

Presentation of Consolidated Results of Operations
Second Quarter, Fiscal Year ending March 31, 2005
Q&A Session

Date: October 28, 2004 (Thursday 1830 hrs)

Speaker: Akira Maruyama, Senior Managing Director, Chief Financial Officer, Nomura Securities Co., Ltd.

Q1: Why did you raise the interim dividend from 7.5 yen to 10 yen per share, even though operating results declined in 2Q? Also, please discuss your stance on dividends.

A1: In July, we announced both a target interim and year-end dividend of 10 yen per share. We determine target dividends using dividend on shareholders' equity (DOE), and return additional profits to shareholders if a certain level of results is achieved. In line with this policy, we decided to pay an interim dividend of 10 yen per share.

Q2: Why did Fixed Income revenue drop significantly?

A2: During the second quarter, low volatility in the bond market resulted in a decline in order flow from clients and also negatively impacted trading spread. This led to a drop in revenue.

Q3: How much did the value of MTN issues and the associated MTN related revenue decrease during 2Q?

A3: The value of MTN issued declined significantly and consequently MTN related revenue also fell.

Q4: Profit declined despite the fact that VaR rose. Does this mean that position increases no longer lead to an increase in profits?

A4: VaR includes equity, CBs, as well as MPOs. With MPOs, because we make a large investment and then make a profit gradually as we unwind the position, we evaluate market risk conservatively and VaR consequently rises.

Q5: Non-interest expenses rose despite the fact that revenue in both Domestic Retail and Global Wholesale declined. Why is this?

A5: Several factors combined to yield this result. First, advertising-related expenses in Domestic Retail rose in conjunction with our promotion of "special accounts for stocks" and JGBs for individual investors. Second, as is often the case, seasonal factors resulted in a higher concentration of expenses towards the end of 2Q as compared to 1Q. Finally, compensation and benefits expenses in Global Wholesale rose in conjunction with additional hiring overseas to develop new businesses.

- Q6: On the balance sheet, "Office buildings, land, equipment and facilities" increased approximately 80 billion yen year-on-year, while "Investments in and advances to affiliated companies" rose roughly 50 billion yen year-on-year. Why is this?
- A6: In August this year, Nomura Facilities, Inc. was established as a fully-owned subsidiary to manage Nomura Group assets. Nomura Facilities, Inc. subsequently purchased retail branch offices and other assets from Nomura Land and Building Co., Ltd., an affiliate company. This accounts for the increase in assets. Investments in affiliated companies increased following the purchase of Nomura Research Institute, Ltd. stock from Nomura Land and Building Co., Ltd.
- Q7: Can you give an update on FASB Interpretation ("FIN") 46?
- A7: Nothing has changed as the Statement of Position from the Financial Accounting Standards Board concerning accounting procedures for fiscal years starting after December 15, 2004 has not been released.
- Q8: If market conditions are as bad in 3Q as they were in 2Q, will 3Q results be as disappointing?
- A8: We don't think that the low-volatility, sluggish market conditions we experienced in 2Q will continue in 3Q. As evidenced by Investment Banking, some of our businesses performed well in 2Q. Fixed Income certainly saw a decline in revenue, but the MTN business should bounce back if the environment changes. In 2Q, fund of funds (including those comprised of hedge funds) sales grew, and this area has the potential to contribute to revenue going forward. We also think that market conditions will change somewhat once the US presidential election ends.
- Q9: Why did you purchase branch offices and other buildings from Nomura Land and Building Co., Ltd.? In recent years financial institutions have been removing those types of assets from their balance sheets, so could you please explain the reasoning behind this?
- A9: The branch office strategy is an extremely important part of the overall Retail strategy. We believe that it is best to hold branch offices within the Group and utilize them effectively.
- Q10: It seems that trading results slumped even more than the overall market. Has competition in Global Wholesale become stiffer?
- A10: It is difficult to make comparisons with others based only on the domestic market because we have larger overseas operations than our competitors. Market share fluctuates in the short term, but I don't think our presence has declined. That said, we will of course develop our business with a close eye on market share.
- Q11: At other securities companies, it appears that MPO business contributed to revenue in 1H. How much did MPO business contribute to Nomura's revenue, and for how long do you expect this business to contribute to revenue going forward?
- A11: With MPOs, revenue is recorded over a period of time. It is a different business model from

block trades and other arrangements where all revenue comes in the short term.

Q12: The increase in the personnel overseas seems to be an up-front investment. Will this continue?

A12: We always increase personnel based on an analysis of cost-effectiveness. Going forward, we will make further increases in areas where we feel it is necessary in order to develop our business. That said, we don't plan to increase personnel just to pursue growth.

Q13: The current share price is roughly the same level as when you repurchased shares in 2002. Do you have any plans to repurchase shares again in the near future?

A13: The previous share buyback was a part of the overall financial strategy at the time. Going forward, we will take both our strategy as well as market conditions into consideration in deciding any future actions.

Q14: Is the slight increase in the Terra Firma position the result of valuation gains? Also, despite the fact that the CCI exit resulted in a profit, your Merchant Banking business posted minus revenue. Was this caused by valuation losses on domestic investments?

A14: The rise in the Terra Firma position was attributable to foreign exchange rates, and the minus revenue was the result of funding costs.

Investor Conference Call on Consolidated Results of Operations
Second Quarter, Fiscal Year ended March 31, 2005
Q&A Summary

Date: October 28, 2004 (Thursday 2100 hrs)
Place: Nomura Securities Co., Ltd., Nihonbashi Headquarters
Speaker: Akira Maruyama, Senior Managing Director, Chief Financial Officer, Nomura Securities Co., Ltd.

Q: Net gain on equity trading declined more than 30 billion yen compared to 1Q. Why is this?

A: Please look at net gain on equity trading together with net interest revenue. As Page 17 of the presentation material indicates, in Global Markets, the equity-related decline was less than the drop for Fixed Income. This closer look will reveal that our equity-related business (including trading) did not slump as bad as the income statement figures for equity trading may seem to indicate.

1. **This document is produced by Nomura Holdings, Inc. ("Nomura"). Copyright 2004 Nomura Holdings, Inc. All rights reserved.**
2. **Nothing in this document shall be considered as an offer to sell or solicitation of an offer to buy any security, commodity or other instrument, including securities issued by Nomura or any affiliate thereof. Offers to sell, sales, solicitations to buy, or purchases of any securities issued by Nomura or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials or a prospectus prepared and distributed according to the laws, regulations, rules and market practices of the jurisdictions in which such offers or sales may be made.**
3. **No part of this document shall be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Nomura.**
4. **The information and opinions contained in this document have been obtained from sources believed to be reliable, but no representations or warranty, express or implied, are made that such information is accurate or complete and no responsibility or liability can be accepted by Nomura for errors or omissions or for any losses arising from the use of this information.**
5. **This document contains statements that may constitute, and from time to time our management may make "forward-looking statements" within the meaning of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Any such statements must be read in the context of the offering materials pursuant to which any securities may be offered or sold in the United States. These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently**

uncertain and outside our control. Important factors that could cause actual results to differ from those in specific forward-looking statements include, without limitation, economic and market conditions, political events and investor sentiments, liquidity of secondary markets, level and volatility of interest rates, currency exchange rates, security valuations, competitive conditions and size, and the number and timing of transactions.

6. The consolidated financial information in this document is not subject to audit.