

Nomura Reports Fourth Quarter, Full Year Financial Results

Tokyo, April 26, 2007—Nomura Holdings, Inc. today reported consolidated financial results for the fourth quarter and fiscal year ended March 31, 2007.

For the full-year period, net revenue was 1.0911 trillion yen (US \$9.3 billion)¹, a decrease of 4.8% compared to the previous fiscal year. Income before income taxes declined 41.0% year-on-year to 321.8 billion yen (US \$2.7 billion), while net income declined 42.2% to 175.8 billion yen (US \$1.5 billion). As a result, ROE for the year was 8.3%.

“Our strategically-important investment trust business achieved steady results throughout the year,” said Nobuyuki Koga, Nomura President and CEO. “Last year also highlighted issues that need to be addressed in our market-related business globally. We will continue to make strategic investments and fully utilize Nomura Group’s expertise and capital to tackle outstanding issues and achieve further growth.”

Full-year business and financial highlights

- **Domestic Retail:** Investment trust business remained strong; Domestic Client Assets totaled 85.2 trillion yen at end of March; Added 25 new branch offices (including offices currently being prepared for opening)
- **Global Markets:** Acquired Instinet to augment order execution services for institutional investors; Instinet launched Chi-X trading platform in Europe in April 2007.
- **Global Investment Banking:** Ranked number one in FY2006 Equity and Equity-related (Japan) league table², sixth consecutive year in top position.
- **Global Merchant Banking:** Actively invested and exited with such transactions as investment in Skylark and partial sale of stake in Tungaloy.
- **Asset Management:** Assets under management in the My Story Profit Distribution-type Fund (B Course) increased significantly to over 1.5 trillion yen as of the end of March 2007; Total assets under management increased by 3.9 trillion yen from the prior year to 27 trillion yen.

¹ US dollar amounts are included solely for the convenience of the reader and have been translated at the rate of 117.56 yen = 1 US dollar, the noon buying rate in New York for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2007. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in US dollars.

² Source: Thomson Financial

- **Other:** Launched Joinvest Securities in May 2006; IPO of Nomura Real Estate Holdings in October 2006; Strategic investment in US alternative asset manager Fortress Investment Group in December.

Full-year business segment results

Total net revenue from business segments declined 0.2% from the prior year to 1.0577 trillion yen (US \$9.0 billion), while income before income taxes decreased 16.5% to 377.3 billion yen (US \$3.2 billion).

Domestic Retail

Although a decline in equity agency transaction value led to a drop in stock brokerage commissions compared to last year, commissions for distribution of investment trusts and investment trust administration fees and other increased. As a result, revenue remained strong in Domestic Retail at roughly the same level as last year. An increase in non-interest expenses due to investment in opening new branch offices, hiring additional financial advisors, and expanding call centers led to an 18.4% year-on-year decline in income before income taxes to 160.9 billion yen. Domestic Client Assets³ increased by 4.7 trillion yen from the prior year to 85.2 trillion yen.

Global Markets

Trading was weak during the first half of the year due to changes in the interest rate and currency market environments. Although revenue from interest rate and currency-linked structured bond order flow and equity derivatives was strong during the second half of the year, income before income taxes declined 62.7% year-on-year to 58.8 billion yen due to a downturn in the US subprime loan market.

Global Investment Banking

In Global Investment Banking, income before income taxes declined 13.8% from the prior year to 44.4 billion yen. During the year Nomura acted as lead manager in a number of large transactions such as sales of shares held by the Banks' Shareholdings Purchase Corporation, a public offering by Aeon, a domestic convertible bond issue by Sharp, and a Euroyen convertible bond issue by Toray Industries, leading to an increase in equity underwriting fees. In the solutions businesses, Nomura worked on a large MPO for Sojitz, and in M&A acted as financial advisor on the management integration of Daimaru and Matsuzakaya

³ Sum of assets under custody in Domestic Retail (including regional financial institutions) and the Financial Management Division.

Holdings, and the capital and business alliance between Aeon and Daiei. Internationally, Nomura acted as joint bookrunner on a global offering by Infosys Technologies.

Global Merchant Banking

Global Merchant Banking income before income taxes declined 4.7% from the prior year to 52.8 billion yen. Nomura invested in the tender offers for Skylark and Tsubaki Nakashima, and booked realized and unrealized gains from the sale of a part of its stake in Tungaloy and the sale of a stake in a Terra Firm investee company.

