nomura's business segments.

Nomura also has a subsidiary which is not an investment company but which makes investments in entities engaged in Nomura's core businesses. These investments are made for capital appreciation or current income purposes or both and are also carried at fair value, either because of election of the fair value option or other U.S. GAAP requirements.

#### *Private equity business in Japan*

Nomura has an established private equity business in Japan, which is operated primarily through a wholly-owned subsidiary, Nomura Principal Finance Co., Ltd ("NPF").

Since its inception in 2000, NPF has made investments in 21 entities and exited from the majority of these investments for the year ended 31 March 2012. The fair value of its investment portfolio is ¥77,793 million and ¥789 million as of 31 March 2011 and 2012, respectively.

NPF is an investment company subsidiary pursuant to the provisions of ASC 946 and therefore carries all of its investments at fair value, with changes in fair value recognised through the consolidated statements of income.

Nomura also makes private equity investments through another wholly-owned subsidiary, Nomura Financial Partners Co., Ltd. ("NFP"). NFP is not an investment company subsidiary as it invests in the entities engaged in Nomura's core-business. Nomura elected the fair value option to account for its 47.0 per cent. investment in the common stock of Ashikaga Holdings Co. Ltd. and it is reported in private equity investment in the consolidated balance sheets.

#### *Private equity business in Europe*

In Europe, Nomura's private equity investments primarily comprise legacy investments made by Nomura's former Principal Finance Group ("PFG") now managed by Terra Firma (collectively referred to as the "Terra Firma Investments"), investments in other funds managed by Terra Firma ("Other Terra Firma Funds") and through other investment company subsidiaries ("Other Investments").

#### *Terra Firma Investments*

Following a review to determine the optimum structure for Nomura's European private equity business, on 27 March 2002, Nomura restructured its PFG and, as a result, contributed Nomura's investments in certain of its remaining investee companies to Terra Firma Capital Partners I ("TFCP I"), a limited partnership which is engaged in the private equity business, in exchange for a limited partnership interest. Terra Firma Investments (GP) Limited, the general partner of TFCP I, which is independent of Nomura, assumed the management and control of these investments, together with one other PFG investment, Annington Holdings plc, which due to contractual restrictions was not transferred to the partnership.



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With effect from 27 March 2002, Nomura ceased consolidating the Terra Firma Investments and accounted for those investments at fair value in accordance with ASC 946.

The Terra Firma Investments are held by entities which are investment company subsidiaries and therefore Nomura continue to account for these investments at fair value, with changes in fair value recognized through the consolidated statements of income.

The fair value of the Terra Firma Investments was ¥100,395 million and ¥102,649 million as of 31 March 2011 and 2012, respectively.

#### *Other Terra Firma Funds*

In addition to the Terra Firma Investments, Nomura is a 10 per cent. investor in a ¥213 billion private equity fund ("TFCP II") and a 2 per cent. investor in a ¥568 billion private equity fund ("TFCP III"), also raised and managed by Terra Firma Capital Partners Limited.

Nomura's total commitment for TFCP II was originally ¥21,295 million and reduced to ¥4,064 million as a result of adjustments for recyclable distributions. As of 31 March 2012, ¥3,914 million had been drawn down for investments.

For TFCP III, Nomura's total commitment is ¥10,750 million and ¥8,347 million had been drawn down for investments as of 31 March 2012.

The investments in TFCP II and TFCP III are carried at fair value, with changes in fair value recognized through the consolidated statements of income.

#### *Other Investments*

Nomura also makes private equity investments in Europe through wholly-owned subsidiaries and other consolidated entities which have third party pooling of funds. Certain of these entities are investment company subsidiaries and therefore all of their investments are carried at fair value, with changes in fair value recognized through the consolidated statements of income.

### **Liquidity and Capital Resources**

#### **Funding and Liquidity Management**

##### *Overview*

Nomura defines liquidity risk as the potential inability to meet financial obligations as they become due. This risk could arise from an inability to access the secured or unsecured debt markets, a deterioration in Nomura's credit ratings, a failure to manage unplanned changes in funding requirements, a failure to liquidate assets quickly and with minimal loss in value, or changes in regulatory capital restrictions which may prevent the free flow of funds between different group entities. Liquidity risk could be due both to Nomura-specific and market-wide events. Liquidity risk management policy is based on liquidity risk appetite which the Group Integrated Risk Management Committee formulates upon delegation by the Executive Management Board ("EMB"). Nomura's primary objective for liquidity risk management is to ensure continuous liquidity across market cycles and periods of market stress, and to ensure that all funding requirements and unsecured debt obligations that fall due within one year can be met without additional unsecured funding or forced liquidation of assets.

Nomura has in place a number of liquidity risk management frameworks that enable it to achieve Nomura's primary liquidity objective. These frameworks include (1) centralised control of residual cash; (2) appropriate funding and diversification of funding sources and maturities commensurate with the composition of assets; (3) management of credit lines to Nomura group entities; (4) implementation of liquidity stress tests; and (5) a Contingency Funding Plan ("CFP").

The EMB has the authority to make decisions concerning Nomura Group's liquidity management. The Chief Financial Officer (CFO) has the operational authority and responsibility over Nomura Group's liquidity management based on decisions made by the EMB.

*1. Centralised Control of Residual Cash.* Nomura controls centrally residual cash held at Nomura Group entities for effective utilisation purposes. As for the usage of funds, Nomura manages the overall level of unsecured funding and sets internal limits on the additional amount of unsecured funding available across Nomura Group. The limit for unsecured funding is set by the EMB and monitored closely by Global Treasury.

In order to enable Nomura to transfer funds smoothly among the Group entities, Nomura limits issuance of securities by regulated broker-dealers or banking entities. Nomura actively seeks to concentrate issuance of all long-term unsecured, non-deposit funding instruments at either Nomura or unregulated issuing entities. The primary benefits of this strategy include cost minimisation, wider investor name recognition and greater flexibility in providing funding to various subsidiaries across Nomura Group.

2. *Appropriate funding and diversification of funding sources and maturities commensurate with the composition of assets.* Nomura seeks to maintain a surplus of long term debt and equity above the cash capital requirements of Nomura's assets. This enables Nomura to fund Nomura's operations for at least one year in a stress event, without needing to raise additional unsecured funding or forcing the liquidation of assets. The amount of liquidity required is based on an internal model which incorporates the following requirements.

- (i) Nomura's ability to finance assets using secured funding, including repurchase agreements and securities lending transactions. The cash capital requirements are calculated using conservative estimates of the assets secured borrowing power in stressed scenarios.
- (ii) Goodwill and identifiable intangible assets, property, equipment and other illiquid assets.
- (iii) Collateral requirements on derivative contracts arising as a result of a two-notch downgrade in Nomura's credit rating. Collateral requirements to support potential increased intraday collateral requirements from Nomura's clearers and settlement agents arising as a result of a two-notch downgrade in Nomura's credit rating. In addition, other unencumbered assets held at exchanges for chaining requirements are also funded with long-term liquidity.
- (iv) Commitments to lend to external counterparties based on the probability of drawdown.
- (v) Capital or other forms of financing in Nomura's regulated subsidiaries that is in excess of their long-term cash capital requirements.

Nomura's internal model takes into account legal, regulatory and tax restrictions that may impact the ability to freely transfer liquidity across the entities within the Group.

Nomura seeks to achieve diversification of its funding sources by market, instrument type, investors and currency in order to reduce its reliance on any one funding source and reduce refinancing risk. Nomura benefits by distributing a significant portion of our debt through our retail and institutional sales force to a diversified global investor base.

Nomura diversifies funding by issuing various types of debt instruments—these include both structured loans and notes. Structured notes are debt obligations with returns linked to other debt or equity securities, indices, currencies or commodities. Nomura issues structured notes in order to increase the diversity of its debt instruments. Nomura typically hedges the returns Nomura is obliged to pay with derivative positions and/or the underlying assets to maintain funding consistency with its unsecured long term debt. The proportion of its non-yen denominated long-term debt slightly decreased to 28.0 per cent. of total term debt outstanding as of 31 March 2012 from 28.5 per cent. as of 31 March 2011.

## 2.1 Short-Term Unsecured Debt

Its short-term unsecured debt consists primarily of short-term bank borrowings (including long-term bank borrowings maturing within one year), commercial paper, deposits at banking entities, certificates of deposit and bonds and notes maturing within one year. Deposits at banking entities and certificates of deposit represent customer deposits and certificates of deposit held by its banking subsidiaries.

Its short-term unsecured debt total increased ¥374.8 billion to ¥3,009.1 billion as of 31 March 2012 from ¥2,634.3 billion as of 31 March 2011 mainly due to a ¥366.4 billion increase in short-term bank borrowings to ¥1,250.7 billion as of 31 March 2012 from ¥884.3 billion as of 31 March 2011. The average outstanding balance of commercial paper was ¥338.0 billion for the period ended in 31 March 2012.

The table below summarises our Short-Term Unsecured Debt:

	31 March	
	2011	2012
	(in billions, except percentages)	
Short-Term Unsecured Debt Total <sup>(1)</sup> .....	¥2,634.3	¥3,009.1
Short-Term Bank Borrowings.....	884.3	1,250.7
Other Loans .....	84.8	99.0
Commercial Paper.....	379.5	315.6
Deposit at Banking Entities .....	573.1	589.8
Certificates of Deposit.....	184.0	234.7

	31 March	
	2011	2012
	(in billions, except percentages)	
Bonds and Notes maturing within one year .....	528.6	519.3

(1) Short-term unsecured debt includes the current portion of long-term unsecured debt.

## 2.2 Long-Term Unsecured Debt

Nomura also routinely issues long term debt in various maturities and currencies to maintain a long-term funding surplus, and to also achieve both cost-effective funding and a maturity profile where the average duration of Nomura's debt is sufficient to meet Nomura's long-term cash capital requirements.

Its long-term unsecured debt includes senior and subordinated debt issued through U.S registered shelf offerings and its U.S. registered medium-term note programs, its Euro medium-term note programs, registered shelf offerings in Japan and various other bond programs.

