

## *News Release*

# **NRI Announces Implementation of Restricted Stock Compensation Plan**

*TOKYO, April 26, 2018* — Nomura Research Institute (NRI) announced that its Board of Directors had passed a resolution to implement a restricted stock compensation plan (hereinafter referred to as “This Plan”) after reviewing the executive compensation system at a meeting held today, and a proposal for This plan will be presented for consideration at the 53rd Ordinary General Meeting of Shareholders (hereinafter referred to as “This Meeting of Shareholders”) scheduled for June 22, 2018. The details are outlined below.

### **1. The Purpose of Implementing this Plan**

#### **(1) The purpose of implementing This Plan**

The purpose of This Plan is to award incentives to directors (hereinafter referred to as “Applicable Directors”; excludes outside directors) for making lasting improvements to the corporate value of NRI, while also raising the level of shared value between Applicable Directors and shareholders by directly giving these directors possession of NRI shares from the time they assume their executive duties.

#### **(2) Conditions for implementing This Plan**

Implementing This Plan requires shareholder approval at This Meeting of Shareholders in order to provide monetary compensation receivables to subsequently issue restricted stock to Applicable Directors. At the 40th Ordinary General Meeting of Shareholders held on June 23, 2005 approval was given to limit the total amount of compensation for directors to no more than one billion yen per year (including stock options; not including employee salary for employees who double as directors). However, at This Meeting of Shareholders we plan to ask shareholders for approval to newly implement This Plan, and set the amount of compensation provided to Applicable Directors through This Plan to be within the current limitations on compensation provided.

If the implementation of This Plan is approved at This Shareholder Meeting, NRI will also discontinue the stock option system for Applicable Directors, with the exception of what has already been issued, and will not issue new stock acquisition rights as stock options to Applicable Directors in the future.

### **2. Overview of This Plan**

This Plan is comprised of (i) “stock compensation as long-term incentives” for which restrictions on transfer of ownership cannot be cancelled until the time that the recipient leaves the company, as a means of promoting shared value with shareholders through stock holdings while also providing long-term incentives for lasting improvements to corporate value, and (ii) “stock compensation as medium-term incentives” for which restrictions on transfer of ownership are set to periods of three to five years, as medium-term incentives geared toward increases in NRI stock price and medium-term business performance, of which the medium-term management plan and increases in stock price are indicative.

Applicable Directors shall invest the entire amount of monetary compensation receivables they receive from NRI through this Plan as properties contributed in kind, and in turn will receive shares of NRI common stock.

The amounts that NRI will pay to provide monetary compensation receivables to Applicable Directors through This Plan will be a maximum of 120 million yen per year for “stock compensation as long-term incentives,” and a maximum of 280 million yen per year for “stock compensation as medium-term incentives,” totaling a maximum of 400 million yen per year (not including employee salary for employees who double as directors). The specific timing and amounts of the payments to each Applicable Director shall be decided by the Board of Directors.

The total number of shares of common stock that NRI newly issues or disposes of through This Plan shall be a maximum of 18,000 shares per year for “stock compensation as long-term incentives,” and a maximum of 42,000 shares per year for “stock compensation as medium-term incentives,” totaling a maximum of 60,000 shares per year (however, when there are stock splits (including allotment of NRI common stock without contribution) or consolidations of NRI common stock that are effective on or after the day that the resolution is passed at This Shareholder Meeting, or when circumstances otherwise arise requiring adjustment to the total number of shares of NRI common stock to be issued or disposed of as restricted stock, the total number of shares will be adjusted reasonably according to the ratio of the split, consolidation, or other such change, on or after the effective date of the split, consolidation, or other applicable circumstances). The amount paid for each of these shares shall be decided by the Board of Directors, based on the closing price of NRI common stock on the Tokyo Stock Exchange on the business day before the decision by the Board of Directors (if trading was not conducted that day, then the closing price on the trading day immediately before). The price will be within a range that is not particularly advantageous to the Applicable Directors receiving the common stock.

Additionally, the conditions for the issuances or dispositions of NRI common stock through This Plan are that NRI and the Applicable Directors scheduled to receive restricted stock compensation must mutually (1) prohibit transfers to third parties, arrangements of security interests, or other such dispositions related to the NRI common stock allocation (hereinafter referred to as “This Stock Allocation”) received by the Applicable Directors for a set period of time, and (2) conclude an agreement on the allocation of restricted stock, which stipulates that when certain circumstances arise NRI can acquire This Stock Allocation at no cost, and other such provisions. NRI plans to have Applicable Directors open dedicated accounts at Nomura Securities Co., Ltd. for the management of This Stock Allocation during the period of restrictions on transfers, so the Applicable Directors cannot transfer the shares, arrange security interests, or otherwise dispose of the shares during this period.

### **3. Other**

If the proposal for This Plan is approved in its original form at This Meeting of Shareholders, in addition to Applicable Directors NRI also plans to provide the same restricted stock compensation as described in this proposal to executive officers and other employees (executive arrangements) residing in Japan (hereinafter referred to as “Applicable Executives, Etc.”); and stock-price-linked monetary compensation (phantom shares) with equal or similar terms to the restricted stock compensation described in this proposal to NRI executive officers and other employees (executive arrangements) residing outside of Japan, and to directors of NRI subsidiaries. NRI will also discontinue the stock

option system pertaining to these individuals, with the exception of what has already been issued, and will not issue new stock acquisition rights as stock options in the future.

If the proposal for This Plan is approved in its original form at This Meeting of Shareholders, NRI expects to enact This Plan between early July and mid-August 2018 with the allocation of 260,000 shares of NRI common stock to a total of 52 Applicable Directors and Applicable Executives, Etc. The specific details have not yet been decided.

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