Asset Management

In Asset Management, income before income taxes jumped 76.8% year-on-year to 36.5 billion yen. Assets under management in Asset Management totaled 27 trillion yen as of March 31, 2007, an increase of 3.9 trillion yen compared to the prior year. This increase comes as Nomura expanded its product lineup with new products such as the Asia Attractive Dividend Fund and Nomura All-In-One Fund, adding to existing funds offering frequent distribution such as the My Story Profit Distribution-type Fund. Nomura also focused on further diversifying its sales channels beyond Nomura Securities to include Japan Post, megabanks, and regional financial institutions. Assets in funds for bank customers increased by 962 billion yen from last year to 1.75 trillion yen. The Nomura 6 Assets Diversified Fund distributed through Japan Post had assets of 425.1 billion yen as of the end of March, representing a market share of 60.1% of funds sold through Japan Post.

Fourth quarter results

Net revenue for the fourth quarter was 311.3 billion yen (US \$ 2.6 billion), a decline of 3.6% quarter-on-quarter and 4.4% year-on-year. Income before income taxes declined 37.1% quarter-on-quarter and 60.3% year-on-year to 83.2 billion yen (US \$708 million). Net income during the quarter decreased 58.2% quarter-on-quarter and 74.3% year-on-year to 33.1 billion yen (US \$282 million). As a result, fourth quarter ROE was 6.0%.

Fourth quarter business and financial highlights

- **Domestic Retail:** Commissions for distribution of investment trusts⁴ of 39.1 billion yen, a record high since the start of quarterly reporting.
- **Global Markets:** Set up urban revitalization private fund; strengthened operations in real estate finance.
- **Global Investment Banking:** Completed large deals such as offerings of shares in Honda Motor and Nintendo, and a Euroyen convertible bond issue; Acted as financial advisor on management integration of Daimaru and Matsuzakaya Holdings.
- **Global Merchant Banking:** Tender offer for Tsubaki Nakashima.
- **Asset Management:** Nomura Asset Management product chosen by Japan Post for distribution as new target fund.

Fourth quarter business segment results

Domestic Retail

Net revenue was 124.1 billion yen, an increase of 7.1% quarter-on-quarter, and roughly flat year-on-year. However, income before income taxes declined 7.6% from the prior quarter and 15.8% year-on-year to 43.3 billion yen due to an increase in non-interest expenses from investing in personnel and technology systems. Domestic Client Assets stood at 85.2 trillion yen as of March 31, 2007, an increase of 3.7 trillion yen compared to the end of the previous quarter. The number of client accounts with an outstanding balance was 3,953,000, an increase of 53,000 accounts from the end of December.

Commissions for distribution of investment trusts increased 16% from the prior quarter to 39.1 billion yen, a record level for the second straight quarter as sales of

⁴ Nomura Securities

funds offering frequent distributions and newly-launched funds remained strong. Retail stock brokerage commissions increased 28.1% from the third quarter to 28.9 billion yen, supported by an increase in equity agency transaction value.

Global Markets

Global Markets net revenue increased 21.2% quarter-on-quarter and declined 26.4% year-on-year to 94.6 billion yen. Income before income taxes decreased 0.8% quarter-on-quarter and 63.7% year-on-year to 23.9 billion yen. In Fixed Income, although order flow for interest rate and currency-linked structured bonds was firm, net revenue declined 58% from the prior quarter to 21.8 billion yen due to the impact of the deterioration in the US subprime loan market. In Equity, net revenue increased 186% quarter-on-quarter to 66.6 billion yen on the back of a rebound in trading revenue from MPO transactions and equity derivatives. In addition, Instinet was consolidated in February and results are reflected in Equity.

Global Investment Banking

In Global Investment Banking, net revenue totaled 26.6 billion yen, a 10.4% quarter-on-quarter increase, and 14.6% year-on-year decline. Income before income taxes increased 6.5% quarter-on-quarter to 11.6 billion yen, a decrease of 31.5% year-on-year. During the year Nomura acted as lead manager in a number of large deals including offerings of shares in Honda Motor and Nintendo by the Banks' Shareholdings Purchase Corporation, and a Euroyen convertible bond issue by Toray Industries. Nomura also ranked number one in the Equity and Equity-related (Japan) league table⁵ for fiscal 2006, the sixth straight year in the top position.

In M&A, Nomura acted as financial advisor in such deals as the management integration of Daimaru and Matsuzakaya Holdings, the capital and business alliance between Marubeni, Aeon, and Daiei, and the merger of Mitsubishi Pharma and Tanabe Seiyaku.