As a globally competitive financial service group in Japan, Nomura has access to multiple markets worldwide and major funding centers. The Company, NSC, Nomura Europe Finance N.V. ("NEF") and Nomura Bank International plc ("NBI") are the main entities that conduct external borrowings, issuances of debt instruments and other funding activities. By raising funds to match the currencies and liquidities of Nomura's assets or by using foreign exchange swaps as may be necessary, it pursues optimisation of its funding structures.

Nomura uses a wide range of products and currencies to ensure that its funding is efficient and well diversified across markets and investor types. Its unsecured senior debt is issued without financial covenants, such as covenants related to adverse changes in its credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in its cost of financing or accelerate the maturity of the debt.

Its long-term debt decreased ¥93.9 billion to ¥6,373.0 billion as of 31 March 2012 from ¥6,466.9 billion as of 31 March 2011, primarily due to ¥663.7 billion decrease in bonds and notes to ¥3,559.3 billion as of 31 March 2012 from ¥4,223.0 billion as of 31 March 2011. The increase in long-term bank borrowings primarily reflected refinancing of some of our long-term bank borrowings which was, partly offset by a ¥589.5 billion increase in long-term bank borrowings to ¥2,589.1 billion as of 31 March 2012 from ¥1,999.6 billion as of 31 March 2011.

In the fiscal year ended on 31 March 2012, Nomura issued ¥215.4 billion of domestic bonds, that consists of ¥170.0 billion of subordinated bonds and ¥45.4 billion of senior debt securities.

The table below summarises Nomura's Long-Term Unsecured Debt:

	31 March	
	2011	2012
	(in billions, except percentages)	
Long-Term Unsecured Debt Total.....	6,466.9	6,373.0
Long-Term Deposit at Banking Entities .....	55.5	80.2
Long-Term Bank Borrowings .....	1,999.6	2,589.1
Other Loans .....	188.8	144.4
Bonds and Notes <sup>(1)</sup> .....	4,223.0	3,559.3
NHI Shareholders' Equity.....	2,082.8	2,107.2

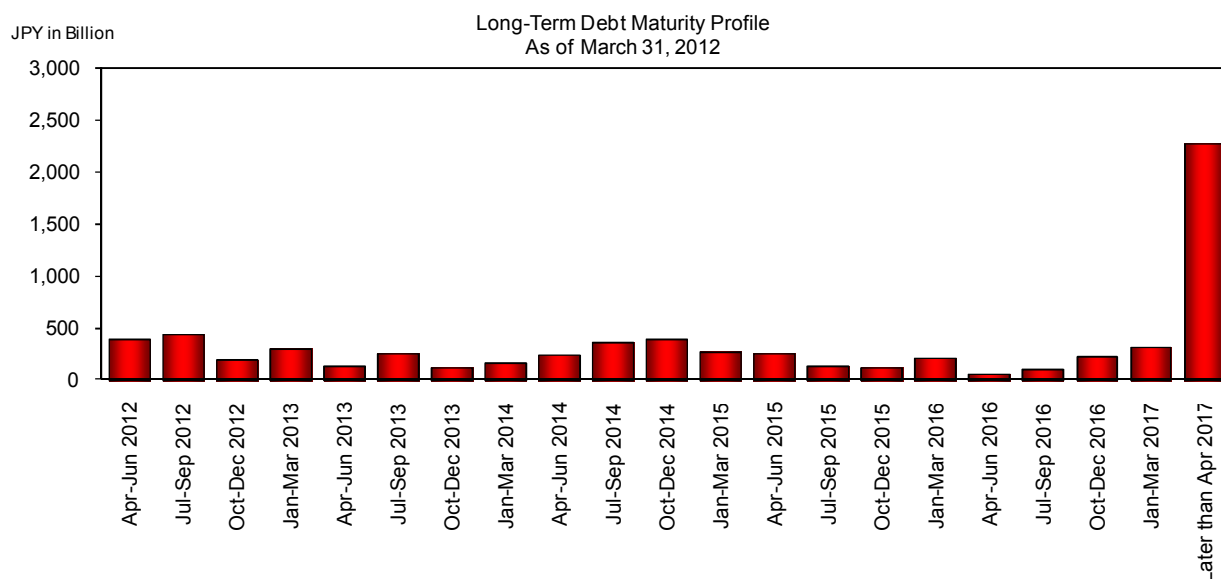
(1) Excluding "Long-term bonds and notes issued by consolidated VIEs" that meet the definition of Variable Interest Entities (VIEs) under ASC 810, "Consolidation" ("ASC 810") and secured financing transactions recognised within long-term borrowings as a result of transfers of financial assets that are accounted for as financings rather than sales in accordance with ASC 860.

## 2.3 Maturity Profile

Nomura also seeks to maintain an average maturity for plain vanilla instruments greater than or equal to three years. The average maturity for plain vanilla debt securities and borrowings with maturities longer than one year was 4.33 years as of 31 March 2012. A major part of Nomura's medium-term notes are structured and linked to interest or equity, indices, currencies or commodities. Conditions for calling notes by indices are individually determined. These maturities are evaluated based on Nomura's internal model and monitored by Global Treasury. Maturities for plain vanilla debt securities and borrowings are evaluated based on contractual maturities. Where there is a possibility that

notes may be called prior to their scheduled maturity date, maturities are based on Nomura's internal stress option adjusted model. This model values the embedded optionality under stress market conditions in order to determine when the note is likely to be called.

On this basis, the average maturity of structured notes (notes with maturities longer than one year) was 10.35 years as of 31 March 2012. The average maturity of Nomura's entire long term debt portfolio, including plain vanilla debt securities and borrowings, was 6.79 years as of 31 March 2012. The graph below shows the distribution of maturities of Nomura's outstanding long-term debt securities and borrowings.



(1) Redemption schedule is individually estimated by considering of probability of redemption. Due to structure bias, Nomura uses probability adjusted by a certain stress factor.

## 2.4 Secured Borrowings

Nomura typically funds its trading activities on a secured basis through secured borrowings repurchase agreements and Japanese “Gensaki” transactions. Repo transactions involve the selling of government and government agency securities under agreements with clients to repurchase these securities from clients. Japanese “Gensaki” transactions have no margin requirements or substitution right. Nomura believes these funding activities in the secured markets are more cost-efficient and less credit-rating sensitive than financing in the unsecured market. Also, repurchase agreements tend to be short-term, often overnight. Nomura manages the liquidity risks arising from secured funding by transacting with a diverse group of global counterparties, providing with a range and various types of securities collateral and actively seeking to term out the tenor of certain transactions.

*3. Management of credit lines to Nomura Group entities.* Nomura maintains committed facility agreements with financial institutions for Nomura Group entities in order to provide contingent financing sources. Total of unused committed facilities increased ¥13.9 billion to ¥138.3 billion as of 31 March 2012 from ¥124.4 billion as of 31 March 2011. Nomura has structured the facilities to ensure that the maturity dates of these facilities are distributed evenly throughout the year in order to prevent excessive maturities of facilities in any given period. While the ability to borrow under these facilities is subject to customary lending conditions and covenants, Nomura does not believe that any of the covenant requirements will impair Nomura’s ability to draw on the facilities. Nomura occasionally test the effectiveness of Nomura’s drawdown procedures.

*4. Implementation of Liquidity Stress Tests.* Nomura maintains its liquidity portfolio and monitors its sufficiency of liquidity based on an internal model which simulates changes in cash outflow under specified stress scenarios to comply with its above mentioned liquidity management policy.

Nomura assesses the firm’s liquidity requirements under various stress scenarios with differing levels of severity over multiple time horizons. Nomura evaluates these requirements under company-specific and broad market wide events, including potential credit rating downgrades at the parent company and subsidiary levels that may impact Nomura by loss of access to unsecured capital markets, additional collateral posting requirements, limited or no access to secured

funding markets and other events. Nomura calls this risk analysis Nomura's "Maximum Cumulative Outflow" framework.

To ensure a readily available source for a potential liquidity requirement, Nomura maintains a liquidity portfolio in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. As of 31 March 2012, Nomura's liquidity portfolio was ¥5,427.7 billion which generated a liquidity surplus taking into account a stress scenario as defined in Nomura's liquidity risk policy. Nomura recognises that the liquidity standards for financial institutions continue to be the subject of further discussion among the relevant supervisory bodies including the Basel Committee. The existing model and simulations upon which Nomura currently rely may need to be reviewed depending on any new development in this area. Nomura's liquidity portfolio is composed of the following highly liquid products.

	31 March	
	2011	2012
	(in billions)	
Liquidity Portfolio.....	¥5,819.1	¥5,427.7
Cash, Cash Equivalent and Time Deposits .....	1,959.7	1,137.3
Government Securities .....	3,851.1	3,877.4
Others .....	8.3	413.0

In addition to the liquidity portfolio, Nomura has ¥1,289.6 billion of other unencumbered assets comprising mainly unpledged trading assets that can be used as an additional source of secured funding. The aggregate value of Nomura's liquidity portfolios and other unencumbered assets as of 31 March 2012 was ¥6,717.3 billion—this represented 223.2 per cent. of Nomura's total unsecured debt maturing within one year.

	31 March	
	2011	2012
	(in billions)	
Net Liquidity Value of Other Unencumbered Assets.....	¥ 1,806.9	¥ 1,289.6
Liquidity Portfolio .....	5,819.1	5,427.7
Total.....	¥7,626.0	¥ 6,717.3

In the stress test, Nomura assumes the cash outflow as shown below and also considers the assumption that in certain instances, legal and regulatory requirements can restrict the flow of funds between entities in Nomura's consolidated group, and funds or securities may not freely move among the Nomura Group.

The size and structure of Nomura's liquidity portfolio takes into account immediate cash requirements arising from -

- (i) Upcoming maturities of unsecured debt (maturities less than one year)
- (ii) Potential buybacks of Nomura's outstanding debt
- (iii) Loss of secured funding lines particularly for less liquid assets, over and above Nomura's cash capital estimates
- (iv) Fluctuation of funding needs under normal business circumstances
- (v) Cash and collateral outflows in a stress event.

