

Presentation of Consolidated Results of Operations
Second Quarter, Fiscal Year ending March 2004
Q&A Session

Date: October 31, 2003 (Friday 1530 hrs)
Place: Nomura Securities Co., Ltd., Nihonbashi Headquarters
Speaker: Akira Maruyama, Senior Managing Director & CFO, Nomura Holdings Co., Ltd.

Q: Your balance sheet shows your trading assets are increasing. Could you give us a breakdown of those assets?

A: The increase in balance sheet assets at the end of September was due mainly to an increase in bonds and beneficiary certificates.

Q: On a quarterly basis, variable-type compensation and benefits has not increased as much as operating income. Is this because regionally operating results were relatively strong in Japan? Merchant Banking seemed to perform well in Europe, but to what extent did this affect variable-type compensation and benefits?

A: As you quite rightly point out, our domestic performance did contribute largely to our performance overall. Terra Firma is a private equity fund managed by a third party; there is no influence on the expenses you mentioned since on a consolidated basis the amount it contributes to income is a net figure after compensation and benefits and other expenses are deducted.

Q: What affect did ETF dividends have on net interest revenue and net gains on trading?

A: As far as our ETF position is concerned, dividends register as positive in terms of net interest revenue and negative for net gains on trading. However, as a rule, Nomura basically hedges its positions fully, so when these are netted there is no real effect. In recent years, we have used a variety of products, such as bond futures, even for equity trading, as one means of hedging our trading positions. So in that sense, I don't believe it is appropriate to categorize trading on a product basis. At Nomura, we promote segment-based disclosure, so I would encourage you to consider our different businesses along those terms.

Q: Why were your trading liabilities greater than trading assets at the end of September?

A: Trading assets and liabilities cannot be balanced depending on our trading strategy, and at the end of September they were not balanced. We monitor and control risk effectively on a daily basis using various indicators, such as value at risk.

Q: Your total segment income for the first half is already greater than last year's full-year total. How do you plan to use that income?

- A: This year we decided to start paying an interim dividend. We will decide whether we use the extra segment income for retained earnings or for dividend payments depending on the prevailing situation on each occasion. We will examine introducing stable dividends based on DOE, taking into consideration profit as well as maintenance of sufficient shareholders' equity so we can swiftly capture growing business opportunities.
- Q: What is the reason for the decrease of personnel in Europe and FA staff? What do you intend to do in the future?
- A: We do disclose the numbers of our FA and SA staff. At the moment, a growing number of SA staff is approaching retirement. There is no change to our position that FAs represent an important part of our retail strategy and this is something we would like to strengthen further going forward. The personnel reduction in Europe is the result of adjusting levels of back / middle office staff in line with business conditions.
- Q: There has been a big gain in the distribution of JGBs for individual investors. What is the purpose behind this? Also, how many new customers do you have for these products, and how much have they invested?
- A: Since the first quarter, in addition to foreign currency bonds Nomura has positioned JGBs for individual investors as one of its strategic products and has strengthened its efforts on this front. I believe the increase in distribution is a result of us offering customers precise consulting services during a period when domestic interest rates increased. This particular product is well suited to those considering investing in securities products for the first time. We intend to continue our strategic approach to broaden our customer base for this product. JGBs for individual investors have a relatively high cash ratio.
- Q: Distribution of foreign currency bonds has fallen quarter on quarter. How do you see distribution in the second half, and what is the current situation?
- A: We continue to believe that foreign currency bonds will continue to play an important part in aiding the shift of individual financial assets from banks and savings deposits to the securities market. Nomura continues to adjust and enhance its product lineup and services to cater accurately to changes in the market and customers' needs at any given time. Fundamentally, we operate a consulting service based approach and do not focus on single products.
- Q: Do you plan to run any campaigns in the run up to the winter bonus season, for example, will you be running any adverts in newspapers or holding stock investment seminars around the country?
- A: I am unable to reveal any particular plans at the moment. We believe there are two strategies for such activities: one based on timing and, the other, a long-term approach. Going forward we will continue to explore appropriate strategies based on timing, but an area we consider even more essential is securities investment education aimed at broadening the market.

Q: Can you explain the surge in retail brokerage commissions?

A: One conceivable reason is an increase in market players. And because our IT share is rising, it is probably the result of receiving a variety of orders, including through our IT infrastructure, based on our broad customer base.

Q: Why were Global Wholesale stock brokerage commissions up slightly in the second quarter?

A: This, we believe, is the result of securing a broad flow of orders in answer to the diverse needs of our institutional clients. Also, we secured a higher share of active-style orders relative to passive ones in the second quarter.

Q: Could you explain what is meant by the New Accounting Pronouncements on page 11 of the Financial Highlights?

A: Under the contents explained on that page, changes to accounting standards ("FIN 46": Consolidation of Variable Interest Entities ("VIE")) relating to Terra Firma would have the greatest affect on our business. On October 10, 2003, the FASB issued FASB Staff Position No. FIN 46-6 (the "FSP"). There are two points. First, the effective date for applying the provisions of FIN 46 by public entities to VIEs created before February 1, 2003, was deferred until the end of the period ending after December 15, 2003. Second, the FSP also deferred the effective date for applying FIN 46 to "nonregistered investment companies" until the AICPA finalizes its proposed Statement of Position ("SOP") on the clarification of the scope of the Audit Guide and accounting by parent companies and equity method investors for investments in investment companies. As a result, application of FIN 46 to our holdings in Terra Firma has been deferred. Application of FIN 46 to specific nonregistered investment companies, including Terra Firma, will be determined by future decisions by the FASB based on FIN 46-6.

Investor Telephone Conference on Consolidated Results of Operations
Second Quarter, Fiscal Year ending March 2004
Q&A Summary

Date: October 31, 2003 (Friday 2200 hrs)
Place: Nomura Securities Co., Ltd., Nihonbashi Headquarters
Speaker: Akira Maruyama, Senior Managing Director & CFO, Nomura Holdings Co., Ltd.

Q: What is the outlook for Investment Banking?

A: The situation at the moment is not vastly different from the second quarter. Needs for financing through public offerings are strong at business enterprises at the moment due to stock price appreciation. Some financial institutions also want to reduce their stock holdings, as evidenced by Sharp's public offering.

Q: In your opinion, what is the outlook for distribution of foreign currency bonds to individual investors?

A: Demand for these bonds was extremely strong in the first quarter backed by low interest rates worldwide and a weak yen. In the second quarter, however, the picture changed. Having said that, we believe individual investors' appetite for such products is still basically strong because foreign currency bonds represent only a small portion of their financial assets. As long as an interest rate spread can be exploited, we don't think individual investors will lose their appetite for these products.

Q: What are your thoughts on trends in stock brokerage commissions?

A: For Domestic Retail they tend to follow stock market trends. As far as institutional investors are concerned, stock price appreciation tends to lead to active-type funds, including overseas investors, taking larger positions in Japanese stocks. We believe this trend will continue.

Q: Could you give me some information on your stock brokerage commissions?

A: Nomura's retail brokerage commissions are relatively high. We also offer only a 20% discount for online transactions. We have found that as the volume of online transactions has increased, commissions have grown significantly. We do not intend to change this business model in the future.

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