Global Merchant Banking

Global Merchant Banking net revenue was minus 900 million yen as there were no major exits during the fourth quarter. Income before income taxes was minus 5.2 billion yen. In terms of new investments, Nomura made an equity investment of around 30 billion yen in the tender offer for Tsubaki Nakashima via a special purpose vehicle.

⁵ Source: Thomson Financial

Asset Management

Asset Management net revenue was 24.1 billion yen, a 1.9% quarter-on-quarter decline and a rise of 30.5% year-on-year. Income before income taxes decreased 34.2% quarter-on-quarter due to expenses related to the consolidation of offices at the headquarters during the quarter, but increased 39.6% from the prior year to 8 billion yen. Assets under management reached a record 27 trillion yen as of the end of March, up 1.4 trillion yen from the end of December 2006. The increase is the result of continued strong sales of investment trusts, in particular funds offering frequent distributions sold through Nomura Securities, banks, and Japan Post. Further, a Nomura Asset Management product was chosen by Japan Post for distribution as a target fund.

Other

Other income before income taxes was minus 500 million yen. The US alternative asset manager Fortress Investment Group, in which we announced an investment in December 2006 and was listed on the New York Stock Exchange in February 2007, is accounted for under the equity method according to US GAAP.

Ends

Notes to editors:

Nomura Group

Nomura is a global financial services group dedicated to providing a broad range of financial services for individual, institutional, corporate and government clients. The Group offers a diverse line of competitive products and value-added financial and advisory solutions through its global headquarters in Tokyo, over 150 branches in Japan, and an international network in 30 countries; with regional headquarters in Hong Kong, London, and New York. The Group's business activities include investment consultation and brokerage services for retail investors in Japan, and, on a global basis, brokerage services, securities underwriting, investment banking advisory services, merchant banking, and asset management. For further information about Nomura please visit our website at www.nomura.com.

Fiscal year ended March 31, 2007 (1)

US GAAP Figures

	(Billions of yen)		% change
	For the year ended		(B-A)/(A)
	March 31, 2007 (2006.4.1– 2007.3.31) (B)	March 31, 2006 (2005.4.1– 2006.3.31) (A)	
Net revenue	1,091.1	1,145.7	(4.8)
Non-interest expenses	769.3	700.1	9.9
Income from continuing operations before income taxes	321.8	445.6	(27.8)
Income from discontinued operations before income taxes	-	99.4	-
Income before income taxes	321.8	545.0	(41.0)
Income from continuing operations	175.8	256.6	(31.5)
Gain on discontinued operation	-	47.7	-
Net income	175.8	304.3	(42.2)
Return on equity (ROE)	8.3%	15.5%	-

*In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," income before income taxes and net income from the operations of Millennium Retailing Inc. (one of Nomura Principal Finance's private equity investee companies, and whose operations were treated as discontinued during the third quarter of the fiscal year ended March 31, 2006, in conjunction with the agreement reached in the third quarter by Nomura Principal Finance to sell its stake in Millennium Retailing Inc.) are separately reported as income from discontinued operations retroactively to the first quarter of the fiscal year ended March 31, 2006. Net revenue and non-interest expenses of such discontinued operations are not shown independently.

Total of business segments

	(Billions of yen)		% change
	For the year ended		(B-A)/(A)
	March 31, 2007 (2006.4.1– 2007.3.31) (B)	March 31, 2006 (2005.4.1– 2006.3.31) (A)	
Net revenue	1,057.7	1,059.8	(0.2)
Non-interest expense	680.5	607.8	12.0
Income before income taxes	377.3	452.0	(16.5)

Fiscal year ended March 31, 2007 (2)

(1) Net revenue

	(Billions of yen)		% change
	For the year ended		
	March 31, 2007 (2006.4.1– 2007.3.31) (B)	March 31, 2006 (2005.4.1– 2006.3.31) (A)	(B-A)/(A)
Business segment information:			
Domestic Retail	440.1	446.5	(1.4)
Global Markets	290.0	371.1	(21.8)
Global Investment Banking	99.2	99.7	(0.5)
Global Merchant Banking	65.0	68.2	(4.8)
Asset Management	90.1	65.8	36.8
Sub Total	984.4	1,061.4	(6.4)
Other	73.3	8.4	772.8
Net revenue	1,057.7	1,069.8	(0.2)
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for relationship purposes	(38.2)	59.3	-
Effect of consolidation/deconsolidation of certain private equity investee companies	71.6	26.5	169.8
Consolidated net revenue	1,091.1	1,145.7	(4.8)