Nomura constantly evaluates and modifies its liquidity risk assumptions based on regulatory and market changes. The model Nomura uses in order to simulate the impact of stress scenarios assumes no liquidation of assets, no ability to issue additional unsecured funding, a widening of haircuts on outstanding repo funding, collateralisation of clearing banks and depositories, drawdowns on loan commitments and loss of liquidity from market losses on inventory.

In 2008, the Basel Committee published Principles for Sound Liquidity Risk Management and Supervision ("Sound Principles"). To complement these principles, the Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio ("LCR") to achieve this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. The Net Stable Funding Ratio ("NSFR") has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

These two standards are comprised mainly of specific parameters which are internationally "harmonised" with prescribed values. Certain parameters, however, contain elements of national discretion to reflect jurisdiction-specific conditions.

After an observation period, the LCR, including any revisions, will be introduced on 1 January 2015. The NSFR, including any revisions, will move to a minimum standard by 1 January 2018.

5. *Contingency Funding Plan ("CFP")*. Nomura has developed a detailed contingency funding plan to integrate liquidity risk control into its comprehensive risk management strategy and to enhance the quantitative aspects of Nomura's liquidity risk control procedures. As a part of the CFP, Nomura has developed an approach for analyzing and specifying the extent of any liquidity crisis. This allows Nomura to estimate the likely impact of both a Nomura-specific and market-wide crises; and specifies the immediate action to be taken to mitigate any risk. The CFP lists details of key internal and external parties to be contacted and the processes by which information is to be disseminated. This has been developed at the legal entity level in order to capture specific cash requirements at the local level—it assumes that the parent company does not have access to cash that may be trapped at the subsidiary level due to regulatory, legal or tax constraints. Nomura periodically tests the effectiveness of Nomura's funding plans for different Nomura-specific and market-wide events. Nomura also have access to operations at central banks including but not exclusively the Bank of Japan, which provide financing against various types of securities. These operations are accessed in the normal course of business and are an important tool in mitigating contingent risk from market disruptions.

#### *Cash Flows*

Nomura's cash flows are primarily generated from operating activities undertaken in connection with its client flows and trading and from financing activities which are closely related to such activities. As a financial institution, growth in operations tends to result in cash outflows from operating activities as well as investing activities, as was generally the case for a number of years through the fiscal year ended 31 March 2011. For the fiscal year ended 31 March 2012, Nomura recorded net cash inflows from operating activities and investing activities as discussed in the comparative analysis mentioned below. The following is the summary information on Nomura's consolidated cash flows for the years ended 31 March 2011 and 2012:

	Year Ended 31 March	
	2011	2012
	(In billions)	
Net cash provided by (used in) operating activities	¥(235.1)	¥290.9
Net income	31.9	26.1
Trading assets and private equity investments	(1,481.9)	971.3
Trading liabilities	1,206.4	(1,058.4)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	327.7	980.2
Securities borrowed, net of securities loaned	(446.2)	(508.8)
Other, net	127.0	(119.4)
Net cash provided by (used in) investing activities	(423.2)	9.9
Net cash provided by (used in) financing activities	1,284.2	(844.3)
Long-term borrowings, net	1,079.6	(867.6)

Other, net	204.6	23.3
Effect of exchange rate changes on cash and cash equivalents	(26.2)	(6.3)
Net increase (decrease) in cash and cash equivalents	¥599.7	¥(549.8)
Cash and cash equivalents at beginning of the year	1,020.6	1,620.3
Cash and cash equivalents at end of the year	¥1,620.3	¥1,070.5

For the year ended 31 March 2012, its cash and cash equivalents decreased by ¥549.8 billion to ¥1,070.5 billion. Net cash of ¥844.3 billion was used in financing activities due to cash outflows of ¥867.6 billion by net payments of Long-term borrowings. As part of trading activities, while there were net cash outflows of ¥87.1 billion from cash inflows due to a decrease in trading assets and private equity investments in combination with cash outflows due to a decrease in trading liabilities, they were offset by ¥471.4 billion of net cash inflows from repo transactions and securities borrowed and loaned transactions such as Securities purchased under agreements to resell, Securities sold under agreements to repurchase, and Securities borrowed, net of Securities loaned. As a result, net cash of ¥290.9 billion was provided by operating activities.

For the year ended 31 March 2011, its cash and cash equivalents increased by ¥599.7 billion to ¥1,620.3 billion. Net cash of ¥1,284.2 billion was provided by financing activities due to cash inflows of ¥1,079.6 billion from net issuance of Long-term borrowings. As part of trading activities, there were net cash outflows of ¥275.5 billion from cash outflows due to an increase in Trading assets and Private equity investments in combination with cash inflows due to an increase in Trading liabilities and there were also net cash outflows of ¥118.5 billion from repo transactions and securities borrowed and loaned transactions such as Securities purchased under agreements to resell, Securities sold under agreements to repurchase, and Securities borrowed, net of Securities loaned. As a result, net cash of ¥235.1 billion was used in operating activities.

#### *Balance Sheet and Financial Leverage*

Total assets as of 31 March 2012, were ¥35,697.3 billion, a decrease of ¥995.7 billion compared to ¥36,693.0 billion as of 31 March 2011, reflecting decreases in cash and cash equivalents, securities purchased under agreements to resell and trading assets. Total liabilities as of 31 March 2012, were ¥33,308.2 billion, a decrease of ¥1,293.2 billion compared to ¥34,601.4 billion as of 31 March 2011, reflecting decreases in securities sold under agreements to repurchase, trading liabilities and other secured borrowings. NHI shareholders' equity as of 31 March 2012 was ¥2,107.2 billion, an increase of ¥24.4 billion compared to ¥2,082.8 billion as of 31 March 2011, due to increases in additional paid-in capital.

Nomura seeks to maintain sufficient capital at all times to withstand losses due to extreme market movements. The EMB is responsible for implementing and enforcing capital policies. This includes the determination of Nomura's balance sheet size and required capital levels. Nomura continuously reviews NHI's equity capital base to ensure that it can support the economic risk inherent in Nomura's business. There are also regulatory requirements for minimum capital of entities that operate in regulated securities or banking businesses.

As leverage ratios are commonly used by other financial institutions similar to Nomura, it voluntarily provides a Leverage ratio and Adjusted leverage ratio primarily for benchmarking purposes so that users of its annual report can compare its leverage against other financial institutions. There are currently no regulatory or statutory reporting requirements which require Nomura to disclose leverage ratios.

The following table sets forth NHI's shareholders' equity, total assets, adjusted assets and leverage ratios:

	31 March	
	2011	2012
	(in billions, except ratios)	
NHI Shareholders' equity.....	¥2,082.8	¥2,107.2
Total assets <sup>(1)</sup> .....	36,693.0	35,697.3
Adjusted assets <sup>(2)</sup> .....	21,536.7	21,954.7
Leverage ratio <sup>(3)</sup> .....	17.6x	16.9x
Adjusted leverage ratio <sup>(4)</sup> .....	10.3x	10.4x

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- (1) Reconciles to the total assets amount disclosed on the face of Nomura's consolidated balance sheets and therefore excludes the fair value of securities transferred to counterparties under repo-to-maturity and certain Japanese securities lending transactions which are accounted for as sales rather than collateralized financing arrangements. The fair value of securities derecognized under these agreements has not had a significant impact on Nomura's reported Leverage and Adjusted leverage ratios as of March 2011 and 2012.
  - (2) Represents total assets less securities purchased under agreements to resell and securities borrowed.
  - (3) Equals total assets divided by NHI shareholders' equity.
  - (4) Equals adjusted assets divided by NHI shareholders' equity.

Total assets decreased by 2.7 per cent. reflecting primarily a decrease in securities purchased under agreements to resell. Total NHI shareholders' equity increased by 1.2 per cent. As a result, Nomura's leverage ratio went down from 17.6 times as of 31 March 2011 to 16.9 times as of 31 March 2012.

Adjusted assets increased primarily due to an increase in office buildings, land, equipment and facilities. As a result, Nomura's adjusted leverage ratio went up from 10.3 times as of 31 March 2011 to 10.4 times as of 31 March 2012.



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## Capital Management

### *Capital Management Policy*

Nomura seeks to enhance shareholder value and to capture growing business opportunities by maintaining sufficient levels of capital. Nomura reviews levels of capital as appropriate, taking into consideration the economic risks inherent to operating Nomura's businesses, the regulatory requirements, and maintaining the ratings necessary to operate businesses globally.

### *Dividends*

Nomura believes that pursuing a sustainable increase in shareholder value and paying dividends are essential to generating return to its shareholders. Nomura will strive 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 such as the tightening of Basel regulations and other changes to the regulatory environment as well as the company's consolidated financial performance.

Nomura paid a dividend of ¥4.0 per share for the first half and a dividend of ¥2.0 per share for the second half in line with its dividend policy for the fiscal year ended 31 March 2012.

With respect to the retained earnings, in order to implement measures to adapt to regulatory changes and to increase shareholder value, Nomura seeks to efficiently invest in business areas where high profitability and growth may reasonably be expected, including the development and expansion of infrastructure.

The following table sets forth the amounts of dividends per share paid by Nomura in respect of the periods indicated:

<u>Fiscal year ended or ending 31 March</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
2007 .....	¥8.00	¥8.00	¥8.00	¥20.00	¥44.00
2008 .....	8.50	8.50	8.50	8.50	34.00
2009 .....	8.50	8.50	8.50	—	25.50
2010 .....	—	4.00	—	4.00	8.00
2011 .....	—	4.00	—	4.00	8.00
2012 .....	—	4.00	—	2.00	6.00

### *Stock Repurchases*

Nomura considers repurchase of treasury stock as an option in its financial strategy to respond quickly to changes in the business environment and to increase shareholder value. Nomura makes announcements immediately after any decision to set up a share buyback program and conduct such programs in accordance with internal guidelines.

### *Preferred Stock*

Effective 28 June 2011, in order to respond to Basel III capital adequacy requirements, Nomura has amended its Articles of Incorporation to enable issuance of each class of preferred stock with a provision for redemption upon the occurrence of certain events. Nomura does not have plans to issue preferred stocks as of the date of this Base Prospectus. The amendment did not result in any change to the total number of shares authorised to be issued.

