

Presentation of Consolidated Results of Operations
First Quarter, Fiscal Year Ending March 31, 2008
Q&A Session

Date: July 25, 2007 (Wednesday 18:30)

Speaker: Masafumi Nakada, Senior Managing Director, Chief Financial Officer, Nomura Holdings, Inc.

Q1 Do you have an exposure to CDOs in your securitization business?

A1 No, we don't have an exposure to CDOs in our residential mortgage-backed securities (RMBS) business.

Q2 Global Investment Banking performed well during the first quarter, but how is the pipeline looking?

A2 At the moment we are not expecting the equity finance pipeline to expand significantly, but the number of M&A deals is looking strong.

Q3 Growth in sales of investment trusts via banks has slowed. Has there been a shift in the channel for inflows into investment trusts?

A3 No, there haven't been any major changes.

Q4 The subprime market has deteriorated more so in July than in the April-June quarter. Have losses from securitizations and market deterioration in July also been reflected in your results for the quarter?

A4 Valuation is as of the end of June. However, because our RMBS business involves buying mortgages in bulk, securitizing them, and then selling them on to institutional investors, some of our exposure on our balance sheet is valued at the price after securitization, but the majority is valued at the price of the loans. And because there are various classes of mortgages, sometimes it is appropriate to value them at the price of the loan, and other times it is better to value the price of the underlying residence. As such, an overall evaluation needs to be carried

out taking into account the details of each position including the price of the mortgage and residence itself, and therefore the price does not move in proportion to RMBS indices. Further, we have continued to securitize our position throughout July and believe the market is liquid.

Q5 Why has the business exposure in Terra Firma increased even though there was an exit from an investee company?

A5 Although Deutsche Annington was exited during the quarter, the timing of a sale and the return of cash is not always the same.

Q6 Fixed Income was strong during the first quarter, how has it been fairing more recently? I assume that the weaker yen is contributing to sales of structured bonds. Can we expect the strong performance to continue through the second quarter?

A6 Sales of interest-rate and currency-linked structures bonds have been spurred on by the trend towards a weaker yen. Should this reverse and the yen appreciate, there is a chance that sales of our most popular products may drop off. However, investors are increasingly diversifying risk, which is giving rise to a wide range of needs that we will focus on meeting.

Q7 I heard that you also did a conservative valuation of you RMBS exposure last quarter. Is this true?

A7 We analyzed the market at the end of the prior quarter and conducted a conservative valuation within a fair range in accordance with US GAAP. However, as the market has deteriorated further since May and is now worse than at the end of March 2007, we conducted a further devaluation. We will continue to value our exposure fairly in line with market conditions.

- Q8 How do you define subprime?
- A8 A loan to borrowers with low credit history. Specifically, we define subprime as loans to borrowers who have been delinquent over the last twelve months or who have been forced into foreclosure in the past two years.
- Q9 Is there any impact from rating downgrades to RMBS products issued by Nomura?
- A9 Because the majority of our portfolio is mortgages before securitization, we review valuations of the actual loans in line with changing conditions for all RMBS products regardless of ratings. The impact from market deterioration is bigger than that from rating downgrades.
- Q10 What is the outlook for Global Merchant Banking?
- A10 We have a general plan for the timing of exits, but it is hard to pinpoint exact times.
- Q11 Will the sale of Nomura House have any effect on your profit and loss statement?
- A11 We are looking into it as a financial measure from a company-wide perspective.
- Q12 Your headcount has decreased by about 100 in the US. Will you further reduce your business in the US?
- A12 We started focusing on our core competencies in the US from last year, which has resulted in a reduction in headcount. We will further accelerate our focus on core competencies and look into unprofitable businesses. We will strengthen businesses that we decide to focus on.

Q13 Will there be expenses related to any reduction of your US operations?

A13 We are reviewing our operations looking at profitability. If the result of that review means we reduce our operations, this will likely lead to some expenses.

Q14 Global Markets performed well during the quarter. Please give some examples of investment that has paid off.

A14 In Europe, Equity Derivatives has been originating fund derivative products which have been sold mainly to high-net-worth investors mainly in Japan and across of Asia.

Q15 Is it fair to say that overall earnings will rise once you have finished dealing with the subprime issue?

A15 It still depends to some extent on the market, but all business divisions are showing stronger performance and the overall trend is looking good.

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Date: July 25, 2007 (Wednesday 21:00)

Speaker: Masafumi Nakada, Senior Managing Director, Chief Financial Officer, Nomura Holdings, Inc.

Q1 Were there any extraordinary gains in Asset Management that contributed to the big step-up quarter-on-quarter?

A1 No, it is all ordinary operating income.

Q2 Was there anything particular in each channel that led to the strong inflow of funds in Asset Management?

A2 The securities firm, Japan Post, and bank channels all showed strong inflow of funds.

Q3 You mentioned that your RMBS business position is 266 billion yen as of the end of June, of which 71.1 billion is subprime. Is this concentrated in any particular region?

A3 No, there is not much regional concentration.

Q4 Is the remainder of your RMBS position prime?

A4 It is mostly whole loans.

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