(2) Non-interest expenses

Business segment information:			
Domestic Retail	279.3	249.3	12.0
Global Markets	231.2	213.4	8.4
Global Investment Banking	54.8	48.1	13.8
Global Merchant Banking	12.2	12.8	(5.1)
Asset Management	53.6	45.2	18.6
Sub Total	631.1	568.9	10.9
Other	49.4	38.9	26.9
Non-interest expense	680.5	607.8	12.0
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for relationship purposes	-	-	-
Effect of consolidation/deconsolidation of certain private equity investee companies	88.9	92.2	(3.6)
Consolidated non-interest expenses	769.3	700.1	9.9

(3) Income (loss) before income taxes

Business segment information:			
Domestic Retail	160.9	197.2	(18.4)
Global Markets	58.8	157.7	(62.7)
Global Investment Banking	44.4	51.5	(13.8)
Global Merchant Banking	52.8	55.4	(4.7)
Asset Management	36.5	20.6	76.8
Sub Total	353.3	482.5	(26.8)
Other	23.9	(30.5)	-
Income before income taxes	377.3	452.0	(16.5)
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for relationship purposes	(38.2)	59.3	-
Effect of consolidation/deconsolidation of certain private equity investee companies	(17.3)	(65.7)	-
Income from continuing operations before income taxes	321.8	445.6	(27.8)
Income from discontinued operations before income taxes	-	99.4	-
Income before income taxes (Total of continuing operations and discontinued operation)	321.8	545.0	(41.0)

*The major components

Transactions between operating segments are recorded within segment results on commercial terms and conditions and are eliminated in "Other".
The following table presents the major components of income/(loss) before income taxes in "Other"

	(Billions of yen)		% change
	For the year ended		
	March 31, 2007 (2006.4.1– 2007.3.31) (B)	March 31, 2006 (2005.4.1– 2006.3.31) (A)	(B-A)/(A)
Net gain/loss on trading related to economic hedging transactions	(38.4)	(64.8)	-
Realized gain on investments in equity securities held for relationship purposes	18.1	8.4	116.3
Equity in earnings of affiliates	53.2	27.8	91.0
Corporate items	(11.1)	(7.4)	-
Others	2.1	5.4	(60.8)
Total	23.9	(30.5)	-

Fourth quarter of fiscal year ended March 31, 2007 (1)

US GAAP Figures

	(Billions of yen)		% change	(Billions of yen)		% change
	March 31, 2007 (2007.1.1– 2007.3.31) (B)	December 31, 2006 (2006.10.1– 2006.12.31) (A)	(B-A)/(A)	March 31, 2006 (2006.1.1– 2006.3.31) (C)	(B-C)/(C)	
Net revenue	311.3	322.9	(3.6)	325.7	(4.4)	
Non-interest expense	228.1	190.8	19.6	198.7	14.8	
Income from continuing operations before income taxes	83.2	132.1	(37.1)	127.0	(34.5)	
Income from discontinued operations before income taxes	-	-	-	82.6	-	
Income before income taxes	83.2	132.1	(37.1)	209.6	(60.3)	
Income from continuing operations	33.1	79.1	(58.2)	82.8	(60.0)	
Gain on discontinued operation	-	-	-	45.9	-	
Net income	33.1	79.1	(58.2)	128.6	(74.3)	
Return on equity (ROE)	6.0%	14.6%	-	25.4%	-	

*In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," income before income taxes and net income from the operations of Millennium Retailing Inc. (one of Nomura Principal Finance's private equity investee companies, and whose operations were treated as discontinued during the third quarter of the fiscal year ended March 31, 2006, in conjunction with the agreement reached in the third quarter by Nomura Principal Finance to sell its stake in Millennium Retailing Inc.) are separately reported as income from discontinued operations retroactively to the first quarter of the fiscal year ended March 31, 2006. Net revenue and non-interest expenses of such discontinued operations are not shown independently.

Total of business segments

	(Billions of yen)		% change	(Billions of yen)		% change
	March 31, 2007 (2007.1.1– 2007.3.31) (B)	December 31, 2006 (2006.10.1– 2006.12.31) (A)	(B-A)/(A)	March 31, 2006 (2006.1.1– 2006.3.31) (C)	(B-C)/(C)	
Net revenue	283.6	308.7	(8.1)	282.2	0.5	
Non-interest expense	202.3	164.8	22.8	180.9	11.8	
Income before income taxes	81.2	143.9	(43.5)	101.2	(19.8)	

Fourth quarter of fiscal year ended March 31, 2007 (2)