## Consolidated Regulatory Requirements

The FSA established the "Guideline for Financial Conglomerate Supervision" (hereinafter referred to as the "Financial Conglomerate Guideline") in June 2005 and set out the rules on consolidated regulatory capital. Nomura started monitoring the consolidated capital adequacy ratio of NHI in accordance with the Financial Conglomerate Guideline from April 2005.

Beginning from the end of March 2009, Nomura elected to calculate the consolidated capital adequacy ratio according to the "Bank Holding Companies Notice" as permitted under the Financial Instruments Business Operators Guidelines, although Nomura continues to be monitored as a financial conglomerate governed by the Financial Conglomerate Guideline.

Nomura has been assigned as a Final Designated Parent Company who must calculate the consolidated regulatory capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company in April 2011.

Since then, Nomura has been calculating its Basel II-based consolidated regulatory capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company. Note that the Capital Adequacy Notice on Final Designated Parent Company has been revised in line with Basel 2.5 and Nomura has calculated its Basel 2.5-based consolidated regulatory capital adequacy ratio since December 2011.

In accordance with Article 3 of the Capital Adequacy Notice on Final Designated Parent Company, Nomura's consolidated regulatory capital adequacy ratio is calculated based on the amounts of qualifying capital, credit risk-weighted assets, market risk, and operational risk. Also in accordance with Article 2 of the Capital Adequacy Notice on Final Designated Parent Company, its consolidated regulatory capital adequacy ratio is higher than 8 per cent. As of 31 March 2012, Nomura was in compliance with this requirement, with a ratio of total capital to risk-weighted assets of 16.5 per cent.

The following table presents Nomura's consolidated capital adequacy ratio as of 31 March 2011 and 2012:

	31 March	
	2011	2012
(in billions, except ratios)		
<b>Qualifying Capital</b>		
Tier 1 capital.....	¥1,915.0	¥2,090.2
Tier 2 capital.....	651.5	319.6
Tier 3 capital.....	139.6	224.3
Deductions.....	121.8	207.0
Total qualifying capital .....	2,584.3	2,427.0
<b>Risk-Weighted Assets</b>		
Credit risk-weighted assets.....	7,468.4	8,324.4
Market risk equivalent assets.....	2,442.3	3,924.6
Operational risk equivalent assets.....	1,718.8	2,432.0
Total risk-weighted assets .....	11,629.5	14,681.0
<b>Consolidated Capital Adequacy Ratios</b>		
Consolidated capital adequacy ratio.....	22.2%	16.5%
Tier 1 capital ratio.....	16.4%	14.2%

Total qualifying capital is comprised of Tier 1, Tier 2, Tier 3 capital and deduction items. Nomura's Tier 1 capital mainly consists of NHI shareholders' equity and non-controlling interests less goodwill, certain intangible fixed assets and 50 per cent. of expected loss defined in rule text.

Tier 2 and Tier 3 capital consists of subordinated debt classified into Tier 2 and Tier 3 by original maturity and other conditions set out by the Capital Adequacy Notice on Final Designated Parent Company. Deduction items include the remaining 50 per cent. of expected loss and strategic holding of financial institution's stock.

Market risk is calculated using an internal model method for market risk ("Nomura's VaR model"). Since the end of December 2011, Nomura is required to calculate market risk requirement under the Basel 2.5 rule, which is significantly larger than under the Basel II rule. On 31 March 2011, Nomura started calculating credit risk assets and operational risk using foundation internal ratings-based approach and the Standardised Approach respectively.

Nomura provides Tier 1 capital ratio and consolidated capital adequacy ratio not only to demonstrate that Nomura is in compliance with the Capital Adequacy Notice on Final Designated Parent Company but also for benchmarking purposes so that users of Nomura's report can compare its capital position against those of other financial groups under the same Basel framework. Management receives and reviews these capital ratios on a regular basis.

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The Basel Committee has issued a series of announcements regarding a broader program designed to strengthen the regulatory capital framework in light of weaknesses revealed by the financial crises. The following is a summary of the proposals which are most relevant to Nomura.

On 13 July 2009, the Basel Committee announced its approval of a package of measures designed to strengthen its rules governing trading book capital and to enhance the three pillars of the Basel II framework, which is called 'Basel 2.5'. This announcement states that the Basel Committee's trading book rules, effective at the end of 2011, will introduce higher capital requirements to capture the credit risk of complex trading activities. Such trading rules also include a stressed VaR requirement.

On 16 December 2010, in an effort to promote a more resilient banking sector, the Basel Committee issued Basel III, that is, "International framework for liquidity risk measurement, standards and monitoring" and "A global regulatory framework for more resilient banks and banking systems". The proposals include raising the quality, consistency and transparency of the capital base; strengthening the risk coverage of the capital framework such as the implementation of a credit value adjustment charge for over-the-counter derivative trades; introducing a leverage ratio requirement as a supplemental measure to the risk-based framework; and introducing a series of measures to address concerns over the "procyclicality" of the current framework. The proposals also introduce a minimum liquidity standard including a 30-day liquidity coverage ratio as well as a longer-term structural liquidity ratio. Additional capital, liquidity or other supervisory measures to reduce the externalities created by systemically important institutions are also under review. These standards will be phased in gradually from 2013.

At the G-20 summit in November 2011, the Financial Stability Board ("FSB") and the Basel Committee announced the list of global systemically important financial institutions ("G-SIFIs") and the additional requirements to the G-SIFIs including the recovery and resolution plan. The FSB also announced the group of G-SIFIs will be updated annually and published by the FSB each November.

The FSA introduced notices such as the Capital Adequacy Notice on Final Designated Parent Company on consolidated regulation and supervision of securities companies on a consolidated basis on 1 April 2011 to improve the stability and transparency of Japan's financial system and ensure the protection of investors.

It reviewed the Capital Adequacy Notice on Final Designated Parent Company according to Basel 2.5 and Basel III framework and the revised notice in line with Basel 2.5 was implemented at the end of December 2011 and the revised notice in line with Basel III will be implemented at the end of March 2013. It is expected that the revised notice will be in line with a series of rules and standards proposed by the Basel Committee.

## **Competition**

The financial services industry is intensely competitive and Nomura expects it to continue to remain so. Nomura competes globally with other brokers and dealers, investment banking firms, commercial banks, investment advisors and other financial services firms. Nomura also faces competition on regional, product and niche bases from local and specialist firms. A number of factors determine Nomura's competitive position against other firms, including:

- the quality, range and prices of Nomura's products and services,
- Nomura's ability to originate and develop innovative client solutions,
- Nomura's ability to maintain and develop client relationships,
- Nomura's ability to access and commit capital resources,
- Nomura's ability to retain and attract qualified employees, and
- Nomura's general reputation.

Nomura's competitive position is also affected by the overall condition of the global financial markets, which are influenced by factors such as:

- the monetary and fiscal policies of national governments and international economic organizations, and
- economic developments both within and between Japan, the United States, Europe and other major industrialized and developing countries and regions.

In Japan, Nomura competes with other Japanese and non-Japanese securities companies and other financial institutions. Competition has become more intense due to deregulation in the Japanese financial industry since the late 1990s and the increased presence of global securities companies and other financial institutions. In particular, major global firms have increased their presence in securities underwriting, corporate advisory services (particularly M&A advisory) and secondary securities sales and trading.

There has also been substantial consolidation and convergence among financial institutions, both within Japan and globally and this trend accelerated further in recent years as the credit crisis caused mergers and acquisitions and asset acquisitions in the industry. The growing presence and scale of financial groups which encompass commercial banking, securities brokerage, investment banking and other financial services has led to increased competition. Through their broadened offerings, these firms are able to create good client relationships and leverage their existing client base in the brokerage and investment banking business as well.

In addition to the breadth of their products and services, these firms have the ability to pursue greater market share in investment banking and securities products by reducing margins and relying on their commercial banking, asset management, insurance and other financial services activities. This has resulted in pricing pressure in Nomura's investment banking and trading businesses and could result in pricing pressure in other areas of Nomura's businesses. Nomura has also competed, and expects to compete, with other financial institutions which commit capital to businesses or transactions for market share in investment banking activities. In particular, corporate clients may seek loans or commitments in connection with investment banking mandates and other assignments.

Moreover, the trend towards consolidation and convergence has significantly increased the capital base and geographic reach of some of Nomura's competitors, hastening the globalization of the securities and financial services markets. To accommodate this trend, Nomura will have to compete successfully with financial institutions that are large and well-capitalized, and that may have a stronger local presence and longer operating history outside Japan.

### Organisational Structure

The following table lists NHI and its significant subsidiaries and their respective countries of incorporation. Indentation indicates the principal parent of each subsidiary. Proportions of ownership interest include indirect ownership.

