

Nomura Corporate Research and Asset Management Inc.

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NCRAM Remuneration Summary

We believe NCRAM has created a compensation plan that rewards all employees for the success of our clients. For investment professionals, the bonus determination will include a review of portfolio and/or sector performance, client service, team building, and business development. We believe our compensation plan has allowed investment professionals to benefit from the growth of our business, and we believe our relatively low personnel turnover is partly due to the success of our compensation program. Both short-term and long-term investment performance is a factor in compensation. Compensation is also tied to the long-term growth of the business, which is driven by performance as well as client service. Accordingly, we believe compensation is tied to the success of our clients on both a short- and long-term basis.

Compensation within NCRAM consists of a fixed amount which includes base salary and benefits together with a variable performance-related amount. The CEO will determine the bonus for investment professionals, consulting with the portfolio managers with regard to the credit analysts. The variable performance-related remuneration is based upon an individual's performance as compared to agreed objectives which may include financial and non-financial performance measures, risk management, and other relevant factors. Determination of variable performance-related compensation is sufficiently flexible to reward short- and long-term individual performance.

When an employee's total compensation (fixed plus variable remuneration) exceeds certain limits, the employee must participate in the Nomura Holdings, Inc. remuneration deferral scheme which links the employee's deferred compensation award to the performance of NHI shares. Also, a portion of their deferred compensation is linked to the performance of certain strategies managed by NCRAM, and we believe this further ties our employees to the long-term performance of our clients. Therefore, total compensation may consist of three elements: base salary, cash bonus and deferred bonus (via deferral vehicles, typically vesting over three years and linked to various instruments as described above).