--- President and CEO Nobuyuki Koga

Introduction

With the recent turmoil in the markets a number of US and European financial institutions have been making announcements related to residential mortgage-backed securities (RMBS). We have also received many inquiries from our stakeholders regarding our current position. We are now preparing to announce our second quarter financial results and are starting to get a clearer picture of where we stand. We believed it was important to report on our position as soon as possible and decided to call today's press conference.

Now I would like to hand you over to our CFO Masafumi Nakada who will explain the current status of our RMBS business.

--- CFO Masafumi Nakada

RMBS Business

When we announced our first quarter financial results in July, we said that we would act quickly to securitize and sell off our US residential mortgage exposure and that we were considering exiting the business in future.

We continued to reduce our exposure in August amid the market turmoil and are now able to say that we have virtually completed our exit from the market.

Today, I would like to run through with you this process and the impact we can expect.

We have already reported that we have been running down our residential mortgage exposure with a view to exiting the business. The RMBS business is one that requires a complex management approach to hold whole loans, residual positions, and delinquent loan positions. It also requires time and effort to keep up with work related to managing interest payments and redemptions. As such, we prioritized running down these positions when we first considered exiting the RMBS business.

As a result, our residential mortgage exposure has dropped from 266 billion yen at the end of June to approximately 48 billion yen at the end of September. We have continued to reduce our exposure further in October and it now stands at about 14 billion yen. Of this, only about 100 million yen is subprime related.

The majority of our current remaining exposure is securitized bond positions, most of which are rated investment grade. We are also considering selling this position but as running costs for holding just bonds are not much, we have decided to continue to hold these positions for the time being while appropriately marking to market.

So that is a brief overview of the current state of our US RMBS business. As you can see, we can say that we have virtually finished our exit from the business.

As a result of this exit, we expect to book residential mortgage-related realized and unrealized losses totaling approximately 73 billion yen in the second quarter of the year ending March 31, 2008.

The unrealized losses recorded as of the end of September reflect losses to be realized for the positions sold in October and unrealized losses for bond positions we intend to hold at fair value.

To value the bond positions, we were using an internal pricing model and external market data. However, due to the recent market turmoil, it is very difficult to calculate correct market value which means we need to take a wide price range. Considering this, we decided to hold on to our position for the time being and valued as cautiously as possible by traditional standards. We valued our position as a price where possible after asking for indication to buy from external parties. Total face value of the bonds is just under 40 billion yen.

Second Quarter Forecast

As a result of the forecast losses from the RMBS business I just mentioned and approximately 10 billion yen in restructuring charges for the second quarter related to focusing on our core businesses in the US, we expect to book a second quarter consolidated pre-tax loss of around 40 to 60 billion yen. We are now compiling the figures for the second quarter which we plan to release on October 25. We will report final figures then.

So we are expecting a consolidated pre-tax loss for the second quarter which is a very disappointing outcome for us. However, this now virtually clears out the problems in our US business and we will be able to put in place a structure to ensure a fast improvement in earnings.

We are confident that our financial position remains very strong and there are no problems financially with running our US operations. Naturally, we also face no problems in raising funds either.

US Operations

Before finishing, I would like to speak briefly about how we are focusing on our core businesses in the US.

Our corporate strategy now is to shift focus to client-centric businesses. As we focus on core businesses in the US, unprofitable operations will be reduced and restructured, while areas in which we are competitive will be strengthened further based around our clients.

First, we will reduce our proprietary trading activities and broker-dealer business. In line with this, back office areas will also be reduced which will lead to significant cost savings.

Headcount excluding Instinet and asset management will be reduced by over 50% compared to March 31, 2007. And, overall headcount in the Americas will decline by about 400 compared to March 31, 2007, including an increase of headcount in Instinet and our asset management business.

Including the expected second quarter restructuring charges of 10 billion yen I mentioned, total restructuring charges such as restructuring costs and losses on the retirement of fixed assets are currently expected to be approximately 15 billion yen. We expect the restructuring to lead to annual cost savings of approximately 25 billion yen.

In terms of core businesses, headcount will be increased at Instinet and our equity brokerage business, as well as our US asset management businesses such as NCRAM and NFRTA. We will also expand client business in which we have a competitive advantage such as research sales for Japanese and Asian equities, derivatives business, and origination and sales of structured bonds.

We believe this focus on core businesses will allow our US operations to return to profitability from the next fiscal year.

Our exit from the RMBS business and focus on core businesses are steps that need to be taken. This will lead to a new Nomura in the US which will help boost our overall corporate value.

That concludes my remarks. Thank you.

--- President and CEO Nobuyuki Koga

RMBS Business
The results in our RMBS business are disappointing. We have decided to exit this business in order to shift management resources to other businesses. As a result of this decision, we sold most of our RMBS position including subprime during the second quarter.

US Operations
In the US, in addition to exiting the RMBS business we are undertaking a sweeping review of our business lines in order to become profitable. Nomura Group's strengths lie in our knowledge of the Japanese market and our strong client base in Japan and the rest of Asia. Our strategy will focus on businesses that draw fully on our strengths and address our clients' changing needs.

Changes to Operating Structure
We will also review our operating structure. The Global Markets CEO will change which means there will be a slight reshuffle among executives. To bolster our risk management structure, we will set up an intensive project within Nomura Holdings aimed at achieving integrated risk management.

Going Forward
Our business has been adversely affected in the short term by the market turmoil. However, the underlying drivers behind our business remain unchanged. The flow from savings to investments in Japan continues to gain traction and the uptrend in Japanese corporate activity is ongoing. As such, we are well positioned to capitalize on growing business opportunities.

All executives and employees are now focused on rebuilding Nomura's traditional client-centric business model and taking a flexible approach to distribute our global resources.

Thank you.

Nomura is providing this preliminary information relating to its second quarter prior to the scheduled financial highlights announcement date in light of the recent market events. The operating results for the first half of the fiscal year ending March 31, 2008, will be disclosed on the 25th of October.

Certain statements in this release are forward-looking statements. Forward-looking statements are statements that are not historical facts, and they include statements about management's beliefs and expectations. These statements are based on plans, estimates and projections as they are currently available to management. By their nature, forward-looking statements involve uncertainties, and therefore, actual results may differ materially from those included in these statements. Such uncertainties include, but are not limited to, financial market volatilities, economic and market conditions in the global capital markets, and actions taken by current and potential competitors.