Name	Country	Ownership Interest (%)
Nomura Holdings, Inc. ....	Japan	—
Nomura Securities Co., Ltd. ....	Japan	100
Nomura Asset Management Co., Ltd. ....	Japan	100
The Nomura Trust & Banking Co., Ltd. ....	Japan	100
Nomura Babcock & Brown Co., Ltd. ....	Japan	100
Nomura Capital Investment Co., Ltd. ....	Japan	100
Nomura Investor Relations Co., Ltd. ....	Japan	100
Nomura Financial Partners Co., Ltd. ....	Japan	100
Nomura Funds Research and Technologies Co., Ltd. ....	Japan	100
Nomura Research & Advisory Co., Ltd. ....	Japan	100
Nomura Business Services Co., Ltd. ....	Japan	100
Nomura Facilities, Inc. ....	Japan	100
Nomura Institute of Capital Markets Research ....	Japan	100
Nomura Healthcare Co., Ltd. ....	Japan	100
Nomura Private Equity Capital Co., Ltd. ....	Japan	100
Nomura Agri Planning & Advisory Co., Ltd. ....	Japan	100
Nomura Land and Building Co., Ltd. ....	Japan	100
Nomura Real Estate Holdings, Inc. ....	Japan	51
Nomura Real Estate Development Co., Ltd. ....	Japan	51
The Asahi Fire & Marine Insurance Co., Ltd. ....	Japan	54
Nomura Holding America Inc. ....	United States	100
Nomura Securities International, Inc. ....	United States	100
Nomura Corporate Research and Asset Management Inc. ....	United States	100
Nomura Derivative Products Inc. ....	United States	100
Nomura America Mortgage Finance, LLC ....	United States	100
Nomura Financial Holding America, LLC ....	United States	100
Nomura Global Financial Products Inc. ....	United States	100
NHI Acquisition Holding Inc. ....	United States	100
Instinet Incorporated. ....	United States	100
Nomura Europe Holdings plc ....	United Kingdom	100
Nomura International plc. ....	United Kingdom	100
Nomura Bank International plc. ....	United Kingdom	100
Banque Nomura France. ....	France	100
Nomura Bank (Luxembourg) S.A. ....	Luxembourg	100

Name	Country	Ownership Interest (%)
Nomura Bank (Deutschland) GmbH .....	Germany	100
Nomura Bank (Switzerland) Ltd. ....	Switzerland	100
Nomura Investment Banking (Middle East) B.S.C. (c) .....	Bahrain	100
Nomura Funding Facility Corporation Limited .....	Ireland	100
Nomura Principal Investment plc.....	United Kingdom	100
Nomura Capital Markets plc.....	United Kingdom	100
Nomura European Investment Limited .....	United Kingdom	100
Nomura Asia Holding N.V.....	The Netherlands	100
Nomura International (Hong Kong) Limited .....	Hong Kong	100
Nomura Singapore Limited .....	Singapore	100
Nomura Malaysia Sdn. Bhd.....	Malaysia	100
Nomura Australia Limited.....	Australia	100
P.T. Nomura Indonesia.....	Indonesia	96
Nomura Europe Finance N.V.....	The Netherlands	100
Nomura Asia Investment (India Powai) Pte. Ltd. ....	Singapore	100
Nomura Services India Private Limited .....	India	100
Nomura Financial Advisory and Securities (India) Private Limited.....	India	100
Nomura Asia Investment (Fixed Income) Pte. Ltd.....	Singapore	100

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## REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement, two circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, and (iii) the restriction on designated offshore districts has been lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. On 3 February 2012, the People's Bank of China (the **PBOC**) and five other PRC Authorities (the **Six Authorities**) jointly issued the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (the **2012 Circular**). Under the 2012 Circular, any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports, provided that the relevant provincial government has submitted to the Six Authorities a list of key enterprises subject to supervision and the Six Authorities have verified and signed off on such list. On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a list of 9,502 exporting enterprises subject to supervision and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

As new regulations, the circulars will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

### Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

On 7 April 2011, the Shanghai Bureau of the State Administration of Foreign Exchange (**SAFE**) issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items, which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

On 12 October 2011, the Ministry of Commerce of the PRC (**MOFCOM**) promulgated the MOFCOM Circular, and pursuant to which, MOFCOM's prior written consent, which was previously required, is no longer required for Renminbi foreign direct investment (**RMB FDI**) and MOFCOM and its local counterparts are authorised to approve RMB FDI in accordance with existing PRC laws and regulations regarding foreign investment, with the following

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exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM in advance: (i) RMB FDI with the capital contribution in Renminbi of CNY300 million or more; (ii) RMB FDI in financing guarantee, financial leasing, micro financing or auction industries; (iii) RMB FDI in foreign invested investment companies, venture capital or equity investment enterprises; or (iv) RMB FDI in the cement, iron and steel, electrolytic aluminum, shipbuilding or other policy sensitive sectors. In addition, RMB FDI in the real estate sector is allowed following the existing rules and regulations of foreign investment in real estate, although Renminbi foreign debt remains unavailable to foreign invested real estate enterprises. The MOFCOM Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in the PRC domestic listed companies through private placements or share transfers by agreement.

On 13 October 2011, the PBOC issued the Administrative Measures of Renminbi Settlement of Foreign Direct Investment (the **PBOC RMB FDI Measures**) which set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. Prior to the PBOC RMB FDI Measures, cross-border RMB settlement for RMB FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licences for the purpose of Renminbi settlement; a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of an foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account of such foreign invested enterprise when it is established; commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents; if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi re-investment account to receive such Renminbi proceeds; and the PRC parties selling a stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by such foreign investors.

As new regulations, such notices will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

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## TAXATION

### General Taxation Information

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Notes and the death of a holder of any Note may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

### Japanese Taxation

The payment of principal and interest in respect of the Notes issued by an Issuer to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax unless the receipt of the relevant payment is the income of such non-resident or non-Japanese corporation from sources in Japan. In the case of Guaranteed Notes, payment by the relevant Guarantor(s) under the Guarantee to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax payable by way of withholding. Furthermore, none of such payments will be subject to any other Japanese income or corporation tax, unless such non-resident or non-Japanese corporation has a permanent establishment in Japan and the payment is attributable to the business of such non-resident or non-Japanese corporation carried on in Japan through such permanent establishment.

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes. Gains derived from the sale in Japan of Notes by a non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan are in general not subject to Japanese income or corporation taxes. Japanese inheritance and gift taxes at progressive rates may be payable by a Japanese national, wherever resident, who has acquired Notes as legatee, heir or donee. No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

### United Kingdom Taxation

The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs (HMRC) published practice relating to payments of interest on the Notes and are not intended to be exhaustive. They do not deal with any United Kingdom taxation implications of acquiring, holding or disposing of the Notes. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Any prospective Noteholders who are in doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

#### *Interest on the Notes*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the Act). The Luxembourg Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax provided that the relevant Issuer is and continues to be a bank within the meaning of section 991 of the Act, and provided that the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 of the Act. Interest will not be regarded as being paid in the ordinary course of business where the borrowing relates to the



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capital structure of the relevant Issuer. The borrowing will be regarded as relating to the capital structure of the relevant Issuer if it conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the UK Financial Services Authority, whether or not the borrowing actually counts towards tier 1, 2 or 3 capital for regulatory purposes.

Interest payable on the Notes with a maturity of less than 365 days from the date of issue and which do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days can be paid without withholding or deduction for or on account of United Kingdom income tax. HMRC issued a consultation document on 27 March 2012 entitled "Possible changes to income tax rules on interest", in which the United Kingdom Government has invited views on repealing this exemption from the obligation to withhold or deduct for or on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes with a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to, or who receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2013. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

## **Dutch Taxation**

*The following is a general summary and the tax consequences as described here may not apply to a Holder of Notes (as defined below). Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.*

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes (which term includes Receipts, Talons and Coupons) to be issued on or after the date of this Base Prospectus. It does not consider every aspect of taxation that may be relevant to a particular Holder of Notes under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this taxation summary, the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change. This summary assumes that each transaction with respect to Notes is at arm's length.

Where in this Dutch taxation paragraph reference is made to a "Holder of Notes", that concept includes, without limitation:

1. an owner of one or more Notes who in addition to the title to such Notes has an economic interest in such Notes;
2. a person who or an entity that holds the entire economic interest in one or more Notes;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Notes, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in Notes, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001), with respect to property that has been segregated, for instance in a trust or a foundation.

## **Withholding tax**

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All payments under Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands, except where Notes are issued under such terms and conditions that such Notes are capable of being classified as equity of NEF for Dutch tax purposes or actually function as equity of NEF within the meaning of article 10, paragraph 1, letter d, of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) and where Notes are issued that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by NEF or by any entity related to NEF.

### ***Taxes on income and capital gains***

The summary set out in this section "Taxes on income and capital gains" applies only to a Holder of Notes who is neither resident nor deemed to be resident in the Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be, and who, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes (a "**Non-Resident Holder of Notes**").

#### *Individuals*

A Non-Resident Holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

- (a) he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands and his Notes are attributable to such enterprise; or
- (b) he derives benefits or is deemed to derive benefits from Notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*).

If a Holder of Notes is an individual who does not come under exception (a) above, and if he derives or is deemed to derive benefits from Notes, including any payment under such Notes and any gain realised on the disposal thereof, such benefits are taxable as benefits from miscellaneous activities in the Netherlands if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), has a substantial interest (*aanmerkelijk belang*) in NEF.

Generally, a person has a substantial interest in NEF if such person – either alone or, in the case of an individual, together with his partner (*partner*), if any, or pursuant to article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) – owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of NEF, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of NEF, or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of the annual profit of NEF or to five per cent. or more of the liquidation proceeds of NEF.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Holder of Notes who is an individual and who does not come under exception (a) above may, *inter alia*, derive, or be deemed to derive, benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in the Netherlands:

- (a) if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or
- (b) if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under circumstances described there; or
- (c) if he holds Notes, whether directly or indirectly, and any benefits to be derived from such Notes are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in the Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

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### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age, are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

### *Entities*

A Non-Resident Holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

- (a) such Non-Resident Holder of Notes derives profits from an enterprise directly or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and its Notes are attributable to such enterprise; or
- (b) such Non-Resident Holder of Notes has a substantial interest (as described above under Individuals) or a deemed substantial interest in NEF.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in NEF are held or deemed to be held following the application of a non-recognition provision.

### *General*

Subject to the above, a Non-Resident Holder of Notes will not be subject to income taxation in the Netherlands by reason only of the execution (*ondertekening*), delivery (*overhandiging*) and/or enforcement of the documents relating to the issue of Notes or the performance by NEF of its obligations under such documents, or under the Notes.

### ***Gift and inheritance taxes***

If a Holder of Notes disposes of Notes by way of gift, in form or in substance, or if a Holder of Notes who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:–

- (a) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (b) the donor made a gift of Notes, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of Notes made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

### ***Turnover tax***

No Dutch turnover tax will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by NEF of principal or interest on the Notes.

