

**Presentation of Consolidated Results of Operations**  
**First Quarter, Fiscal Year ended June 30, 2004**  
**Q&A Session**

Date: August 1, 2003 (Friday 1530 hrs)  
Place: Nomura Securities Co., Ltd., Nihonbashi Headquarters  
Speaker: Akira Maruyama, Senior Managing Director, Nomura Securities Co., Ltd.

Q: I realize that sales of foreign currency bonds have been robust, but could you tell us which investors are purchasing these bonds?

A: We have been distributing these bonds to a wide range of investors, including corporates and individuals. I believe the proportion of Individual investors is quite high.

Q: Regarding trading revenue, could you give us an idea of the product breakdown in terms of the net gain on equity and bond trading?

A: Equity trading mainly switching between portfolios and block trading. In bond trading, net gains from foreign exchange and bond trading are generated simultaneously from a single transaction. Such transactions may also incorporate derivatives. Gains from bonds and foreign exchange were recorded in a unified manner due to large net gains from foreign currency bonds in the first quarter. We do not disclose the breakdown of net trading gains. In terms of government bonds and corporate bonds, generally speaking the larger the risk involved with industrial bonds the wider the spread.

Q: Can you comment on the application of FIN 46? What effect will this have?

A: We are currently assessing the impact of FIN 46. In our recent 20-F filing, we have provided disclosure on its potential impact. FIN 46 defines what constitutes a variable interest entity and determines the criteria for determining whether VIE's require consolidation. The disclosure requirements for FIN 46 require Nomura to provide information on any variable interest entities created before February 1, 2003, where either we hold significant interests or where it is reasonably possible that we will be the primary beneficiary as of July 1, 2003. At 31 March 2003, the aggregate size of these entities was 818 billion yen, of which 271 billion (US\$ 2 bil.) was already recorded on our balance sheet at that date.

If it is concluded that FIN 46 applies to our investments managed and controlled by Terra Firma entities and that either all, or some of the underlying investee companies ("Terra Firma entities") require re-consolidation, the value of the total assets and total liabilities of each Terra Firma entity would be recorded on our balance sheet, instead of the fair value of our investment in them.

We have not yet quantified the impact of FIN 46 on our income statement and shareholder equity, but if FIN 46 does impact our Terra Firma investment, whilst there will be no economic

impact, there will be a significant non-cash, accounting impact. For the year ended March 2002, Nomura recognized revenue of 232.5 billion yen as a result of de-consolidating the Terra Firma entities. At this stage it would be reasonable to assume that re-consolidation could have a similar, but opposite impact on both net income and shareholders equity. First and foremost, it is important to recognize that the effect of reconsolidation is an accounting issue. Nomura's maximum exposure to loss as at March 31, 2003 for these entities was 271 billion yen. This was already recorded on our balance sheet at that date. Reconsolidation would not therefore materially change our economic exposure with respect to these entities. It is also a timing issue only. As Terra Firma sell these investments, the impact of any 'loss' on consolidation, will reverse at that time.

Q: How is Terra Firma structured?

A: Nomura occupies the position of investor and stakeholder with respect to the fund managed by Terra Firma. Investment decisions are made at the discretion of Terra Firm Capital Partners Limited and them alone. Nomura is a passive investor.

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**Investor Telephone Conference on Consolidated Results of Operations**  
**First Quarter, Fiscal Year ended June 30, 2004**  
**Q&A Summary**

Date: August 1, 2003 (Friday 2200 hrs)  
Place: Nomura Securities Co., Ltd., Nihonbashi Headquarters  
Speaker: Akira Maruyama, Senior Managing Director, Nomura Securities Co., Ltd.

Q: What is the reason for the sudden increase in repo assets?

A: Our repo transactions are mainly interest rate related transactions and the risk is limited. The increase is merely the result of an increase in funding.

Q: In future quarters, what kind of revenue opportunities do you think you will have in investment banking?

A: Seasonal factors were responsible for a quiet first quarter. Also, the first quarter coincided with general shareholder meetings and activity at Japanese companies is usually slow to pick up until these meetings have finished. However, the recent stock market rally has brought about an increase in the number of inquiries from companies as well as investors wishing to sell equities. In fact, in July Nomura managed equity public offerings by Citizen and Chiba Bank.

Q: Could you give me an update on your private equity investments?

A: We have a 276.7 billion yen stake in Terra Firm I (principal investment in Europe) and a 14.3 billion yen position with NPF (principal investments in Japan). Our position in Terra Firma I has increased since the end of March, but there have been no exits, markups or markdowns. The increase in exposure was exchange rate related.

Q: Will you sell your cross shareholdings when the market rallies?

A: That is an option we are considering.

Q: On your income statement, the largest increase under revenue was from net gain on trading. Was this related to increased sales of foreign currency bonds to individual and institutional investors?

A: In large part, the increase is due to foreign currency bond sales to individual investors. We received revenue from bid/offer spreads on foreign currency bonds as well as on the currency side. Diversification of our customer base is also contributing to boosting foreign currency bond sales.

Q: Foreign currency bond sales seem to be doing very well indeed. Has there been any change in activity by individual investors? Also, what do you think the future holds in store?

A: There has been no large change. Investors still seem to be hungry for foreign currency bonds.

Q: Of your expenses, commissions and floor brokerage has come down a great deal. Why is this?

A: This was due to the absence of any major IPOs or POs during the period. In the fourth quarter fiscal year ended March 2003, we paid commission to other brokers in connection with the MTFG deal. But payments to other brokers have decreased because there were no particularly large IPOs or POs during the period.

Q: What is the reason for the slight year-on-year increase in commissions and floor brokerage expenses?

A: This is the result of several securitization deals in the US.

Q: Why are your total market share and TSE share declining and brokerage commissions per share falling?

A: Last year between April and June the stock market was buoyant and there were large order flows, primarily from foreign investors, because the FSA imposed restrictions on short selling. However, this year investors began trading more aggressively at the end of June, which was a little late.

Q: Why is it that brokerage commissions per share are falling despite an increase in the number of shares traded?

A: This was mainly due to active trading of low-priced stocks during the period.

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