(1) Net revenue

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	March 31, 2007 (2007.1.1– 2007.3.31) (B)	December 31, 2006 (2006.10.1– 2006.12.31) (A)		March 31, 2006 (2006.1.1– 2006.3.31) (C)		
Business segment information:						
Domestic Retail	124.1	115.9	7.1	123.6	0.4	
Global Markets	94.6	78.1	21.2	128.4	(26.4)	
Global Investment Banking	26.6	24.1	10.4	31.1	(14.6)	
Global Merchant Banking	(0.9)	9.2	-	(15.5)	-	
Asset Management	24.1	24.5	(1.9)	18.4	30.5	
Sub Total	268.4	251.8	6.6	286.1	(6.2)	
Other	15.2	56.8	(73.3)	(3.9)	-	
Net revenue	283.6	308.7	(8.1)	282.2	0.5	
Reconciliation items:						
Unrealized gain (loss) on investments in equity securities held for relationship purposes	0.3	(13.1)	-	2.8	(88.3)	
Effect of consolidation/deconsolidation of certain private equity investee companies	27.4	27.4	0.0	40.7	(32.8)	
Consolidated net revenue	311.3	322.9	(3.6)	325.7	(4.4)	

(2) Non-interest expenses

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	March 31, 2007 (2007.1.1– 2007.3.31) (B)	December 31, 2006 (2006.10.1– 2006.12.31) (A)		March 31, 2006 (2006.1.1– 2006.3.31) (C)		
Business segment information:						
Domestic Retail	80.8	69.0	17.1	72.2	12.0	
Global Markets	70.6	53.9	31.0	62.4	13.2	
Global Investment Banking	15.0	13.2	13.7	14.2	5.7	
Global Merchant Banking	4.2	2.6	64.9	5.5	(23.6)	
Asset Management	16.1	12.4	29.8	12.7	26.5	
Sub Total	186.7	151.0	23.6	167.0	11.8	
Other	15.6	13.7	13.9	14.0	11.8	
Non-interest expense	202.3	164.8	22.8	180.9	11.8	
Reconciliation items:						
Unrealized gain (loss) on investments in equity securities held for relationship purposes	-	-	-	-	-	
Effect of consolidation/deconsolidation of certain private equity investee companies	25.8	26.0	(1.0)	17.8	45.0	
Consolidated non-interest expenses	228.1	190.8	19.6	198.7	14.8	

(3) Income (loss) before income taxes

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	March 31, 2007 (2007.1.1– 2007.3.31) (B)	December 31, 2006 (2006.10.1– 2006.12.31) (A)		March 31, 2006 (2006.1.1– 2006.3.31) (C)		
Business segment information:						
Domestic Retail	43.3	46.9	(7.6)	51.4	(15.8)	
Global Markets	23.9	24.1	(0.8)	66.0	(63.7)	
Global Investment Banking	11.6	10.9	6.5	17.0	(31.5)	
Global Merchant Banking	(5.2)	6.7	-	(21.0)	-	
Asset Management	8.0	12.2	(34.2)	5.7	39.6	
Sub Total	81.7	100.8	(18.9)	119.1	(31.4)	
Other	(0.5)	43.1	-	(17.9)	-	
Income before income taxes	81.2	143.9	(43.5)	101.2	(19.8)	
Reconciliation items:						
Unrealized gain (loss) on investments in equity securities held for relationship purposes	0.3	(13.1)	-	2.8	(88.3)	
Effect of consolidation/deconsolidation of certain private equity investee companies	1.6	1.3	20.4	23.0	(93.1)	
Income from continuing operations before income taxes	83.2	132.1	(37.1)	127.0	(34.5)	
Income from discontinued operations before income taxes	-	-	-	82.6	-	
Income before income taxes (Total of continuing operations and discontinued operation)	83.2	132.1	(37.1)	209.6	(60.3)	

*The major components

Transactions between operating segments are recorded within segment results on commercial terms and conditions and are eliminated in "Other".
The following table presents the major components of income/(loss) before income taxes in "Other"

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	March 31, 2007 (2007.1.1– 2007.3.31) (B)	December 31, 2006 (2006.10.1– 2006.12.31) (A)		March 31, 2006 (2006.1.1– 2006.3.31) (C)		
Net gain/loss on trading related to economic hedging transactions	(1.1)	(11.9)	-	(36.0)	-	
Realized gain (loss) on investments in equity securities held for relationship purposes	0.3	13.0	(97.9)	0.3	(6.7)	
Equity in earnings of affiliates	4.7	39.0	(87.8)	13.9	(65.8)	
Corporate items	(1.8)	(5.9)	-	(0.6)	-	
Others	(2.6)	8.9	-	4.5	-	
Total	(0.5)	43.1	-	(17.9)	-	

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