### ***Other taxes and duties***

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with (i) the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Notes, (ii) the performance by NEF of its obligations under such documents or under Notes, or (iii) the transfer of Notes, except that Dutch real property transfer tax (*overdrachtsbelasting*) may be due by a Holder of Notes if in satisfaction of all or part of any of its rights under the Notes, it acquires any asset, or an interest in any asset (*economische eigendom*), that qualifies as real property or as a right over real property, situated in the Netherlands, for the purposes of Dutch real property transfer tax (*overdrachtsbelasting*) or, where Notes are issued under such terms and conditions that they represent an interest in assets (*economische eigendom*) that qualify as real property, or rights over real property, situated in the Netherlands, for the purposes of Dutch real property transfer tax.]

### **EU Savings Directive**

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Under Directive 2003/48/EC on the taxation of savings income in the form of interest payments Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, currently for a transitional period, Luxembourg and Austria are instead required (unless they elect otherwise) to operate a withholding system in relation to such payments (the ending of such withholding system being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

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## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated dealer agreement dated 27 July 2012 (as amended, supplemented and/or restated from time to time (the **Dealer Agreement**)), agreed with each of the Issuers and the Guarantors, a basis upon which the Dealers or any of them may from time to time agree to purchase Notes from the Issuer. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*” above. In the Dealer Agreement, the relevant Issuer, failing which (in the case of Guaranteed Notes) the Guarantor(s), has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The relevant Issuer may also agree to issue Notes to persons other than the Dealers on, and subject to, the terms of the Dealer Agreement.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each issue of Index Linked Notes, Equity Linked Notes, Foreign Exchange Linked Notes, Dual Currency Notes, Credit Linked Notes and Exchangeable Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each Dealer has agreed and, if different, the relevant Dealer in respect of each such issue will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the relevant Issuer for any such offer; or

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(c) at any time in any other circumstances pursuant to Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (i) in relation to any Notes issued by NEF which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of NBI, would not if it were not an authorised person, apply to the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s); and
- (iii) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **The Netherlands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with the requirement under the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) that Bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act may only be transferred or accepted through the intermediary of either the relevant Issuer or a Member of Euronext Amsterdam N.V. with due observance of the Dutch Savings Certificates Act (including registration requirements). However, no such intermediary services are required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) the transfer or acceptance of those Notes, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall include in:

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- (a) any offer of Notes to the public in the Netherlands other than an offer:
- (i) in respect of which a prospectus (and any supplement if required) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the **AFM**) (or, where appropriate, by the competent authority in another Member State of the European Economic Area which has implemented the Prospectus Directive and notified to the AFM in accordance with the Prospectus Directive) been made generally available; or
  - (ii) only to qualified investors as defined in the Prospectus Directive; and
- (b) any advertisement relating to such an offer, and any document in which the prospect of such offer is held out; that:
- (A) no prospectus approved by the AFM has been or will be made generally available; and
  - (B) such offer is not supervised by the AFM;
- in such manner as prescribed by the AFM from time to time.

For purposes of this provision the expression **Prospectus Directive** shall have the meaning set out under "Public Offer Selling Restriction under the Prospectus Directive".

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are "structured products" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the **SFO**) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or "professional investors" as defined in the SFO and any rules made under the SFO.

### **The PRC**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or other information in relation to the Programme or the issue of any Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantors or any other Dealer shall have any responsibility therefor.

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None of the Issuers, the Guarantors or any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.



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## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Notes under the Programme by NBI have been duly authorised by resolutions of the Board of Directors dated 25 July 2012.

The update of the Programme and the issue of Notes under the Programme by NEF have been duly authorised by a resolution of the Managing Board dated 25 July 2012 and a resolution of its shareholder (NHI) dated 25 July 2012.

The issuance of Notes under the Programme has been duly authorised by decisions of the Executive Managing Director and Chief Financial Officer of NHI dated 28 July 2011 and 26 July 2012.

The giving of the Guarantee by NHI has been duly authorised by decisions of its Executive Managing Director and Chief Financial Officer of NHI dated 28 July 2011 and 26 July 2012.

The giving of the Guarantee by NSC has been duly authorised by decisions of its Executive Managing Director and Financial Officer of NSC dated 28 July 2011 and 26 July 2012.

### Listing of Notes

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and to listing on the Luxembourg Stock Exchange for a period of 12 months from the date of this Base Prospectus. The Programme will also be admitted for the listing of the Notes on the Tokyo Stock Exchange in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of the Tokyo Stock Exchange.

Notes may also be listed, quoted and/or traded on or by other stock exchanges, competent listing authorities and/or quotation systems.

### Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available (free of charge) from the principal office of the Listing Agent in Luxembourg:

- (i) the constitutional documents of each of the Issuers and each of the Guarantors;
- (ii) the audited consolidated annual financial statements of NBI prepared in accordance with IFRS for the financial year ended 31 March 2012 and the audited non-consolidated annual financial statements of NBI prepared in accordance with UK GAAP for the financial year ended 31 March 2011;
- (iii) (a) the audited non-consolidated annual financial statements of NEF for the financial year ended 31 March 2012 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**EU IFRS**) and (b) the audited non-consolidated annual financial statements of NEF for the financial year ended 31 March 2011 prepared in accordance with EU IFRS and (c) most recently available unaudited non-consolidated interim financial statements of NEF prepared in accordance with EU IFRS ;
- (iv) the audited consolidated annual financial statements of NHI prepared in accordance with U.S. GAAP for the two most recent financial years (currently the two financial years ended 31 March 2012 and 2011) and the most recent publicly available unaudited consolidated quarterly financial statements of NHI (if any) prepared in accordance with U.S. GAAP;
- (v) the Japanese audited non-consolidated annual financial statements of NSC prepared in accordance with Japanese GAAP and their English translations for the two most recent financial years (currently the two financial years ended 31 March 2012 and 2011) and the most recent publicly available unaudited non-consolidated quarterly financial summaries of NSC (if any) prepared in accordance with Japanese GAAP and their English translations;
- (vi) the Dealer Agreement, the Agency Agreement, the Deed of Covenant, the Guarantee and the Schedule of Forms containing the forms of the Temporary and Permanent Global Notes, the definitive Notes, the Receipts, the Coupons and the Talons from time to time issuable under the Programme;
- (vii) a copy of this Base Prospectus;

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- (viii) any future base prospectuses, information memoranda and supplements including Final Terms (save that the applicable Final Terms relating to an unlisted Note will only be available to a holder of such Note and such holder must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (ix) in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

NSC and NEF currently do not publish consolidated financial statements.

### **Clearing Systems**

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

### **Significant or Material Change**

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of any of the Issuers or Guarantors since 31 March 2012 and there has been no material adverse change in the financial position or prospects of any of the Issuers or Guarantors since 31 March 2012.

### **Legal Proceedings**

The Nomura Group is involved in a number of actions and proceedings, which are either ordinary routine actions and proceedings incidental to its business or not material to the Nomura Group. Based upon the information currently available to the Nomura Group and on the advice received from its legal counsel, NHI believes that the ultimate resolution of such actions and proceedings will not, in the aggregate, have a material adverse effect on the Nomura Group's financial condition or results of operations nor so far as NHI is aware are any such proceedings pending or threatened.

None of the Issuers is, or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuers or the Guarantors are aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of any of the Issuers.

### **Auditors**

The external auditors of NBI are Ernst & Young LLP, registered auditors, who have audited NBI's financial statements for the two financial years ended 31 March 2012 and 2011.

The external auditors of NEF are Ernst & Young Accountants LLP, who have audited NEF's financial statements for the two financial years ended 31 March 2012 and 2011.

The external auditors of NSC are Ernst & Young ShinNihon LLC, independent auditors, who have audited NSC's financial statements for the two financial years ended 31 March 2012 and 2011.

The external auditors of NHI are Ernst & Young ShinNihon LLC, independent registered public accounting firm, who have audited NHI's financial statements for the two financial years ended 31 March 2012 and 2011.

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ANNEX

FORMS OF FINAL TERMS

Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued by NBI under the Programme.

**Nomura Bank International plc**  
[Title of relevant Series of Notes]

**issued pursuant to the U.S.\$ 12,500,000,000**  
**Euro Note Programme**

[Date]

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated 27 July 2012. These Final Terms must be read in conjunction with such Base Prospectus.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the Conditions) set forth in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 27 July 2012, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

- |    |      |                                   |   |
|----|------|-----------------------------------|---|
| 1. | (i)  | Issuer:                           | Nomura Bank International plc   |
|    | (ii) | Guarantor:                        | [Not Applicable]<br><br>[The Notes are guaranteed by Nomura Holdings, Inc.]   |
| 2. | (i)  | Series Number:                    | [     ]   |
|    | (ii) | Tranche Number:                   | [     ]   |
|    |      |                                   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>                       |
| 3. |      | Specified Currency or Currencies: | [     ]   |
| 4. |      | Aggregate Nominal Amount:         |   |
|    | (i)  | Series:                           | [     ]   |
|    | (ii) | Tranche:                          | [     ]   |
| 5. | (i)  | Issue Price:                      | [     ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
|    | (ii) | Net proceeds:                     | [     ] (required only for listed issues)   |
| 6. | (i)  | Specified Denominations:          | [     ]   |

*(Note – where multiple denominations above €100,000 or*

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equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."

- (ii) Calculation Amount: [ ] (If only one Specified Denomination, insert the Specified Denomination)
- (If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: [Fixed rate - specify date/Floating rate - Interest Payment Date falling on or nearest to [specify date]]<sup>1</sup>
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Foreign Exchange Linked Interest]  
[Equity Linked Interest]  
[Dual Currency Interest]  
[Credit Linked]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Foreign Exchange Linked Redemption]  
[Equity Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalments]  
[Exchangeable]  
[Credit Linked]  
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [None/Investor Put/Issuer Call (further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/other - give details and add appropriate provisions to terms and conditions if necessary]
- [(ii)] Status of the Guarantee: Senior]
14. Listing: [Luxembourg Euro MTF Market/TOKYO PRO-BOND Market/specify other/None]

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<sup>1</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option.

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*(The Base Prospectus has not been approved as a Prospectus for the purposes of the Prospectus Directive and, accordingly, an admission to trading may not be applied for on any market in the EEA designated as a regulated market for the purposes of that Directive)*

15. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

*[(if payable other than annually, consider amending Condition 5)]*

(ii) Interest Payment Date(s): [ ] in each year [up to and including the Maturity Date/specify other]<sup>2</sup>

*(N.B. This will need to be amended in the case of long or short coupons)*

(iii) Fixed Coupon Amount(s): [Not Applicable/[ ] per Calculation Amount]<sup>3</sup>

(iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]

*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*

(v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)<sup>4</sup> or specify other]

(vi) Determination Date(s): [[ ] in each year/Not Applicable]

*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*

*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]

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<sup>2</sup> For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, Business Day means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong."

<sup>3</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards."

<sup>4</sup> Applicable to Renminbi denominated Fixed Rate Notes.

17.	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Specified Period(s)/Specified Interest Payment Dates:	[     ]
(ii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
(iii)	Additional Business Centre(s):	[     ]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ specify other]
(v)	Calculation Agent responsible for calculating the Rate of Interest and Interest Amount:	[Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
(vi)	Screen Rate Determination:	[Condition 5(b)(ii)(B) applies/Not Applicable]
	• Interest Determination Date:	[     ]  [ <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of the Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i> ]
	• Relevant Screen Page:	[Specify relevant screen page]  <i>(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)</i>
	• Reference Rate:	[Either LIBOR, EURIBOR or other, although additional information is required if other – including fall back provisions in the Agency Agreement]
(vii)	ISDA Determination:	[Condition 5(b)(ii)(A) applies/Not Applicable]
	• Floating Rate Option:	[     ]
	• Designated Maturity:	[     ]
	• Reset Date:	[     ]
(viii)	Margin(s):	[+/-][     ] per cent. per annum
(ix)	Minimum Rate of Interest:	[     ] per cent. per annum
(x)	Maximum Rate of Interest:	[     ] per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual (ISDA) / Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 / 360/360 / Bond Basis 30E/360 / Eurobond Basis 30E/360 (ISDA)]

		<i>Other]</i> <i>(See Condition 5 for alternatives)</i>
	(xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
18.	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Accrual Yield:	[ ] per cent. per annum
	(ii) Reference Price:	[ ]
	(iii) Any other formula/basis of determining amount payable:	[ ]
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 9(f)(iii) and 9(k) apply/specify other] <i>(Consider applicable Day Count Fraction if not U.S. dollar denominated)</i>
19.	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
	(iii) Provisions applicable where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
	(iv) Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(vi) Additional Business Centre(s):	[ ]
	(vii) Minimum Rate of Interest:	[ ] per cent. per annum
	(viii) Maximum Rate of Interest:	[ ] per cent. per annum
	(ix) Day Count Fraction:	[ ]
	(x) Other terms or special conditions:	[ ]
20.	<b>Foreign Exchange Linked Interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub- paragraphs of this paragraph)</i>
	(i) Formula/method for calculating the interest due:	[Specify formula or method]
	(ii) Provision for determining coupon where calculation by reference to (i) above is impossible or impracticable:	[give details/See Annex/Not Applicable]

- (iii) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (v) Additional Business Centre(s): [ ]
- (vi) Interest Rate Determination Date: [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum/Not Applicable]
- (viii) Maximum Rate of Interest: [ ] per cent. per annum/Not Applicable]
- (ix) Day Count Fraction: [ ]
- (x) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [*give details*/See Annex/Not Applicable]
21. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub- paragraphs of this paragraph*)
- (i) Rate of exchange/method of calculating Rate of Exchange: [*give details*]
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: [Nomura Bank (Luxembourg) S.A./Nomura International plc /*specify other*]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
- (v) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [*give or annex details*/Not Applicable]
22. **Equity Linked Interest Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Equity/Formula: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./ Nomura International plc /*specify other*]
- (iii) Provisions applicable where calculation by reference to underlying formula is impossible or impracticable: [ ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]



- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
- (x) Other terms or special conditions: [ ]
23. **Credit Linked Note - Interest Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Entity/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./Nomura International plc /specify other]
- (iii) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Additional Business Centre(s): [ ]
- (vi) Minimum Rate of Interest: [ ] per cent. per annum
- (vii) Maximum Rate of Interest: [ ] per cent. per annum
- (viii) Day Count Fraction: [ ]
24. **Other Notes - Interest Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
- (iii) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Additional Business Centre(s): [ ]
- (vi) Minimum Rate of Interest: [ ] per cent. per annum
- (vii) Maximum Rate of Interest: [ ] per cent. per annum
- (viii) Day Count Fraction: [ ]

#### **PROVISIONS RELATING TO THE METHOD OF DETERMINING FOREIGN EXCHANGE**

25. **Foreign Exchange Linked Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- 
- (i) Spot Exchange Rate: [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate/ *specify other*]
  - (ii) Basis of determining foreign exchange rate: [FX Page [ ] /Fallback FX Page [ ]/*specify other*]
  - (iii) FX Rate Determination Time: [ ]
  - (iv) FX Rate Determination Date: [Interest Rate Determination Date/Redemption Amount Determination Date/*specify other*]
  - (v) Currency Pair: First Currency/Second Currency
  - (vi) First Currency: [ ]
  - (vii) Second Currency: [ ]
  - (viii) Specified Unit: [USD1.00/JPY1.00/EUR1.00/AUD1.00/GBP1.00/*specify other*]

#### PROVISIONS RELATING TO REDEMPTION

- 26. Issuer Call: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/*specify other*/See Annex]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Maximum Redemption Amount: [ ]
  - (iv) Notice period (if other than as set out in the Conditions): [ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.*)
- 27. Investor Put: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amounts(s): [[ ] per Calculation Amount/*specify other*/See Annex]
  - (iii) Notice period (if other than as set out in the Conditions): [ ]
 

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and*

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*custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*

- (iv) Additional conditions/circumstances: [ ]
28. Final Redemption Amount per Note: [[ ] per Calculation Amount/specify other/See Annex]
29. (i) Early Redemption Amount(s) per Note payable on redemption for taxation reasons, upon a regulatory event or on event of default and/or the method of calculating the same if required or if different from that set out in Condition 9(f): [[ ] per Calculation Amount/specify other/See Annex]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates: [Yes/No]
- (iii) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

- (iv) Earliest date on which notice may be given (if other than as set out in the Conditions): [ ]

*(N.B. If setting deadlines which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other requirements which may apply, for example, as between the Issuer and the Agent)*

30. Dual Currency Redemption Notes: [Not Applicable/See Annex [ ] to these Final Terms]
31. Index Linked Redemption Notes: [Not Applicable/See Annex [ ] to these Final Terms]
32. Foreign Exchange Linked Redemption Note [Not Applicable/See Annex [ ] to these Final Terms]
33. Equity Linked Redemption Notes: [Not Applicable/See Annex [ ] to these Final Terms]
34. Credit Linked Notes: [Not Applicable/See Annex [ ] to these Final Terms]
35. Other Notes: [Not Applicable/See Annex [ ] to these Final Terms]

*(N.B. In paragraphs 30 – 35 above, include the relevant Calculation Agent)*

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

36. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]

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[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date on giving not less than [ ] days' notice]

[Permanent Global Note exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]

*(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.)*

(ii) New Global Note: [Yes/No]

37. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details] *(Note that this item relates to the place of payment and not Interest Period end dates to which paragraphs 17(iii), 19(v), 20(v), 22(vi), 23(v) and 24(v) relate)*

38. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]

39. Details relating to Partly Paid Notes, including amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]

40. Details relating to Instalment Notes: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Instalment Amount(s): [give details]

(ii) Instalment Date(s): [give details]

41. Redenomination provisions: [Applicable/Not Applicable]

42. Other terms or special conditions: [Not Applicable/give details]

43. Exchangeable Note Provisions: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub- paragraphs of this paragraph)*

Form of asset transfer notice: [See Annex/Not Applicable]

Adjustment provisions: [See Annex/Not Applicable]

## **DISTRIBUTION**

44. (i) If syndicated, names of Managers: [Not Applicable/give names]

(ii) Stabilising Manager (if any): [Not Applicable/give name]

- 
45. If non-syndicated, name of relevant Dealer: [ ]
46. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/Not Applicable]
47. Additional selling restrictions: [Not Applicable/give details]
48. RMB Currency Event: [Applicable/Not Applicable]
49. Spot Rate (if different from that set out in Condition 8(g)): [Specify/Not Applicable]
50. Party responsible for calculating the Spot Rate: [Give name (the Calculation Agent)]
51. Relevant Currency (if different from that set out in Condition 8(g)): [Specify/Not Applicable]

#### OPERATIONAL INFORMATION

52. ISIN: [Specify/Not Applicable]
53. Common Code: [Specify/Not Applicable]
54. Notes to be cleared through a clearing system: [Yes/No]  
 If yes, any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)] [N.B. If the Notes are designated as NGNs, the Notes must be cleared through Euroclear and Clearstream, Luxembourg]
55. Delivery: Delivery [against/free of] payment
56. Agent: [Citibank, N.A., London /other - give name]
57. Additional Paying Agent(s) (if any): [ ]
58. Settlement Agent: [Nomura Bank (Luxembourg) S.A. / Nomura International plc /Not Applicable]
59. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

[Include this text if “Yes” selected in which case the Notes must be issued in NGN form.]

#### [Listing Application

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the listing of the Euro Note Programme of Nomura Bank International plc.]

#### Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms.

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Signed on behalf of the Issuer:

By: .....

Duly authorised

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## Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued by NEF under the Programme.

[Date]

**Nomura Europe Finance N.V.,**  
(a limited liability company with corporate seat in Amsterdam, the Netherlands)  
**[Title of relevant Series of Notes]**  
**issued pursuant to the U.S.\$40,000,000,000 Euro Note Programme**

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated 27 July 2012. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 27 July 2012, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.][If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. (i) Issuer: Nomura Europe Finance N.V. (the **Issuer**)  
(ii) Guarantor[s]: [Nomura Holdings, Inc.]/[Nomura Holdings, Inc. and Nomura Securities Co., Ltd.]
2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
(i) Series: [ ]  
(ii) Tranche: [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]  
(ii) Net proceeds: [ ] (required only for listed issues)
6. (i) Specified Denominations: [ ]

*(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000.]”*)

- (ii) Calculation Amount: [ ] (If only one Specified Denomination, insert the Specified Denomination.)  
(If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date (if different from the Issue Date): [specify date/Not Applicable]
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling on or nearest to [specify date]]<sup>5</sup>
9. Put/Call Options: [None/Investor Put/Issuer Call (further particulars specified below)]
10. (i) Status of the Notes: Senior
- (ii) Status of the Guarantee: Senior
11. Listing: [Luxembourg Euro MTF/TOKYO PRO-BOND Market/specify other/None]  
(The Base Prospectus has not been approved as a Prospectus for the purposes of the Prospectus Directive and, accordingly, an admission to trading may not be applied for on any market in the EEA designated as a regulated market for the purposes of that Directive)
12. Method of Distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Foreign Exchange Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)
14. Change of Interest Basis: [Specify details of any provision for changing the Interest Basis of the Notes into another Interest Basis]
15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
(If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date/specify other]<sup>6</sup>

<sup>5</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option.

<sup>6</sup> For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be



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*(N.B. This will need to be amended in the case of long or short coupons)*

- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount<sup>7</sup>
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)<sup>8</sup> or *specify other*]
- (vi) Determination Date(s): [[ ] in each year/Not Applicable]  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon  
(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)  
(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*give details*]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fall back provisions in the Agency Agreement)*
- Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of the Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [ ]

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brought forward to the immediately preceding Business Day. For these purposes, Business Day means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong.”

<sup>7</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards.”

<sup>8</sup> Applicable to Renminbi denominated Fixed Rate Notes.

(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)

- (vi) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (vii) Margin(s): [+/-] [ ] per cent. per annum
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360/360/360/Bond Basis  
30E/360/Eurobond Basis  
*Other*  
(See Condition 5 for alternatives)
- (xi) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 9(f) (iii) and 9(k) apply/specify other]  
(Consider applicable Day Count Fraction if not U.S. dollar denominated)
18. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of exchange/method of calculating rate of exchange: [give details]
  - (ii) Provisions for determining coupon where calculation by reference to rate of exchange is impossible or impracticable: [give details/See Annex/Not Applicable]
  - (iii) Person at whose option Specified Currency(ies) is/are payable: [ ]
  - (iv) Other terms relating to the method of calculating rates or amounts the value of which is based upon a [give details/See Annex/Not Applicable]

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foreign exchange rate:

19. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [ ]
  - (ii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [give details/See Annex/Not Applicable]
  - (iii) Specified Period(s)/Specified Interest Payment Dates: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
  - (v) Additional Business Centre(s): [ ]
  - (vi) Minimum Rate of Interest: [[ ] per cent. per annum/Not Applicable]
  - (vii) Maximum Rate of Interest: [[ ] per cent. per annum/Not Applicable]
  - (viii) Day Count Fraction: [ ]
  - (ix) Other terms relating to the method of calculating rates or amounts the value of which is based upon the level of the Index: [give details/See Annex/Not Applicable]
20. **Foreign Exchange Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula/method for calculating the interest due: [Specify formula or method]
  - (ii) Provision for determining coupon where calculation by reference to (i) above is impossible or impracticable: [give details/See Annex/Not Applicable]
  - (iii) Specified Period(s)/Specified Interest Payment Dates: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
  - (v) Additional Business Centre(s): [ ]
  - (vi) Interest Rate Determination Date: [ ]
  - (vii) Minimum Rate of Interest: [ ] per cent. per annum/Not Applicable]
  - (viii) Maximum Rate of Interest: [ ] per cent. per annum/Not Applicable]
  - (ix) Day Count Fraction: [ ]
  - (x) Other terms relating to the method [give details/See Annex/Not Applicable]

of calculating rates or amounts the value of which is based upon a foreign exchange rate:

21. **Equity Linked Interest Note Provisions** [Not Applicable/See Annex]  
22. **Other Notes – Interest Provisions** [Not Applicable/See Annex]

**PROVISIONS RELATING TO THE METHOD OF DETERMINING FOREIGN EXCHANGE**

23. **Foreign Exchange Linked Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Spot Exchange Rate: [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate/ *specify other*]
- (ii) Basis of determining foreign exchange rate: [FX Page [ ] /Fallback FX Page [ ]/ *specify other*]
- (iii) FX Rate Determination Time: [ ]
- (iv) FX Rate Determination Date: [Interest Rate Determination Date/Redemption Amount Determination Date/(*specify other*)]
- (v) Currency Pair: First Currency/Second Currency
- (vi) First Currency: [ ]
- (vii) Second Currency: [ ]
- (viii) Specified Unit: [USD1.00/JPY1.00/EUR1.00/AUD1.00/GBP1.00/ (*specify other*)]

**PROVISIONS RELATING TO REDEMPTION**

24. **Issuer Call** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
25. **Investor Put** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

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- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
- (iv) Additional conditions/circumstances [ ]
26. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Foreign Exchange Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[Exchangeable]  
[specify other]
27. Change of Redemption/Payment Basis: [*specify details of any provision for changing the Redemption/Payment Basis of the Notes into another Redemption/Payment basis*]
28. Final Redemption Amount: [[ ] per Calculation Amount/Par/See below in paragraph [ ]/See Annex]
29. **Final Redemption Amount of each Dual Currency Redemption Note** [Applicable/Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of exchange/method of calculating rate of exchange: [*give details*]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to rate of exchange is impossible or impracticable: [ ]
- (iii) Person at whose option Specified Currency(ies) is/are payable: [ ]
- (iv) Minimum Final Redemption Amount: [ ]
- (v) Maximum Final Redemption Amount: [ ]
- (vi) Other terms relating to the method of calculating the Final Redemption Amount the value of which is based upon a foreign exchange rate: [ ]
30. **Final Redemption Amount of each Index Linked Redemption Note** [Applicable/Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [*give or annex details*]
- (ii) Provisions for determining the Final [ ]

Redemption Amount where calculation by reference to Index and/or Formula is impossible or impracticable:

- (iii) Minimum Final Redemption Amount: [ ]
- (iv) Maximum Final Redemption Amount: [ ]
- (v) Other terms relating to the method of calculating the Final Redemption Amount the value of which is based upon the level of the Index: [ ]

31. **Final Redemption Amount of each Foreign Exchange Linked Redemption Note** [Applicable/Not Applicable] *(if not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Formula/method for calculating the Final Redemption Amount due: [Specify formula or method]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to (i) above is impossible or impracticable: [ ]
- (iii) Redemption Amount Determination Date: [ ]
- (iv) Minimum Final Redemption Amount: [ ]
- (v) Maximum Final Redemption Amount: [ ]
- (vi) Other terms relating to the method of calculating the Final Redemption Amount the value which is based upon a foreign exchange rate: [ ]

32. **Equity Linked Redemption Note** [Not Applicable/See Annex]

33. **Credit Linked Note** [Not Applicable/See Annex]

34. Other terms or special conditions relating to Redemption: [ ]

35. Early Redemption Amount payable on redemption for taxation reasons, upon a regulatory event or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 9(f)): [[ ] per Calculation Amount/specify other/See Annex]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

36. **Form of Notes:**

- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]  
  
[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date on giving not less than [ ] days' notice]

		[Permanent Global Note exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]
		[Permanent Global Note not exchangeable for definitive Notes]
		<i>(The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes)</i>
	(ii) New Global Note:	[Yes/No] <i>(Must be "No" for Notes deposited with Nomura Bank (Luxembourg) S.A.)</i>
37.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/give details] <i>(Note that this item relates to the place of payment and not Interest Period end dates to which paragraphs 16(iii), 19(v) and 20(v) relate)</i>
38.	Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
39.	Details relating to Partly Paid Notes, including amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details]
40.	Details relating to Instalment Notes:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Instalment Amount(s):	[ ]
	(ii) Instalment Date(s):	[ ]
41.	Redenomination applicable:	Redenomination [not] applicable <i>(if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))</i>
42.	Other terms or special conditions:	[Not Applicable/give details]
43.	Exchangeable Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Form of asset transfer notice:	[Not Applicable/See Annex]
	(ii) Adjustment provisions:	[Not Applicable/See Annex]

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## DISTRIBUTION

44. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager(s) (if any): [Not Applicable/*give name(s)*]
45. If non-syndicated, name of relevant Dealer: [ ]
46. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/Not Applicable]
47. Additional selling restrictions: [*Not Applicable/give details of any additional selling restrictions*]
48. RMB Currency Event: [Applicable/Not Applicable]
49. Spot Rate (if different from that set out in Condition 8(g)): [*Specify*/Not Applicable]
50. Party responsible for calculating the Spot Rate: [*Give name (the Calculation Agent)*]
51. Relevant Currency (if different from that set out in Condition 8(g)): [*Specify*/Not Applicable]

## OPERATIONAL INFORMATION

52. ISIN: [*Specify*/Not Applicable]
53. Common Code: [*Specify*/Not Applicable]
54. Notes to be cleared through a clearing system: [Yes/No]  
If yes, any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*] [*N.B. If the Notes are designated as NGNs, the Notes must be cleared through Euroclear and Clearstream, Luxembourg*]  
If no, Notes to be deposited with Nomura Bank (Luxembourg) S.A.: [Yes/No]
55. Delivery: Delivery [against/free of] payment
56. Agent: [Citibank, N.A., London/Nomura Bank (Luxembourg) S.A./other – *give name*]
57. Additional Paying Agent(s) (if any): [ ]
58. Settlement Agent: [Nomura Bank (Luxembourg) S.A./Not Applicable]
59. Calculation Agent: [Nomura Bank (Luxembourg) S.A./other – *give name*/Not Applicable]
60. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]  
[Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]  
[*Include this text if “Yes” selected in which case the*



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*Notes must be issued in NGN form.]*

**[LISTING APPLICATION**

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the U.S.\$40,000,000,000 Euro Note Programme of Nomura Europe Finance N.V.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....

*Duly authorised*

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**REGISTERED HEAD OFFICE OF THE ISSUERS**

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AGENT**

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